

F.I.T.:
FITNESS INNOVATION TOOLS BUSINESS PLAN

By
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A Thesis Submitted to The Honors College
In Partial Fulfillment of the Bachelors degree
With Honors in
Business Administration
THE UNIVERSITY OF ARIZONA

May 2011

Approved by:



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STATEMENT BY AUTHOR

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Signed: Caitlyn Michele Rutledge

Abstract

My honors thesis includes a business plan I have been working on for the last year for a new venture, Fitness Innovation Tools (F.I.T.). This is a smart phone application designed to help people stay fit and lose weight using a simple point system. The application has many features including digital gym check-ins, fitness recommendations, and a journal to track past fitness progress. Within the plan my team and I have included target market analysis, competitor analysis, research, industry analysis, marketing and sales strategies, financial statements, and an outline of the business model among other things. Being a part of the McGuire Center for Entrepreneurship also meant participating in Innovation Day where we created a tradeshow booth and pitched our ideas to investors. My team also presented in front of a panel of judges, including Karl Eller, the founder of the Eller College of Management. In addition to my work on the business plan, I also spent time doing an honors report and presentation on a new, innovative idea for a small business development center for the McGuire Center.

Team Member Contributions

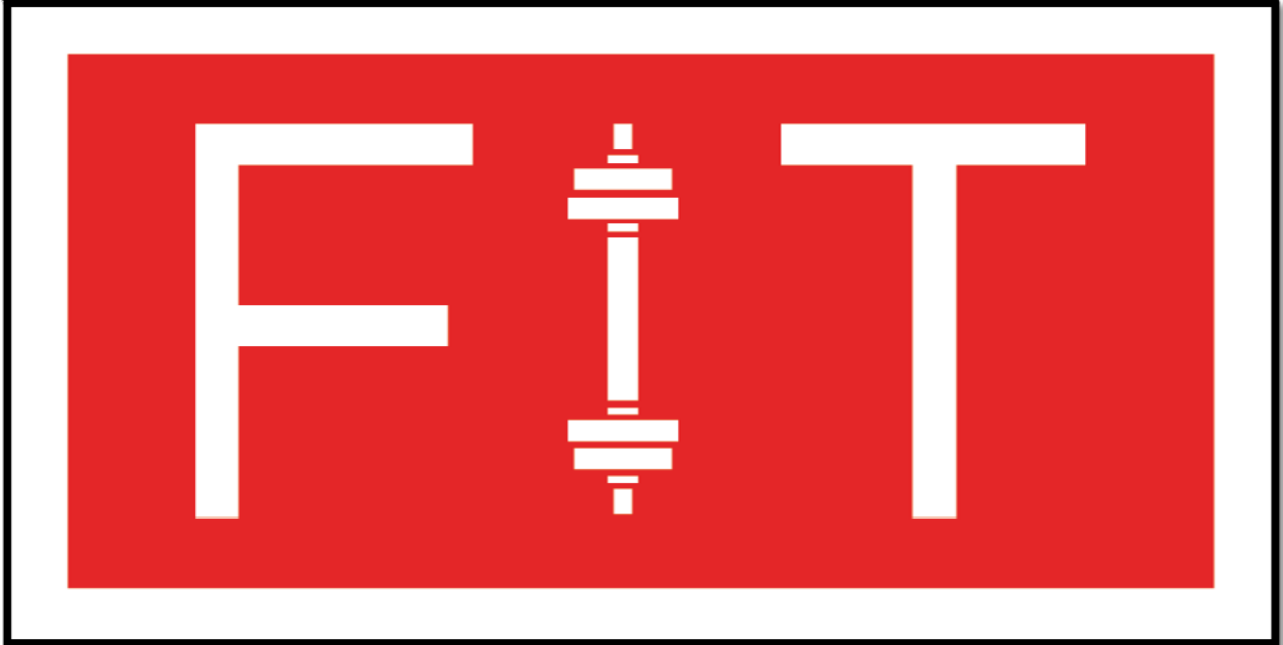
Team members for the F.I.T. business plan included Tyler Gardon, Taylor Heinlein, Andres Diaz, and myself, Caitlyn Rutledge. Each of us come from different backgrounds; Taylor and myself are Marketing majors, Tyler is a Finance major, and Andres is a foreign exchange student from Mexico with a background in Entrepreneurship. Each of our different strengths helped create a unique business plan. Each member's contributions and backgrounds are listed below.

Caitlyn Rutledge, General Manager: Caitlyn has previous experience as Vice President of Marketing for her sorority. From this experience, Caitlyn was able to help manage the team in a timely and orderly manner. As leader of the group, she was in charge of all managerial duties including planning team meetings, recording team minutes, emailing the team updates, and representing the team in mentor and advisor meetings. Caitlyn was also in charge of outlining the business plan and delegating specific roles to team members. Her roles in the business plan included writing the description of the product and the solution being offered, describing the target markets selected, analyzing the industry and competitors, and outlining benchmark ventures. Finally, Caitlyn was in charge of revising the business plan and ensuring that the business plan was bound and turned in on each required date.

Taylor Heinlein, Marketing Manager: Taylor has experience interning for the University of Arizona Athletics Department as well as a marketing and development intern for Special Olympics. These opportunities helped her be an asset for researching target markets and how we could improve upon our product over time. Taylor was in charge of developing the marketing plan, doing initial research and distributing surveys, and outlining the key competitive advantage of our FIT Points System that made us unique from any other fitness application.

Tyler Gardon, Financial Manager: Tyler worked as an analyst at a hedge fund of a funds firm in London this past summer and was also the investment committee chair in AKPsi Professional Business Fraternity where he managed the chapter's portfolio. These financial experiences helped bring a different viewpoint to our team to make our service and product a reality. Tyler was mainly involved in developing all of our financial statements, stating all key assumptions for our finances, creating excel graphs for our business plan, and explaining the amount of money we were asking from investors and what the use of funds would be put towards.

Andres Diaz, Operations Manager: Andres is an Entrepreneurship major from Tecnologico de Monterrey (ITESM) in Mexico. Andres also has experience creating other business plans at this university, including a detailed plan for a portable heart monitor. Being an international student, Andres is the only bilingual team member. This is a significant element for our team doing business in America with Spanish-speaking businesses, or if our company decides to go global in the future. Andres was in charge of helping plan the operating functions of the smart phone application and also creating the physical look and design of the application itself.



Don't Sit - Get F.I.T.

Management Team:
Cat Rutledge, General Manager
Tyler Gardon, Director of Finance
Taylor Heinlein, Director of Marketing
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Tools

MANAGEMENT TEAM:

Carl Rutledge
General Manager

Taylor Heinlein
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Revenues	405,000	978,000	1,620,000	2,268,000	2,991,000
Expenses	748,213	693,630	733,109	771,088	805,677
EBITDA	(339,494)	288,427	890,948	1,500,969	2,189,380

FUNDING: As founders of the company we are expecting to raise \$80,000 in personal capital. In addition to this, we are requesting outside investor funding of \$300,000 which will be allocated towards the application development on three separate platforms, purchasing computers, online advertising, and salaries of on-staff specialists.

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OPPORTUNITY



The Fitness Problem

Imagine you are visiting your doctor for a yearly checkup. He asks the routine questions, beginning with the worst, “Are you exercising regularly?” Seeing the stern look on his face you begin to mumble excuses:

- “I don’t know how to properly exercise on my own.”
- “Personal trainers are too expensive!”
- “How do I track my progress and see if I’m even getting in shape?”

The doctor raises an eyebrow in disbelief. However, we’ve all be in this situation. Whether you are a gym member who has been attending the same gym three times a week for a year, or someone who can’t seem to get off the couch, exercising is no easy task. Even being fairly comfortable with machines at the gym can become boring and stagnated; what happens when you’re ready to learn more exercises to improve upon your fitness? Where do you start? Not only can visiting a gym be a frustrating and overwhelming experience, but also it is possible that the exercises you are performing may not be providing you with an adequate workout.



The Facts

In this day and age, exercise is more important than ever. It is known that moderate daily exercise can help reduce the risk of becoming overweight or obese. According to the World Health Organization, one in three of the world’s adults are overweight and one in ten is obese. In addition to this, nearly two thirds of the American adult population is considered overweight (World Health Organization). Fast food, television, video games, and an “on the go” society are all major contributors among others to this largely overweight population.

Exercise can help reduce an obesity problem, and can also decrease your risk of many different health concerns. “Moderate daily physical activity can reduce substantially the risk of developing or dying from cardiovascular disease, type 2 diabetes, and certain cancers,” says the U.S. Department of Health and Human Services. A new study released by Health and Human Resources Centers for Disease Control and Prevention shows that deaths due to poor diet and physical inactivity rose by 33% over the past decade, and may soon overtake tobacco as the leading preventable cause of death. Despite the proven health benefits, a study performed by CNN Health showed that seven in ten American adults do not exercise regularly. “21% of those who do not exercise don’t go to the gym because they don’t know what to do once they get there,” according to the American Council on Exercise.



A Health Conscious Society

With as many as 300,000 adult deaths in the United States per year being attributed to unhealthy dietary habits or physical inactivity, Americans are becoming more conscious about their health and fitness (International Health Racquet and Sports Club Association). Much like years in the past, the majority of consumers cited “exercising more” and “losing weight” as two of their top five New Year’s Resolutions for 2011 (MediaPost). However, how exactly do you make your fitness goals a reality without any previous fitness knowledge? What if a personal trainer is not within your budget? January 1st arrives and you decide to walk into a local gym down the street. However, within minutes of looking around at the exercise equipment options, you immediately feel overwhelmed. Perhaps you decide to use the treadmill because it seems familiar and the least intimidating. While the treadmill gets your heart racing, it may actually not be providing you with the best possible workout to help you meet your fitness needs.

These statistical facts display a growing problem. While a majority of people may not exercise simply because they choose not to, there is a large population of consumers who are frustrated with exercise. These users are unsure of how to properly use exercise equipment or create daily routines for themselves to meet health goals. Current alternatives like using a personal trainer, researching exercises on his or her own time, tracking fitness progress and joining dieting and exercise groups can be a time consuming and costly for consumers.

F.I.T.-The Solution

Fitness Innovation Tools (F.I.T.) provides a convenient Smartphone application service that offers ever-changing, personalized exercise plans as well as allows users to conveniently track their fitness progress through a one-of-a-kind point system. Unlike existing applications, F.I.T. would automatically provide users with personalized routines targeted toward their specific goals and needs. These plans are included with detailed directions and pictures to help provide instruction in using machines and completing exercises. Each exercise routine will be carefully designed by certified fitness professionals (see Appendix A for a sample fitness plan). The exercises will be continuously updated to ensure that fitness routines do not become repetitive.



In conjunction with the personalized exercises, the user-friendly, one-of-a-kind point system, F.I.T. Points, will allow each user to track their fitness progress. This system is currently unavailable through any of our competitors. When a user creates their profile they will be given a target point value depending on their personal characteristics, goals, and current exercise level. Target point values will vary between users, and will increase depending on the users progress. Each individual exercise will be assigned a designated point value based upon many different factors such as: length of exercise, difficulty level, number of repetitions, type of exercise, amount of weight used, and more. Through F.I.T. Points, users will have a clear idea of the amount of exercise they need to complete each week to reach their target point value. After the completion of an exercise, the application will automatically update the user’s point total, putting them one step closer to their goal.

F.I.T. will be available through the three most popular Smartphone platforms: iPhone, BlackBerry, and Android. The application will be available to individuals through the Apple App Store, BlackBerry App World, and Android Market with a yearly subscription fee. In addition to selling to individuals, F.I.T. will also be sold directly to national gym chains such as L.A. Fitness, and recreation centers on college campuses. Members of each of these types of facilities will have free access to the application, and will also gain premium information



specific to the facility. For example, a university recreation center would have the ability to post exercise class schedules on the application, and facility layouts would be available to the user to conveniently locate the machines highlighted on their workout plan. Not only would this information benefit the users, but also the facility itself. More about our pricing model and revenue streams will be discussed in our financials section.

TARGET MARKETS

Primary Target Markets

While F.I.T. is suitable for any age or gender, we have chosen to focus on a few primary audiences. Our primary target market is separated into three different categories including: individual users, national gym chains, and university recreation centers. Each of these groups contains users with different demographic characteristics. Each group of users within these categories was chosen based upon their interest in overall health and fitness as well as their behaviors in downloading applications specifically in the fitness category.

Individual Users



According to The Nielsen Company, there are currently over 60 million Smartphone users in the United States alone, with the three most popular Smartphone being the iPhone, Blackberry, and Android. By the end of 2011, it is estimated that the total number of users will reach 142.8 million. This significant increase is in part due to the heightened number of smartphones available to users. Of these 60 million who are current users, a study shows that 39% have downloaded an application in the health and fitness category in the past year (OpenCloud). This equates to nearly 23.4 million users who currently have a health or fitness application on their Smartphone. In addition to capturing a percentage of the Smartphone market, individuals who download applications on their iPod touch will also be targeted. By the end of 2010 there had been a total of just over 45 million iPod touches sold throughout the United States, according to market research firm Asymco. Data shows that 35% of iPod touch users regularly download applications, and an average of 18.4 applications per user per month (Business Insider)

The demographic characteristics between these different platforms vary. The average age of iPhone users is between 25-44, Android users is between 25-44, Blackberry is between 18-44, and iPod touch is the youngest with 73% of the users being under the age of 24 (AdMob). Market Research company AdMob also reports the variation in gender between the different platforms: iPhone has 57% male users, Android has 75% male users, Blackberry has 58% male users, and iPod touch has 54% male users. These statistics show the primary groups that would be targeted through the different application stores. The iPhone and iPod Touch users would be reached through the Apple App Store, the Android users would be targeted through the Android Market, and Blackberry users would be reached through the Blackberry App World.

University Recreation Centers

One unique aspect of F.I.T. is that it will be available to students across the U.S. through the recreation centers on their college campus. F.I.T. services will be sold directly to these university recreation centers to help promote healthy lifestyles to the college students. According to a study





performed on sports recreation centers, 100% of students (users and non- users of the campus recreation centers) agreed, “Sports Recreation Centers play a key role in promoting active lifestyles among college students”. On average, 75% of the students use the campus recreation centers at least once during their college career. In addition to that, 30% of these students stated that the campus recreation center was the primary reason the chose a specific university. F.I.T. would provide these users with an additional benefit for using their campus recreation center (College Students’ Attitudes). Not only would students get more for their money, but also campus recreation centers could attract more students to the recreation center as well as the school as a whole.

While the majority of students use the recreation centers on their campuses, one of the primary reasons that students don’t take advantage of the facility is because they feel a sense of personal inadequacy. These non-users have little confidence in their own ability to achieve the results they are looking for (College Students’ Attitudes). F.I.T. will have the ability to help these non-users feel more comfortable working out by providing personalized fitness guidance.

The number of college students is continuously growing over the years. In the past ten years, enrollment in the 2-year and 4-year schools across the U.S. has increased by 3.9 million according to the National Center for Educational Statistics (NCES). This source also states that 56.8% of college students as of enrollment numbers from Fall 2010 are female and the average age for a college student was between 18 and 24 years old.

In the United States, more than 60% of universities and colleges have campus recreation centers (College Students’ Attitudes). However, we have narrowed our focus to schools that have 10,000 or more undergraduate students. According to College Board, there are 390 schools in the U.S. with an undergraduate population of 10,000 or more students. We have chosen to focus on schools of this size in order to ensure that the cost per student ratio stays at \$1 or less.

National Gym Chains



Thirdly, our primary market focuses on selling to national gym chains. According to the National Sporting Goods Association, “working out at a health club is the #1 sports activity in the United States”. The sales to these national gym chains will be done strategically through a top-down sales approach. Our sales force will sell F.I.T. service directly to top management of different major gym chains such as 24 Hour Fitness, L.A. Fitness, and Bally’s Total Fitness through a yearly subscription model. This approach will allow F.I.T. to reach members of thousands of gyms across the nation through contact with only a few upper management staff members, a strategy unused by our competitors.

According to the International Health, Racquet, and Sportsclub Association (IHRSA), there are over 30,000 health clubs with more than 45.5 million users in the United States alone. While this number may seem large, it has great potential to increase in the years to come. According to IHRSA, “even with a flood of publicity and medical research pointing to physical fitness as the solution for health concerns, nearly 90% of Americans have yet to join a gym”. Within these health clubs, the average age of a member is 39, and the average household income is \$80,000 per year (IHRSA). The breakdown of men and women who belong to these clubs is relatively even with 48% male and 52% female. These gym members, like the university recreation center students, will have free access to F.I.T. services through their membership provider.



Secondary Target Market

The secondary target market focuses on individuals who currently do not exercise. Results from a WebMD study of just over 30,000 people showed that nearly half of Americans do not exercise regularly. According to the American Council on Exercise, “21% of people in the US who do not exercise and don’t go to the gym because they don’t know what to do once they get to the gym”. These consumers are frustrated because but don’t know the best way to go about achieving their exercise goals on their own. While these individuals may not be current gym-goers, F.I.T. could help encourage these people to either use our service at a gym facility, or to participate in alternative workouts on their own at home.

EXTERNAL ENVIRONMENT

Fitness Industry Analysis

Fitness is a \$19.1 billion industry that has doubled in size over the past ten years. Despite the recession, the industry has continued to grow. In fact, health club memberships have seen a constant growth rate of about 4.6% annually over the past ten years, and the fitness industry as a whole has grown at an average of 6% annually over the past twenty years (IHRSA).

At the rate in which the industry is expanding, it is a perfect time to capitalize on the opportunity at hand. In 2005, *Entrepreneur Magazine* named the fitness category as one of the top five hottest trends, and the industry has only grown since then. With the number of people with health problems and diseases increasing, it has been predicted that the number of gym-goers will continue to rise. National trends towards obesity and heart disease are increasing the demand for healthy living and exercise. “The demand for gyms and health and fitness clubs will continue to rise over the next five years, as the general public becomes more health conscious and the aging population places a greater value on staying fit”, stated the U.S. Industry Report. This trend is happening globally as well, with people all over the world putting a strong focus on healthy living and exercise.

Fitness Value Proposition

Currently there are few barriers to entry in the fitness industry. Our solution will offer a unique approach to assisting the growing fitness population with a practical and easy way to make exercise more convenient and user-friendly. The health and fitness industry offers a distinctive value proposition in that staying lean, leading a healthy lifestyle, reducing stress, and looking one’s best are all things that the American population highly values (IHRSA). F.I.T. will offer a solution for the health and fitness industry to directly address these needs in a way that is both affordable and convenient. Through a strategic sales method, F.I.T. will sign on entire gym chains through a top-down distribution model. This means that F.I.T. would work directly with high-level executives such as L.A. Fitness’ National Director of Business Development to sign on the entire L.A. Fitness gym chain through an annual subscription model. Each of the major gym chains that we are focusing on are either owned by the organization as a whole, or franchised, so each individual gym within the chain is required to maintain the same standards and provide their users with the best tools for success. For this reason, we



would eliminate the need to interact with each gym individually and would be able to focus our efforts on more direct distribution to the top management of the chain as a whole.

A Focus on Health Importance

The relationship with health insurance providers across the country has also impacted the growth of this industry over the past decade. An increasing number of health insurance providers either “reward their subscribers for their involvement in exercise programs or make payments to health clubs based on their subscribers’ usage of these facilities” (IHRSA). These relationships offer unique benefits that reward people for making fitness and exercise a priority in their lives.

Fitness options are becoming more readily available for the American population every day. In addition to the thousands of health and fitness centers across the country, almost every university, both public and private, is providing students with state-of-the-art fitness facilities right on their campus. This allows people to start a healthy lifestyle early on, and that alone brings in hundreds of thousands of young people into fitness centers each year (IHRSA). This will continue to have an enormous impact on the US health and fitness industry for many generations to come.

Smartphone Application Industry Analysis

According to Fast Company, the Smartphone Application Market is expected to be worth \$38 billion industry by 2015. This is in part due to “the industry riding the huge growth in popularity of mobile devices (such as smartphones)” (Fast Company). F.I.T. will be positioned in the Smartphone industry as a mobile application. By the end of the 2010 fiscal year, Nielsen reported that iPhone, Blackberry, and Android each had relatively equal market shares around 27.5%. One unique value proposition offered by F.I.T. is the ability to operate across each of these three platforms. According to the Q2 Smartphone Industry Analysis by Canalys, the United States Smartphone market is the largest in the world as of the end of 2010. In the U.S. the market for smartphones grew 41% year on year, while the Smartphone market as a whole grew by 64% annually worldwide in Q2 2010 (Canalys). Currently, nearly 31% of the U.S. mobile phone users own a Smartphone, with that number expected to exceed nearly 142 million users by the end of 2011, according to Nielsen. These statistics represent a market with huge growth potential.

Studies show that the highest concentration of Smartphone users lies in the 18-24 age group, however that is rapidly expanding to both older and younger generations (Mobile Year in Review). In such a highly competitive market, it is important to stand out among the other features and applications offered by smartphones. Statistics show that there are over 200 applications downloaded each second (Nielsen). Consumers are turning to mobile applications to assist them with their everyday life. “For many people, mobile media consumption has rapidly moved from an occasional activity, perhaps even a novelty, to an essential service they depend on every day while at home, work or on the move” says comScore Mobile Year in Review.

ANALYSIS OF COMPETITION



Major Competitors

With the increased use of technology in fitness, there are many competitors that we must pay attention to when looking to enter into both the fitness and the Smartphone industries. The three main competitors that we must focus on are: the other Smartphone applications that currently provide users with fitness benefits, the personal trainers that assist gym members with assistance in meeting their fitness goals, and online fitness resources.

Smartphone Applications

First let us look at the other Smartphone applications that will serve as competitors to F.I.T. Approximately 39% of Smartphone users have downloaded an application in the Health and Fitness category (2010 Mobile App Report). Despite the high percentage of fitness downloads as well as the thousands of total applications available in the different app stores, it is important to note that for each platform less than 5% of the total available applications available fall within the Health and Fitness Category, making it less competitive to offer a fitness app in comparison to other categories (Mobclix). The most commonly downloaded applications in this category offer benefits such as calorie tracking, exercise videos, fitness advice, and the opportunity to track your exercise progress. The majority of these applications are relatively inexpensive, ranging anywhere from free to about fifteen dollars. See Appendix B for a chart showing a comparison between F.I.T. and our competitor's applications.



Personal Trainers

In addition to the competition from other applications, there is also competition from personal trainers. According to the IHRSA, personal training is the number one most widely used exercise program among fitness facilities. Personal trainers help members generate new workout plans and stay on track to meet their health and fitness goals. Personal trainers are required to pass a certification test before consulting gym members. The majority of trainers are certified through the American Council for Exercise with the ACE Personal Trainer Certification. This gives the trainers credibility and allows them to assist the users in the most effective way possible. While personal trainers can provide excellent fitness guidance, they can be very costly. According to the National Board of Fitness Educators (NBF), the average hourly rate for a personal trainer ranges from \$60-70 per session. On the very low end, you can find trainers that will work for \$25 per session, however those can be very difficult to find in most areas (NBF). On the other hand, the NBF claims that some extremely high-end trainers have been known to charge up to \$15,000 for a six-week session. They also state, "Where you live greatly influences the rates that personal trainers charge. In smaller towns rates are lower, and in more urban areas the rates tend to be higher". Typically charges do not vary too much in terms of in-home trainers verse in-gym trainers. Training sessions from personal trainers are expected to include a consultation session to inquire about your fitness goals, muscle building and toning sessions, and weight-loss sessions (NBF). Instead, F.I.T. will provide users with detailed, evolving workouts with instructions for a much lower cost.

Online Competition

Lastly, there is the competition from online sites that provide users with many benefits such as fitness advice and customized workout plans. The majority of these options are free for the end-user or have a relatively inexpensive subscription fee. With the way technology and the Internet are advancing these days, it is



very simple and convenient for users to search for fitness solutions at the click of a button. Websites such as sparkpeople.com offers users with customizable workout plans as well as a way to track their fitness progress. However, the one major downside of these online sites is their inability to keep their profile updated while on the go. Even with Smartphone technology, very few of these sites are user friendly to conveniently track your progress or generate workout plans when you are away from your computer.

With these many different competitors in the health and fitness industry, it is imperative to offer a solution with distinctive benefits that cannot be found anywhere else. F.I.T. does just this. It offers customers with a unique solution that makes fitness more user-friendly and convenient than ever. Based on user inputs the application will generate customized exercise plans via an automated process. With our multiple points of distinction such as the fitness points system, personalized workout plans developed by certified professionals, customized options for each gym or recreation center, and other additional features, F.I.T. will be the all-in-one fitness solution that will stand out among competitors.

Competitive Advantage

F.I.T. has four main competitive advantages:

- Service for three main Smartphone platforms
- One-of-a-kind point system
- Unique top-down sales approach
- Evolving exercises designed by certified fitness professionals



Multiple Smartphone Platforms

With many competitors in the Smartphone application industry, the ability to serve users across the iPhone, BlackBerry, and Android platforms is a huge competitive advantage. As you can see in Appendix B, very few of the competitor's apps are highly ranked across multiple platforms. The process for application development varies drastically for each of the different platforms. For this reason, F.I.T. will hire multiple developers to ensure that the application will be designed correctly and will run appropriately on each system.

F.I.T. Points, A Universal Point System

The next competitive advantage is the user-friendly point system, which will allow users to quickly and conveniently track their workout progress. As discussed previously in the Solution section, when users initially register for F.I.T. users will create their profile and will be given a target point value depending on their personal characteristics, goals, and current exercise level. As individuals progress throughout workouts their target point value will change to adjust to their new fitness needs.

Currently Weight Watchers has a patented *Pro-Points* system that allows users to easily track their calorie intake through a point system. However, this system is solely limited to diet tracking, and does not account for fitness. This system has been so successful over the years because it keeps things simple for the user. Instead of having to keep a detailed log of the different foods that a user eats throughout the day, users simply add up the number of points assigned to each food item and know not to go over their assigned point goal. It is through a model similar to this that the F.I.T. point system will help improve fitness satisfaction among users.



Each individual exercise will be assigned a designated point value based upon many different factors such as: length of exercise, difficulty level, number of repetitions, type of exercise, amount of weight used, and more.

Through this system, users will have a clear idea of the amount of exercise they need to complete each week to reach their target point value. After the completion of an exercise, the application will automatically update the user's weekly point total, putting them one step closer to their goal. The point system eliminates the need for the user to track specific details about their workout; reducing the time users spend tracking their progress, and allowing them to focus on the exercise itself. This point system, F.I.T. Points, will distinguish our service from the other applications that are currently available.

Top-Down Sales Approach

Unlike our competitors, F.I.T. will be sold directly to university recreation centers as well as major gym chains. Currently applications are only sold to individuals through the different app stores. However, our unique sales approach will allow F.I.T. to be sold to upper management of facilities across the United States. Once sold to these facilities, their members will have full access to the F.I.T. application for free. By selling directly to upper management, it eliminates the need for a large sales force to sell to each gym individually. Each facility (university recreation center or national gym chain) will have the ability to post their fitness class schedules, provide customized layouts for each facility to assist users in finding their way around to the different machines, locating other gym locations, run promotions, and much more. Not only will this benefit the gym, but also their members. Gyms are committed to offering their members with the best equipment, most advance technology, and the highest quality experience available (Technology and Fitness).

Exercises by Certified Professionals

Each workout and exercise available through F.I.T. will be targeted to the user's specific needs. In addition to this, an ACE Certified Fitness Professional will develop each exercise. Not only will this add credibility to the application and the exercises, but also it will reduce the liability should someone get injured while performing a suggested exercise. By keeping certified fitness professionals on staff, F.I.T. will be able to constantly update the application with new exercise plans for users. This will allow users to receive new exercises each time they work out, and reduce the chances of exercises being repeated. The professionals will be able to develop workout plans for users to reflect current trends and research findings in the fitness industry.

Benchmark Ventures

Weight Watchers

Our fitness application will be incorporating a point system very similar to the Weight Watchers program; knowing their success with the point system gives our team insight on the potential that our point system program would have. Currently, there is no existing fitness point system that allows users to track their progress in the way that the Weight Watchers points system works for diet goals. As most people are aware, Weight Watchers allows members to track their diet in a simple, convenient way through points. Different foods and meals are assigned different point values. For example: fresh fruits and apples are given one point where a Big Mac is given 13 points. The goal is to keep your points under a specific target number (based on your personal characteristics and goals). This company is a critical benchmark for our fitness point system



because we can build a model similar to this where users have a specific point target that they try to reach each day for exercise. For example: ten push ups could count for one point where as running two miles could be given eight points (points will be determined by fitness professionals based on the difficult, type, etc. of the exercise). Weight Watchers is the largest chain of diet centers; just last year the company expanded into China with their point system due to its high success in other countries (Sherman, 2010). After looking at stock prices recently for the company, we can see that Weight Watchers stock has doubled since August of 2010. This demonstrates that the market thinks highly of this company and makes them valuable to study. Also the P/E ratio is around 23 times showing that investors are willing to pay \$23 for every \$1 of earnings. (See Appendix C).

PumpOne Fitness Application

A team of fitness and technology experts designed the PumpOne Fitness application to give consumers portable personal training advice. They have designed their own original exercise tips. Key features include being able to listen to your own music as well as check out an image and video exercise library to show you exactly how to do the workouts. They are also featured in fitness magazines, have iPod downloads, and are now launching an iPhone application. The company's website is key in showing us what features are vital to have for a fitness app, as well as what we can add to our application to go above and beyond what PumpOne has created. The advantage we have over what PumpOne has done is that our fitness workouts are tailored to people with special health needs (osteoporosis, diabetes, etc.). Our plans are also evolving and customized whereas this application has a limited number of workouts in a generic setting. Finally, our price is \$5 less and our service would offer much more with this price. PumpOne charges \$9.99 currently and offers a \$4.99/month or \$34.99/year upgrade to gain more workouts ("Fitnessbuilder by PumpOne," 2011). These workouts are still not customizable like our plans would be, and our price is much more competitive. While there is little company information on their success and number of downloads, this application constantly is recommended by fitness experts and magazines, such as Men's Health, a very credible source.

GOALS & STRATEGIES

F.I.T. Goals

The major goal for F.I.T. is to begin as a Smartphone application for individuals and expand into university recreation centers and then become the most popular application for gym members at national gym chains by year five. In order to become successful, marketing and sales will be a key element of our growth. With a strong sales team, F.I.T. hopes to sell to over 12,000 users and over 100 universities by year five. If national gym chains can see the advantage they have in promoting our application to their users, we could have up to 17,000 individual gyms using our product by year five as well. Second, our management team hopes to see a profit by year three. Based on our current financial projections, F.I.T. will begin seeing a profit during year two. Another goal of our management team is to see our company acquired by a larger organization after year five. Companies that may be interested in the purchase of F.I.T. could include Weight Watchers or Under Armour. Both of these companies are fitness and health related and could look into buying our product to expand into the Smartphone fitness industry.



Strategic Marketing Plan

When looking at our core competency, we are going to focus on providing innovative health solutions to our consumers. Our strategic marketing plan will allow us to explore many different markets to determine where our innovative health solutions will make the greatest impact. In addition to this main component, we can also focus on creating innovative fitness solutions for other markets such as physical therapy, athletes and team sports, surgery recovery patients, specific health conditions, and more. If we place ads on websites that people visit for rehabilitation, our ads would target our customizable aspect that allows these patients to recover almost entirely on their own using our plans.

Tactical Marketing Plan

Our tactical marketing plan will focus on the value that we bring to our customers. The goal is to gain the attention of fitness users around the country immediately, and differentiate ourselves from any other application. F.I.T. will focus on the things we do differently than the competition as well. This means it is vital that our team highlight our customized, constantly evolving work out plans in our message. We will also showcase our innovative fitness Points System in order to address the fitness audience.

Marketing Communications

Our marketing communications plan will come together in two main parts. First, we want to effectively communicate the benefits of F.I.T. to gym chains and recreation centers on campus. To do so, our sales team will rely on face-to-face interaction with the customers to relay the information and actively demonstrate the use of the application. During the face-to-face meetings, the sales force will be equipped with appropriate materials such as brochures and the physical product in order to perform a demonstration and secure the sale.



Second, we will focus primarily on online advertising for end users. We will look to use free media sites like Facebook and Twitter, but also look to advertise on fitness websites and blogs. This type of advertising will certainly be the cheapest and most effective. According to the Health Club Media Network, “77% of health club members don’t read any of the top health and fitness magazines (Men’s Fitness, Fitness, Health, Women’s Health, Shape, Men’s Health).” With the statistic showing that very few of our end users obtain information from print media, we found it unnecessary to allocate funds for print advertising. Generating the leads of the specific sites and applications on which to advertise from will be based on related industries. For example, we will use dieting platforms to host our advertisements, as well as sports entertainment and apparel sites. These applications are related to exercising and would attract the target market that we are going after. To ensure that these sites are bringing in the consumers we are targeting, we would consider asking our users to submit a survey when they joined on how they heard about our product. This way we can differentiate from which mediums our marketing is being effective and which are not effective in reaching consumers.



However, there are a variety of other ways that our team has considered in order to effectively market our name and message. For example, when we begin selling our product to a school like the University of Arizona, we can look to sponsor walks and races on campus such as CatWalk. Putting our name on these big events will help promote our company and tie in the awareness of how important fitness is. As we expand and begin to



reach out to more colleges, we can look into different fitness related events going on at their campus and see how we can sponsor and help out at the events. F.I.T. could even look into creating a fitness competition among rival colleges to see how many students actually begin using the application. Using our point system we could see which school is actually more physically fit.

Intellectual Property and Legal Issues

Although there are various other fitness applications on the market, our intellectual property comes in the form of our customizable workout plans that have been developed for us by fitness experts. These plans will have to be constantly updated to follow a person as they progress through their customized workout. This being said, it is vital that all plans be protected because they are what currently give F.I.T. our competitive advantage. Only the management team and trainers will have access to developing the initial workout plans. We will then look to getting a patent on the one of a kind fitness point system so that other applications and gym chains do not copy our program. Another aspect of our intellectual property includes our name and logo, which will be treated as trademarks. To prevent ourselves from any liability issues should someone injure themselves while using a recommended workout, our law team will have developed a liability contract that the user must agree to when signing up for our application.

Application Development

The development of the application is extremely crucial to the success of our service. We will rely on the expertise of programmers and designers to create our final product, F.I.T. These programmers will specialize custom applications for iPhone, Android, and Blackberry. We need to have a non-disclosure agreement in order to protect our app from other designers and coders. A work for hire agreement is also vital to protect the company's ownership of the application. According to a developer of a popular iPhone application, Twitterrific, it takes approximately 1,100 hours for two developers to create the finished application. Programmers will code the application, as well as design the look and feel of the final product. In addition, they will also test the application using a simulator for any possible malfunctions. After this round of testing an initial trial version, called a beta version, will be released for download by a test group. Once all feedback has been taken into consideration and bugs have been fixed, the application will be submitted to the Apple App Store, Android Market, and Blackberry App World stores. Once the app is approved they will be made available for purchase for individual end users. At this time sales forces will begin to target those who cannot be reached via Smartphone application stores.

BUSINESS MODEL

Our business model is based around our innovative sales strategy targeting University Recreation centers around the country, and 3 major gym chains:

- LA Gyms
- 24 Hour fitness
- Bally's Total Fitness



Our goal is to sign on recreational centers and provide the members of the university access to our app for the sum of \$10,000. After talking to a manager at the Rec Center (Sarah Seavey), charging a dollar or less per student would be a reasonable price. From here, we searched out which schools had 10,000 or more students to ensure that there were enough for our business to generate revenue at this price. Gym chains follow the same procedure as the Recreational centers, but at a slower pace due to the fact that they are our secondary channels of revenue. At last we plan to place our app inside the Apple iTunes store at \$3.99 price, which will help us gain sales from those customers who do not fit the description of gym users or university recreation center members. The price is set as an average price of apps that range from \$30 to .99 cents, also maintain our revenues high due to the fact that both Apple takes a 30% cut from the revenues obtained from the iTunes store and blackberry takes a 20% cut.

F.I.T.'s future plans involve a complementary web page that allows users to link to their app account and print their workouts, obtain additional tips and recommendations for their future workouts. The webpage will be designed in the future with the hope to obtain a more broad range of users. Our future expansion plans involve signing in the rest of the major gym chains along the country including small privately own local gyms.

Sales Distribution Channel

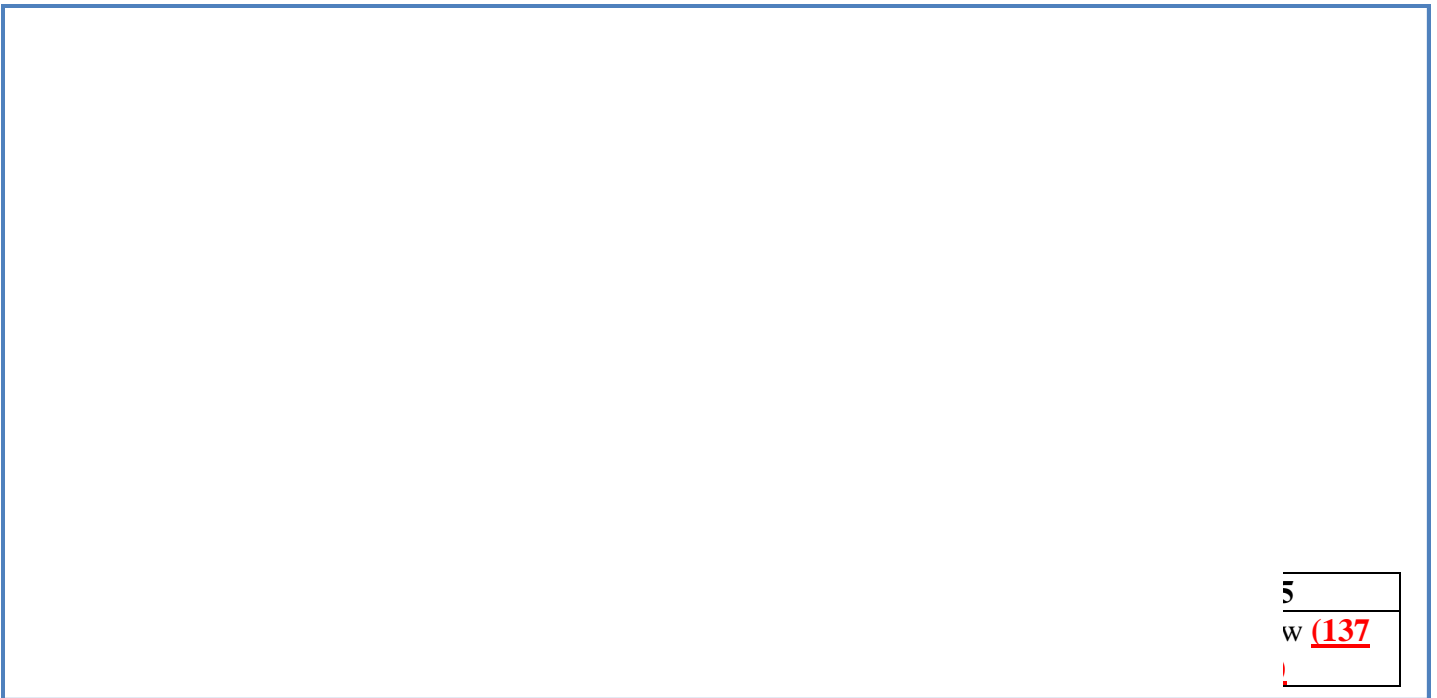
Since the majority of our sales will be to university recreation centers as well as national gym chains, we will rely on a personal sales team as well as client referrals. By targeting national gym chains as opposed to targeting each gym individually it will allow F.I.T. to more efficiently reach a large audience across the country. In addition to this we will rely heavily on word-of-mouth as well as online advertising to publicize our application to the general public. The process will be extremely convenient for the end user, because they will be able to simply purchase the application straight from their Smartphone through the application stores for a very affordable price.

FIT's Business Model will incorporate different avenues of business as we derive our revenues from a variety of sources. The first avenue will be University recreation centers and gyms. Each University will pay \$10,000 per year for the use of our services. This yearly fee will entitle every student free access to our workout programs/services as long as they are enrolled. We will target the largest Universities, and by year five, we plan to have 100 Universities collectively enrolled in our yearly subscription program. The second form of business will come from national gym chains that we will look to partner with. We have identified five potential partner gyms that we will partner with over the first five years (1 each year). Much like the universities, gym chains will pay a yearly subscription service fee that entitles all of their member's free access to our fitness program. By partnering with the gym chains, we will look to sign the entire chain on at once. Our third form of revenue will come from individuals buying through the phone's app store. We will charge each individual user a \$3.99 fee per year for the service. The last form of revenue will come from promotional and advertisement services we will provide on our application. We will run promotions of nearby health companies (restaurants, gyms, clothing, etc.), as well as sell advertisement space to additional companies. These four sources are the mediums through which we will garner revenue and look to establish our name and business.



Timeline of Expected Sales

The graphs and tables below showcase our expected sales over the next five years. There are three different sales distribution channels, all of which are represented below. Through our yearly subscription model in all three revenue streams, you can see the compounding sales we are expecting over the next five years. By using a yearly subscription sales model it will allow us to build a steady customer base through each of our three primary distribution channels, and will bring in recurring revenue each year. The business model will be discussed in more detail below.



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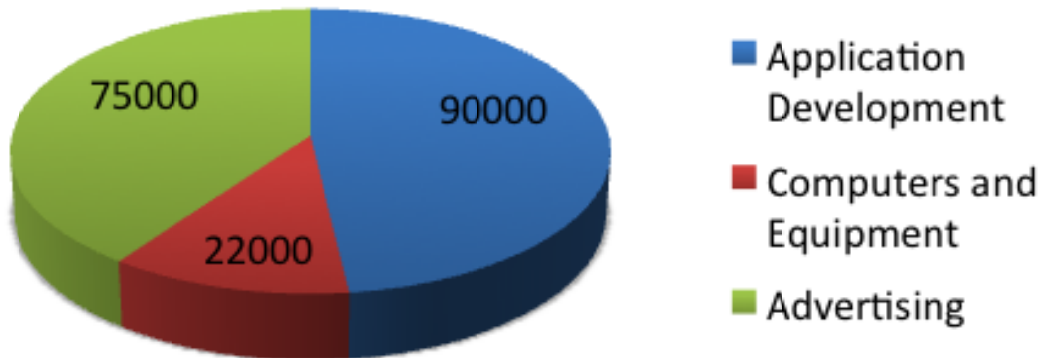


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FINANCIAL ANALYSIS

Key Assumptions

Our business is an online technology venture, so we do not have inventory, materials, etc. Due to our business model, our expenses remain relatively constant over time. Our main costs come from app development and design. Application development will cost around \$90,000 for the development of our app on three different platforms (iPhone, Android, Blackberry). We estimated on the high side by choosing \$90,000, but that is because the app is the main focus of our business. We found that the average app development cost was around \$30,000-\$50,000 according to a Twitterific app developer (Stackoverflow.com). Accordingly, the development of our app on 3 separate platforms will cost \$90,000. This is because there will be overlap between the platforms, meaning we will be releasing the same exact app on each platform (less work and less money). Other major costs include computers, software, furniture etc. A pie chart of major expenses is shown on the next page.



Our largest expenses go to our on-staff hires. We have a full-time application developer who can continually fix and update the application as we see fit. We will be paying him around \$90,000, and his sole job is to continue the updates of our application service. We also have an on-staff designer (\$35,000) who will work with the developer to design our app, help with marketing efforts, logo design, advertisements, etc. We also have two dedicated sales professionals (\$40,000 each) who will conduct sales presentations at university recreation centers around the country. We will also hire two full-time certified personal trainers (with at least 6 years' experience at \$50,000 each) to help design personalized workouts, and tweak them as necessary. Lastly we will have a general IT Manger to help oversee any technical difficulties we might have. This is represented in the table below.

SALARIES						
	App Developer	Designer	IT Manager	Sales Professionals (2)	Our Salaries	Personal Trainers (2)
Year 1	80,000	35,000	40,000	75,000	25,000	106,000
Year 2	82,400	36,050	41,200	77,250	25,750	111,300
Year 3	84,872	37,132	42,436	79,568	26,523	116,865
Year 4	87,418	38,245	43,709	81,955	27,318	122,708
Year 5	90,041	39,393	45,020	84,413	28,138	128,844



Besides miscellaneous costs like rent, insurance etc. there are two more large expenditures. The first is online advertising and banner ads. We budgeted about \$90,000 for online advertising in the first year, and the budget increases by 10% each year. Lastly we have travel expenses. These are expenses associated with the direct sells we will be doing at university recreation centers and national gym chains. We plan to visit 195 university recreation centers. This represents half of the population of recreation centers with over 10,000 students. We estimated an average price of around \$1000 per visit at each site (shown below).

Major Costs

Rec Centers	
Number over 10k students	390
Number we will sell to (50%)	195
Number we will close (35%)	137
Split up over 5 years	27

Average cost per presentation	\$1,000.00
Cost for 5 years	\$195,000.00
Per Year over 5 years	\$39,000.00

	Online Ads	App Development	Travel Expenses
Year 1	75,000	90,000	20,000
Year 2	82,500		30,000
Year 3	90,750		40,000
Year 4	99,825		50,000
Year 5	109,808		55,000

There are 390 universities with a recreation center and over 10,000 students (shown above). These schools represent our targets, because their size makes it a justifiable investment for the school to sign on with our services. We estimate that we will close on 35% of the target recreation centers we've identified (137 recreation centers). We figure that 35% is a realistic sales conversion rate. We have found through our interviews, focus groups, and other market research, that a fitness tool like our service would have a high acceptance with younger crowds at universities. As one can see in the recent technological advances at the University of Arizona recreation center, they are big on technology and making things convenient for students. When speaking with multiple managers at the University of Arizona Recreation center, they all felt it would be something the University would seriously consider. We will charge a yearly fee of \$10,000 per university recreation center.



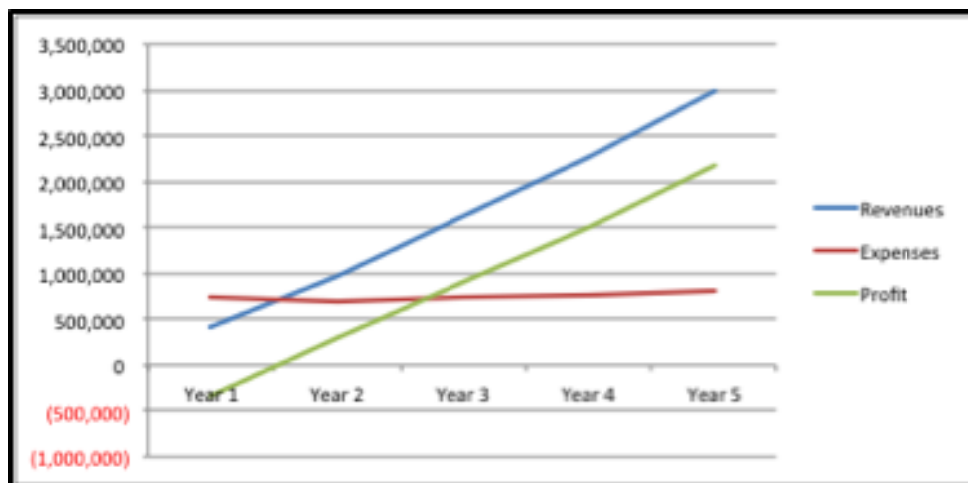
Next, let's look at individuals. We plan to offer our app on three platforms, and there are different fees and revenues associated with each platform. Blackberry allows companies to obtain 80% of their revenue generated from app sales, while iPhone and Android systems allow owners to retain 70% of revenues. The average app has around 25,000 downloads, so we used this as a base number (Lovell). We split the \$25,000 over five years to get 5,000 in the first year. We split this 25,000 over five years, because we assume that over the "life" of our application we will sell at least 25,000 apps, of which we surely hope to beat in years to come. Nevertheless, we took this average sale of 25,000 apps to use as a baseline for lifetime sales, which we then split over 5 years. With the 25,000 over five years, we then assumed a growth rate of 20% each year in new individual users downloading our app (on each platform from the original 5000 a year).

We felt that our app will sell slightly better than the "average app out there". 20% was a modest assumption to base our sales growth on each year (again, from the original 5,000 each year). Lastly we have national gym chain sales. We will look to sign on Lifetime Fitness, LA Fitness, Bally Total Fitness, and 24 Hour Fitness. By signing on the entire gym chain, each gym will pay a yearly fee of \$1500, and that will allow all of the customer's free access to our services. This fee is lower than that being charged to universities because there are fewer members at each of these gyms and many more individual gyms within a chain.



Projected Profitability

Projected Profitability					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenues	405,000	978,000	1,620,000	2,268,000	2,991,000
Expenses	748,213	693,630	733,109	771,088	805,677
EBITDA	(339,494)	288,427	890,948	1,500,969	2,189,380





Projected Income Statement

Projected Income Statements		Year 1	Year 2	Year 3	Year 4	Year 5
SALES						
	Gross Sales	135,825	309,450	502,200	698,475	822,525
	Returns and Allowances	-	-	-	-	-
NET SALES		20,350	23,650	26,400	26,950	24,750
COST OF SALES						
	Materials	264,000	264,000	264,000	264,000	264,000
	Labor (Inc Taxes & Benefits)	(26,371)	(75,057)	(123,743)	(172,429)	(221,114)
	Other	237,629	188,943	140,257	91,571	42,886
TOTAL COST OF SALES		-	-	-	-	-
GROSS MARGIN		-	-	-	-	-
OPERATING EXPENSES						
	Salaries and wages	-	-	-	-	-
	Payroll taxes	-	-	-	-	-
	Employee benefits	-	-	-	-	-
	Depreciation	-	-	-	-	-
	Bad debt expense	-	-	-	-	-
	-	-	-	-	-	-
TOTAL OPERATING EXPENSES		-	-	-	-	-
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXE		-	-	-	-	-
INTEREST EXPENSE		-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES		-	-	-	-	-
DISTRIBUTION FOR TAXES		4,560,000	4,560,000	4,560,000	4,560,000	4,560,000
NET PROFIT (LOSS)		-	-	-	-	-
EBITDA		1,627,250	2,620,024	8,783,572	19,535,117	35,725,787



Balance Sheet

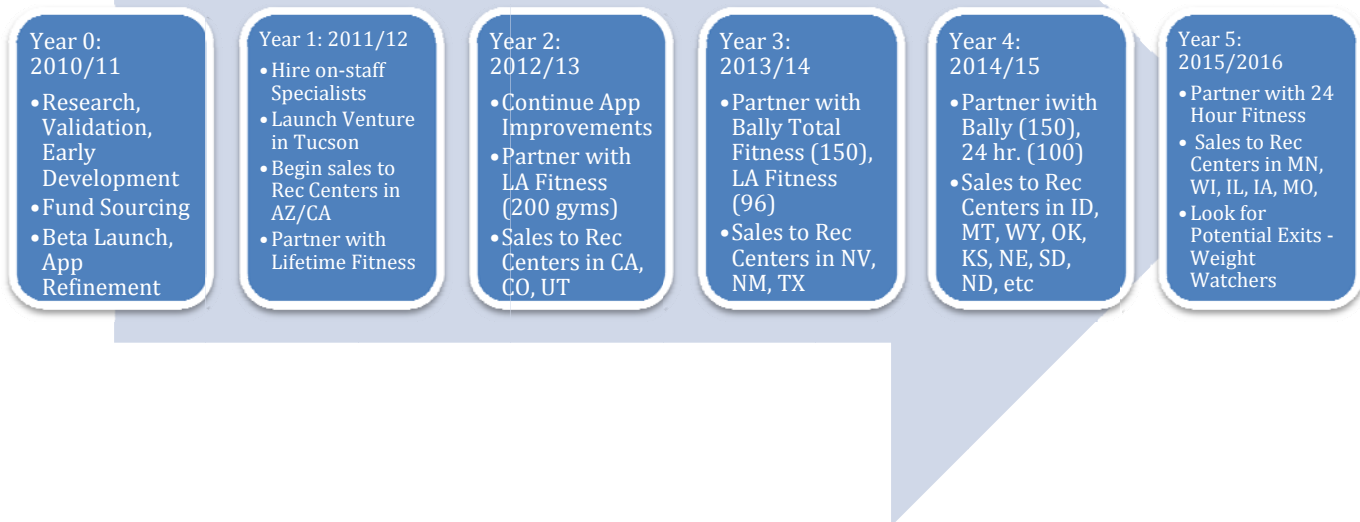
	Year	1	2	3	4	5
	Ending	Feb-12	Feb-13	Feb-14	Feb-15	Feb-16
Projected Balance Sheets (\$s)						
ASSETS						
Current Assets						
Cash		8,381	282,483	939,776	1,960,743	3,490,964
Accounts Receivable		10,125	24,450	40,500	56,700	74,775
Inventory		-	-	-	-	-
Other		-	-	-	-	-
Total Current Assets		18,506	306,933	980,276	2,017,443	3,565,739
Property and Equipment		22,000	22,000	22,000	22,000	22,000
(less accumulated depreciation)		(3,719)	(7,776)	(11,833)	(15,890)	(19,948)
Net Property and Equipment		18,281	14,224	10,167	6,110	2,052
Other Assets		-	-	-	-	-
TOTAL ASSETS		36,787	321,157	990,443	2,023,552	3,567,791
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable		-	-	-	-	-
Other Current Payables		-	-	-	-	-
Pre-Existing Debt		-	-	-	-	-
Current Portion of L-T Debt		-	-	25,000	2,083	(0)
Total Current Liabilities		-	-	25,000	2,083	(0)
Long-Term Debt		-	-	2,083	-	0
Total Liabilities		-	-	27,083	2,083	(0)
Members' Capital						
Members' Paid-In Capital		380,000	380,000	380,000	380,000	380,000
Undistributed Members' Earnings		(343,213)	(58,843)	583,359	1,641,469	3,187,791
Less: Members' Interest Repurch		-	-	-	-	-
Total Members' Capital		36,787	321,157	963,359	2,021,469	3,567,791
TOTAL LIABILITIES AND MEMBERS' CAPITAL		36,787	321,157	990,443	2,023,552	3,567,791



Statement of Cashflows

Projected Cash Flows (\$s)					
CASH FLOWS FROM OPERATIONS					
Net income	(343,213)	284,370	642,202	1,058,109	1,546,322
Adjustments to reconcile net income to cash flows from operations					
Depreciation	3,719	4,057	4,057	4,057	4,057
Changes in certain assets and liabilities					
Accounts receivable	(10,125)	(14,325)	(16,050)	(16,200)	(18,075)
Inventory	-	-	-	-	-
Other current assets	-	-	-	-	-
Accounts payable	-	-	-	-	-
Other current payables	-	-	-	-	-
Pre-existing debt	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(349,619)	274,102	630,210	1,045,966	1,532,304
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	(22,000)	-	-	-	-
Other Assets	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(22,000)	-	-	-	-
CASH FLOW BEFORE FINANCING	(371,619)	274,102	630,210	1,045,966	1,532,304
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing of long-term debt	-	-	50,000	-	-
Repayment of long-term debt	-	-	(22,917)	(25,000)	(2,083)
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(371,619)	274,102	657,293	1,020,966	1,530,221
Members' Capital Contributions	380,000	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	380,000	-	27,083	(25,000)	(2,083)
NET CASH FLOWS	8,381	274,102	657,293	1,020,966	1,530,221
CASH, BEGINNING OF PERIOD	-	8,381	282,483	939,776	1,960,743
CASH, END OF PERIOD	8,381	282,483	939,776	1,960,743	3,490,964

5 YEAR TIMELINE



FUNDING- RESOURCE PROPOSAL

Funding Request Summary

We are requesting \$300,000 of seed financing from outside investors. We cannot come up with the initial funds necessary to develop and start a fitness application business without this funding. There are steep startup costs associated with this business type. We have significant one-time costs (app development) in year one, and this explains why we have costs decrease from year 1 to year 2. Without this \$300,000, we simply will not have sufficient cash flows to stay in business and continue to grow. With an investment of \$300,000 we can guarantee investors a 20x return on their money, and we will give them a 20% ownership share in the company.

Proposed Use of Funds

As mentioned previously, there are many costs up front in our business. The majority of requested funds will go towards app development costs of \$90,000. This is the price we determined it would cost to build our app on three different platforms. Other startup costs include computers, equipment, software, furniture etc. We estimated \$22,000 for all of those necessary things. From that point, the majority of our costs come from marketing/advertising and salaries. We budgeted \$75,000 for online advertising/banner ads in the first year. We felt that online advertising would be far more cost-effective and better aimed at our target market. We decided it would be necessary to hire a full-time app developer to constantly update and maintain our app on all three platforms (\$80,000 a year). Furthermore, we will hire the following:



- Graphic Designer (\$35,000)
- Personal Trainers (\$53,000 each)
- Sales Professionals (\$75,000)
- IT Manager (\$40,000)

Lastly, we have a travel expense each year, which covers travel and presentation materials associated with the direct sales we make to university recreation centers and national gym chains. The funds will go toward all of these different areas, and they will all provide necessary functions. It is crucial we obtain these funds in order to finance the many costs associated with our business.

Exit Strategies



At the rate of which the health and fitness industry continues to grow, we can predict that the need for our solution will only continue to increase. With that in mind, we have taken into consideration an exit strategy for down the road. By the end of year five we will have three possible exit strategies. The first option is to sell our company to Weight Watchers who is already well known in the health industry for their Weight Watchers Points System. With the recent trends in the fitness industry, and the fact that our service will offer similar benefits for consumers, it is possible that Weight Watchers will look to expand beyond their dietary services. This would be a natural extension of their core focus, and it would allow them to move into new markets and expand their scope. This option makes the most sense, but another option would be to get acquired by a well-known fitness entity. This could be a large gym chain like Lifetime Fitness, another entity such as Bally Technologies, or a fitness equipment producer like Cybex International. All of these companies are obviously in the same industry, but our company would provide a natural extension of their business if they wanted to expand into a technology based area. Overall, we think our company will be very attractive to a variety of fitness industry companies, as it provides a natural extension of their business into a different area of focus.

Call to Action

F.I.T. is seeking experienced investors who are interested in both the technology and/or fitness industries. We hope they can provide us with the necessary funding to turn our proposal into a successful venture. The F.I.T. management team is willing to meet to further discuss our venture and our long-term goals.

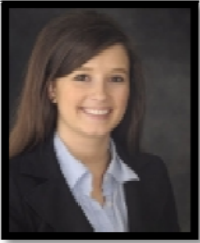
SUMMARY

The F.I.T. management team has found a unique way to combine technology and fitness to capitalize on the growing fitness application markets. Our competitive advantage over other applications is utilized by the F.I.T. Points system, which our law team is currently looking into patenting. F.I.T.'s three primary target markets include individual users, corporate gym chains, and university recreation centers. F.I.T. is currently seeking \$300,000 from an angel investor and the team plans to raise \$80,000 in personal capital.



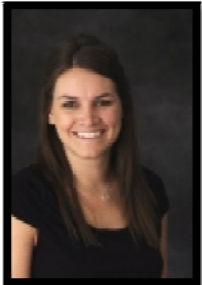
MANAGEMENT TEAM

Cat Rutledge- General Manger



Cat is the team's General Manager and is also a marketing major in the Eller College. Cat has experience in leading over 200 people when she acted as Vice President of Marketing for her sorority, Alpha Phi. In this position Cat also gained experience developing marketing plans, making connections in the chapter's network, and also working on advertising and public relations for Alpha Phi. Cat will be in charge of creating team meetings, organizing current projects, and assisting with marketing based on her coursework in Eller.

Taylor Heinlein – Chief Marketing Officer



Taylor is a marketing major in the Eller College of Management; she has served as a marketing intern for the University of Arizona Athletics Department as well as a marketing and development intern for Special Olympics. These opportunities gave her the experience of developing marketing campaigns, studying target markets, as well as gaining hands on experience at promotional events. Taylor will be in charge of marketing research, searching out key target markets, as well as making key advertising and sales decisions for our team.

Tyler Gardon - Chief Financial Officer



Tyler is a finance major from the Eller College of Management. He has had a diverse set of experiences, and will look to bring his finance knowledge to the team. Tyler worked as an analyst at a hedge fund of funds firm in London this past summer, and he was the investment committee chair in AKPsi Professional Business Fraternity where he managed the chapter's portfolio. He was also the manager of an Oakley retail store, and he has interned at an architecture firm for two years. Tyler will be in charge of all financials for the company, including research in pricing as well as producing a financial model to create profit projections for years one through five.

Andres Diaz - Operations Manager



Andres is an entrepreneurship major from Tecnologico de Monterrey (ITESM) in Mexico. Andres also has experience creating other business plans at this university, including a detailed plan for a portable heart monitor. Being an international student, Andres is the only bilingual team member. This is a significant element for our team doing business in America with Spanish-speaking businesses, or if our company decides to go global in the future. Andres will be in charge of helping plan the operating functions of the smart phone application and also creating the physical look and design of the website.

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Appendices



APPENDIX A

Projected Income Statements (\$s)

SALES						
Gross Sales	405,000	978,000	1,620,000	2,268,000	2,991,000	-
Returns and Allowances	-	-	-	-	-	-
NET SALES	405,000	978,000	1,620,000	2,268,000	2,991,000	
COST OF SALES						
Materials	-	-	-	-	-	-
Labor (Inc Taxes & Benefits)	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	405,000	978,000	1,620,000	2,268,000	2,991,000	
OPERATING EXPENSES						
Salaries and wages	446,000	461,500	477,571	494,235	511,517	
Payroll taxes	34,119	35,305	36,534	37,809	39,131	
Employee benefits	35,680	36,920	38,206	39,539	40,921	
Depreciation	3,719	4,057	4,057	4,057	4,057	
Bad debt expense	-	-	-	-	-	-
Additional Operating Expenses	230,260	167,760	189,010	208,085	223,068	
TOTAL OPERATING EXPENSES	749,778	705,542	745,378	783,725	818,694	
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	(344,778)	272,458	874,622	1,484,275	2,172,306	
INTEREST EXPENSE	-	-	(3,628)	(1,563)	(17)	
PROFIT (LOSS) BEFORE TAXES	(344,778)	272,458	870,994	1,482,712	2,172,289	
DISTRIBUTION FOR TAXES	-	-	(233,532)	(433,545)	(635,177)	
NET PROFIT (LOSS)	(344,778)	272,458	637,461	1,049,167	1,537,112	
EBITDA	(341,059)	276,515	878,679	1,488,332	2,176,363	

APPENDIX B – F.I.T. vs Competitors' Applications



Feature Comparison – F.I.T. vs Top 3 iPhone Fitness Application Competitors

Feature	F.I.T.	Nike+GPS	Livestrong.com	Couch to 5K
Personalized Workouts	X		X	X
Progress Tracker	X	X	X	X
Fitness Points System	X			
Multiple Exercise Types	X		X	
Customized to Workout Facility	X			
Exercises by Certified Professionals	X			
Pictures and Videos	X		X	

Feature Comparison – F.I.T. vs Top 3 Android Fitness Application Competitors

Feature	F.I.T.	JEFIT Pro	Cardio Trainer Pro	Endomondo Sports Tracker
Personalized Workouts	X		X	
Progress Tracker	X	X	X	X
Fitness Points System	X			
Multiple Exercise Types	X	X		X
Customized to Workout Facility	X			
Exercises by Certified Professionals	X	X		
Pictures and Videos	X	X		

Feature Comparison – F.I.T. vs Top 3 BlackBerry Fitness Application Competitors



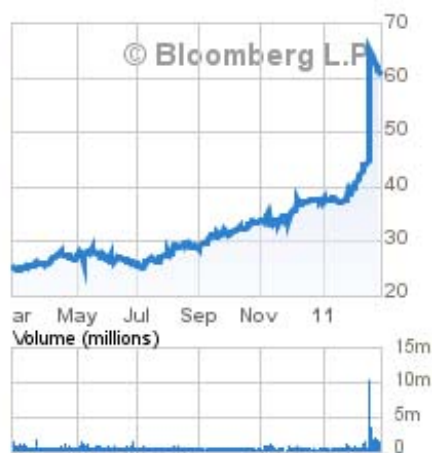
Feature	F.I.T.	Livestrong	Total Fitness	RoadRunner
Personalized Workouts	X		X	X
Progress Tracker	X	X	X	X
Fitness Points System	X			
Multiple Exercise Types	X	X	X	
Customized to Workout Facility	X			
Exercises by Certified Professionals	X			
Pictures and Videos	X		X	

APPENDIX C

SNAPSHOT OF WEIGHT WATCHERS INTL INC (WTW)

OPEN	\$61.93	PREVIOUS CLOSE	\$61.49
DAY HIGH	\$61.93	DAY LOW	\$60.45
52 WEEK HIGH	02/18/11 - \$66.56	52 WEEK LOW	03/4/10 - \$24.39
MARKET CAP	4.5B	AVERAGE VOLUME 10 D	2.3M
EPS TTM	\$2.63	SHARES OUTSTANDING	73.6M
EX-DATE	12/29/10	P/E TTM	23.2x
DIVIDEND	\$0.70	DIVIDEND YIELD	1.15%

K = Thousands M = Millions B = Billions



WTW:US Historical Stock Quote
WTW:US Advanced Stock Chart



HISTORICAL QUOTES FOR WEIGHT WATCHERS INTL INC

Feb 28, 2011 Open 61.93 High 61.93 Low 60.45 Close 61.13 Volume 1,238,616





APPENDIX D

CAT RUTLEDGE
catrut@email.arizona.edu
1647 E. Miles Street
Tucson, Arizona 85719

EDUCATION: **The University of Arizona** Tucson, AZ
Bachelor of Science in Business Administration May 2011
Major: Marketing and Entrepreneurship; Sports Management Certificate
Honors College Member; GPA: 3.8

EXPERIENCE:
05/2010-08/2010 **Zion and Zion, Advertising Agency & Public Relations Firm** Phoenix, AZ
Intern

- Developed and authored press releases for seven different clients
- Managed eight separate social media accounts for customers
- Posted review marketing and created monthly report presentations

01/10-present **SALT Center Tutor** Tucson, AZ
Tutor

- Tutored eight students a week in various college courses
- Assist students with learning disabilities in understanding concepts
- Educate students on using improved study skills and organizational tools

03/09-10/09 **Student Insider/Greek Pages Publications** Tucson, AZ
Intern

- Promoted company name and image on campus
- Arranged meetings with potential customers to develop and sell advertisements

01/09-12/09 **Alpha Phi Sorority** Tucson, AZ
Vice President of Marketing

- Organized two major philanthropy events and five community service events
- Managed marketing committee of ten and created weekly goals to achieve
- Oversaw and assisted in creation of all public relations and advertising

05/08-08/08 **Cosmedx Science, Developer & manufacturer of personal care products** Corona, CA
Intern/Employee

- Organized laboratory and product formula data into computer systems
- Created price quotations for prospective customers

ACTIVITIES:

- ASUA Youth Basketball and Cheer League Assistant; Oct 2009-March 2010
- Member- Sports Marketing Association; Jan-May '08-'10
- Team Leader- China Global Cohort, Eller College; May 2009-July 2009
- Member-Order of Omega Greek Honorary, March 2009-present
- Member- National Society of Collegiate Scholars, February 2009-present

AWARDS:

- Alpha Phi Foundation Scholarship 2009-2010
- Arizona Excellence Award Scholarship, Fall 2007-present

SKILLS:

- Proficient in Microsoft Office for both Windows and Macintosh



TAYLOR ELIZABETH HEINLEIN

tayhein@gmail.com

(913) 206- 8186

EXPERIENCE:

Nov. '10 – Present

Arizona Diamondbacks (Tucson, AZ)

Project leader for the Sports Management Arizona Diamondbacks project

- Develop sales strategies for Arizona Diamondbacks ticket sales
- Responsible for leading a group of 4 team members
- Promote Arizona Diamondbacks through various forms of media

Sept. '10 – Present

Tostitos Fiesta Bowl (Tucson, AZ)

Project leader for the Sports Marketing Tostitos Fiesta Bowl project

- Develop innovative ways to increase revenue through digital marketing and various social media platforms
- Responsible for leading a team of 15 members
- Conducted primary research through surveys, focus groups, and in-depth interviews to uncover fan's opinions of the current Tostitos Fiesta Bowl website.

May '10 – July '10

Special Olympics (Mission, Kansas)

Intern with the development and marketing department of Special Olympics Kansas

- Assisted in operations for the Special Olympics Summer Games, National Games, Law Enforcement Torch Run and Opening Ceremonies
- Developed press releases, thank you letters, and sponsorship renewal letters
- Constructed promotion materials and display boards for charity fairs and other programs.

May '07 – Aug. '08

Mid-America Volleyball Club(Overland Park, KS)

Referee and coach

- Responsible for refereeing and supervising middle school and high school athletes
- Instructed over 100 girls in volleyball clinic
- Encouraged cooperation, team work, and good sportsmanship while teaching basic skills of the game

EDUCATION:

Aug. '07 – May '11

The University of Arizona (Tucson, AZ)

Eller College of Management and The McGuire Center for Entrepreneurship

Bachelor of Science in Business Administration

Double Major: Marketing and Entrepreneurship

Sports Management Certificate

ACTIVITIES AND INVOLVEMENT:

- Kappa Kappa Gamma Sorority; Aug. '07 – Present
- Sports Marketing Association; Sept. '09 – Present
- American Marketing Association; Aug. '07 – Present
- Eller Career Coach Program; Sept. '09 – Present
- Entrepreneurship Student Association; Sept.'09 – May. '10

HONORS AND AWARDS:

- Altria Values in Action Undergraduate Dean's Award; May '10
- The University of Arizona Excellence Award
- Order of Omega (Greek Leadership Honors Society); Dec. '09 – Present
- Presenter to the National Board of Advisors for the Eller College of Management; Oct. '09



TYLER ANDREW GARDON

tgardon@me.com
(480) 577-7857

EDUCATION: **The University of Arizona, Eller College of Management** Tucson, AZ
University of Arizona Honors College
Bachelor of Science in Business Administration, May 2011
Majors: Finance and Entrepreneurship with Honors
Current GPA: 3.94

EXPERIENCE:
08/10-05/11 **McGuire Entrepreneurship Program** – ranked 2nd in the nation Tucson, AZ
• Projected financial statements & developed complete financial plan for startup venture
• Performed in-depth primary and secondary market research for product implementation
• Designed and presented investor presentations to organizations like the Desert Angels

06/10-8/10 **Independent Strategic Solutions** - Junior Analyst London, UK
• Helped adjust client portfolios as well as update investment recommendation lists
• Participated in meetings discussing the holdings in the Galatea Opportunity Fund
• Consistently updated data inputs for proprietary investment research model

05/09-6/10 **Oakley Inc.** - Sales Lead AZ (multiple locations)
• Effectively managed a team of sales associates to satisfy daily sales goals
• Developed effective sales/interpersonal skills as well as genuine customer service
• Independently ran operations and learned to solve dynamic problems

05/06-8/08 **Dale Gardon Design** - Intern Scottsdale, AZ
• Constructed client presentation boards and populated an image index for projects
• Inventoried, organized, and established a matrix of product catalogs and samples
• Established a voluminous digital catalog of image files linked by housing style

LEADERSHIP: **Alpha Kappa Psi Professional Business Fraternity**
○ Investment Committee Head (Fall 2010)
 ▪ In charge of chapter's investment portfolio (\$30,000)
○ Investment Committee (Spring 2010), Brotherhood Committee (Fall 2009)
○ Professionalism Committee (Spring 2009)
Teacher's Assistant for Finance 360 (Spring 2010)
Sigma Phi Epsilon Fraternity: Scholarship Chair (Fall 2008)
Elevation Ski and Snowboard Club Member
Community Service
○ The Event at La Encantada, Primavera Men's Shelter, Ben's Bells Service Project, Boys and Girls Club, St. Mary's Food Bank, HoCo Fest

HONORS/AWARDS:
• Klafter Memorial and Groezinger Leland Academic Scholarships (Summer 2009)
• McCord Scholarship Winner (Spring 2009) for Academics
• Arizona Wildcat Excellence Scholarship Award (2007-2011) for Academics
• Dean's List with Distinction: Fall 2007, Fall 2009
• Honorable Mention: Fall 2008, Spring 2008, Spring 2009
• Phi Eta Sigma National Honor Society, Golden Key International Honor Society, National Society of Collegiate Scholars

ACTIVITIES: Amateur motocross racer, Intramural soccer team captain, avid snowboarder



Andrés Esteban Díaz Vega

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Adolfo de la Huerta #912, Col. Pitic. Hermosillo, Sonora, México.

aedv23@hotmail.com

PROFESSIONAL OBJECTIVES

My dream has always been creating my own business. I firmly believe that young entrepreneurs are the future of any country, because we are the ones responsible for creating job opportunities. I enjoy challenging situations and have always been able to adapt and overcome stressful challenges, always motivated by me dreams of being a well-rounded entrepreneur.

EDUCATION

- **College**
 - **Instituto Tecnológico de Estudios Superiores de Monterrey, Campus Sonora Norte** (2008-Current)
Bachelor degree in Entrepreneurship (Business Creation and Development) Accumulated GPA: 87
- **High School**
 - **Instituto Tecnológico de Estudios Superiores de Monterrey, Campus Sonora Norte** (2005-2008)
Multicultural High School Program GPA: 85/100

SCHOLAR ACTIVITIES

- **Innovation and Tech Development Project**
- **Member of the Student Council of Business Creation and Development Bachelor (2009)**
- **Staff Member of the 1st Innovation and Entrepreneurship Forum “EcoSocial” (2009)**
- **Participant in “Reto Cinapolis” (2008)**
- **Member of the Student Council (2008)**
- **Member of the Student Board of International Business Bachelor (2007)**

SOCIAL SERVICE

- **Social Service in Casa Amiga Shelter (2006)**
We collected basic consumption articles, and personal hygiene articles for the homeless.
- **Social Service at Unacari Shelter for children (2005)**
During this program I was a big brother for a parentless child for the whole semester, this involved sports, education, morals and values.

LANGUAGES

- **Spanish:** Native Language
- **English:** 620 TOEFL (Reading, writing, comprehension, and speaking)
- **French:** 70%(Reading, writing, comprehension, and speaking),

COMPUTER SKILLS

Office, Windows , SPSS, Knowledge of CRM's, Photoshop, Sony Vegas Pro, Movie Magic Video editing software, Adobe Dreamweaver, Flash

Community Business Connections

Honors Thesis

Caitlyn Rutledge
Caitlin Sandahl
Will Cochrane



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SECTION 1: BACKGROUND

Introduction

According to the U.S. Bureau of Labor Statistics, nearly 6 out of every 10 businesses shut down within the first 4 years of operations (www.bls.gov). Some of the leading contributions as to why so many businesses fail can be attributed to lack of experience, insufficient capital and poor management. Even a great idea, if prematurely launched without adequate resources, can fail.

Over the course of history, business ideas have revolutionized our society. When a great idea is paired with adequate resources, a successful new business can flourish. In certain areas of the United States, such as Cambridge and Silicon Valley, there is an excess of intelligent people with vast resources at their disposal. Over the several decades, these regions have produced some of the most innovative new business ventures, from Google to Facebook (www.siliconvalley.com). While the success of these “brain trust” areas has benefited society as a whole, good ideas are not limited to certain regions. Good ideas can happen anywhere.

Unfortunately, most areas of the United States lack the organized resources to help business ideas flourish. Too often, individuals with good ideas lack the ability to execute. If these individuals were given the necessary resources and guidance to launch their idea into actual success, positive externalities will spill over into our economy. Regional economical development is important for the overall global economic success, so taking this issue city by city will be a great starting point. Here in Tucson, our group will aim to assemble a community of local leaders and entrepreneurs that will contribute to the creation of investable business plans for intellectual property (IP) owners in the region that lack resources (time or expertise), to develop an actionable and effective business plan.

Our venture, Community Business Connections (CBC), essentially works as the intermediary between IP owners and entrepreneurial groups, or groups of people who are looking to advance an idea into a venture in return for ownership stake. As a non-profit organization, CBC will form relationships with various entrepreneurial groups, and welcome many IP owners, and will connect these two types of groups together in order to launch successful business concepts. We will model CBC after SCORE, a successful nationwide small business development organization. However, our goal is to improve on SCORE's shortcomings and create a more action-oriented organization.

SCORE

We will model CBC after SCORE, a nationwide small business development entity. SCORE is a non-profit organization that seeks to educate entrepreneurs and help small businesses start, grow, and succeed. As an arm of the U.S. Small Business Administration (SBA), SCORE relies on government subsidies for the majority of their costs (www.scorechapter14.org). SCORE primarily aids entrepreneurs with one-on-one client meetings. These meetings are 30-minute sessions with mentors to discuss any and every issue. The acronym SCORE stands for Senior Core of Retired Executives. As its name implies, retired business executives run the client meetings. Due to their experience and knowledge, they provide excellent insight for aspiring entrepreneurs. Additionally, college students volunteer their time and work as interns. Although SCORE does many things quite well, at CBC, we look to add several innovations to our model.

CBC Innovations

There are several important areas that we at CBC look to differentiate ourselves from a typical small business development center. Firstly, we seek to develop a thorough prescreening process to match potential entrepreneurs with the right resources to further their ventures. At SCORE, and many other small business development centers, pre-screening is very unorganized. There is very little depth in the pre-screening questionnaires and other required criteria (<http://www.sba.gov>). This often results in very unfocused and unproductive client meetings.

Secondly, we seek to create a much more organized central data system. The heart of this system will be a comprehensive website that is similar to the social networking site LinkedIn. IP Owners can post their potential ideas and entrepreneurs can post their resources and background. With such a system, both parties can scan through our network and find an ideal match and possibly form a venture.

Thirdly, we look to create an action-oriented center. Most small business development centers across the country simply provide information to their clients and give them a basic understanding of preliminary business concepts. In their client meetings or workshops, they begin with identifying the problem, solution, potential customers, etc. In many cases, this adds quite a bit of value. At this point it is very important for potential entrepreneurs to realize the resources required to turn their idea into reality. The biggest flaw of small business development centers, however, is that they do not help entrepreneurs beyond giving initial advice and guidance. At this stage, many great ideas die due to a lack of action-oriented service. At CBC, we will be action-oriented, and take our clients further than a small business development center could take them. By providing the aforementioned resources, we will make it easy for entrepreneurs to find the human capital, financial capital, and expertise to turn their ideas into

something great. To ensure that these ideas take off, we will develop standardized, goal-oriented timelines to help ventures stay on track.

Finally, our most unique innovation is our focus on a younger class of aspiring entrepreneurs and IP owners. In the Tucson community, there is a distinct gap in the demographic. There is a large group of university students, and a large group of retired individuals, and little in between (www.city-data.com). The principle reason behind this is a lack of desirable post-graduate jobs available for the community of university students. At CBC, we will primarily target university students who we can help start local businesses, ultimately stimulating the local economy, creating jobs, and improving the community as a whole. If we can get more students to stay in Tucson after graduation, and help these individuals find business success, there will be more reason for future graduates to stay in the area post-graduation. Our goal is to slowly build a community that young college graduates will actually want to be a part of, not just pass through.

SECTION 2: INTELLECTUAL PROPERTY

Defining Intellectual Property

Before we move any further, it is important to define an “intellectual property (IP) owner.” Someone may have a significant discovery or idea, therefore owning intellectual property, but they need to furthermore purchase a patent to protect their intellectual property. We realize that the majority of people who come to our center looking for guidance will be IP owners, but they will not have the resources to apply for a patent application, which can cost thousands of dollars. The IP owner must find the capital to purchase a patent, which develops a bottleneck for our center. While we will much rather work with IP owners that have already filed

a utility patent application, we realize that will not always be the case. There is always the option for the IP owner to file a provisional application for a patent, which is much less expensive and will give them another 12 months to find the capital in order to file a regular patent application. This will not be an ideal situation, but it will be something our employees could work with if the IP owner is dedicated enough to a unique enough idea.

Once CBC is on its feet as a sustainable business, we plan on using part of our revenue to aid IP owners with their patent purchases, which will enhance our company's overall effectiveness.

Contributions of IP Owners

One of the most important characteristics of a venture is certainly the contribution of the IP owners themselves. To ensure that the owner is dedicating a fair and valued amount of time it will be vital to have a contract drawn up for the owner and CBC to agree on. The contract will include how much time the organization will require that the IP owner devote to their idea. It will also include necessary legal restrictions and confidentiality agreements. The contract will help create a more positive work environment in the long run to avoid any arguments or disagreements down the road of the work that was supposed to have been done and researched by each party. It will also guarantee that any and all previous research that needed to have been done will be finished before those working at the development organization began donating their valued time and money.

Since many of the people coming to CBC for help will most likely have little experience, we also believe in the importance of reading textbooks and utilizing other text resources. We will create a list of texts and articles and anyone with a strong interest in fully developing their idea will be asked to read and understand the text and ideas as best as possible before meeting

with us. Such texts might include instructions on research and writing a business plan. We might also recommend online tools and websites such as business.gov, which give small business information for those looking to start a new venture.

A third contribution that will be expected from an IP owner will be flexibility and willingness to learn and make changes. The value that the organization gives includes the ability to improve upon an already existing idea. However, the person with this idea must be able to receive feedback and make necessary changes to their venture in order to see a successful launch. The advice being given is coming from those who have spent many years working with new business ideas and seeing the startup of many new, and often successful companies. If someone is not willing to tweak their idea, those donating their time will certainly reach a point where they are no longer willing to work with the IP owner. This is something that could be discussed in the contract mentioned above, or in an initial meeting with the IP owner should they pass through the online screening.

SECTION 3: PRESCEENING PROCESS

Guidelines for Screening

After speaking with Emre Toker, a mentor at the McGuire Center for Entrepreneurship, our team was able to understand the pros and cons of a screening process. In our interview, Emre mentioned his previous experience with a small business-planning center. He noted that a center with a weak filtration system virtually allows any person to come to the center. This is a pro because there are many different types of people in the community with great ideas who simply do not have the resources or knowledge to expand upon their ideas. However, this can also be a negative aspect because if just anyone can come in and start asking for help, this could

easily allow people who are not serious about their ideas to come in. This will waste the time of the people at CBC who are donating valued time to help share their knowledge and expertise.

We believe it will be most beneficial to create an initial screening process online. IP owners will log into our website, take a questionnaire and answer questions about their idea, their experiences, and their personality. We will then have our employees sort through this information, and choose the stronger ideas over the poor ideas. We will have some of our more experienced employees screen these application questionnaires, but they will also be mentoring our student volunteers during the screening process so that they may soon help to screen on their own. This process will additionally show students how to improve on their own plans and venture ideas once they have viewed both strong and weak ideas.

Using the web for an initial application will be both cheap and time efficient for the IP owner and the members of the business development center. An online system is much more efficient for filtering purposes; for example, a questionnaire will easily help sort out people's education and work experience backgrounds so that the center will know quite a bit about a person before they come in to discuss their ideas with our business experts. Also, the more detailed questions that are on the questionnaire, the more the potential applicant has to research.

If the questions are simple and few, the center really is not learning much about the person and their idea. However, if the questions are complicated and ask for research about the possible venture, this forces the applicant to do as much research as possible on their own and give more answers to those working at the development center. Questions might be based on information such as competitors already in the industry, benchmark ventures, any patent research, potential customers, and why the person feels passionate about the idea in the first place. Those who are deemed qualified by CBC will then be contacted and invited to follow up

with the organization. In the end, this helps to prevent bringing in just anyone from the surrounding area that will be wasting the resources that the business development organization has to offer. However, it still gives everyone an equal opportunity to apply.

Ideas should also be sorted out based on the industry that they fall within. For example, any healthcare ideas should be sent to our experts who have had previous experience in that area and know it best. Without too much previous knowledge, our business experts might not be able to tell if an idea has a strong potential for success. If the IP owner gives enough information in the questionnaire and the center can accurately decipher who should follow up with the IP owner, this makes it easier to choose stronger ideas over poor ones. With that being said, a comprehensive, social networking type website will also be of use for screening and initial networking. We will make it easy for IP owners to find experts and resources of the industry they are looking to enter. They could also network with other potential applicants to help build, connect, or expand their own individual ideas. The more experience, intelligence, and creative ideas that can be brought together will only increase the potential for a successful launch and make the development process easier.

Weeding out the weaker ideas and people from the stronger ones brings in more promising ventures to higher paid people who will be more willing to donate time and money into the project in the long run. Overall, if the screening is not done well and in-depth, people who do not deserve the resources will be getting valued time that should be going to more deserving IP owners.

SECTION 4: EMPLOYEES & INCENTIVES

Business Plan Group

Community Business Connections will incorporate a variety of individuals to populate our business plan group, each of whom will contribute to the stability and legitimacy of our networking success. We will first and foremost need people who are advanced enough in their knowledge of successful business operations to help filter out the prospective IP owners that come to CBC. Emre Toker, a mentor at the McGuire Center for Entrepreneurship, is a perfect example of such a consultant. We interviewed Mr. Toker about the idea of our business, and he seemed very excited at the idea of it. However, he does not have enough time to take on more responsibilities so he will not be someone we will actually hire. Other entrepreneurs similar to Mr. Toker, who have a passion for business and the advancement of learning, will be ideal candidates for this position. We will have better success with semi-retired individuals with more time to contribute to such a hardy task.

While students, particularly those of the McGuire Entrepreneurship Program at the University of Arizona, will be sufficient at helping with the organization of this filtering process, they are not advanced enough to take the lead. We will hire consultants with entrepreneurial experience to evaluate the prospective IP owners' ideas and ensure business commercialization potential. We will also hire students who are looking for hands-on business experience, strictly on a volunteer basis, as our budgets will not provide them wages. These students will gain insight on how to differentiate between a good and a bad venture idea and form invaluable relationships with entrepreneurs in the region. These students will also be available to help with any light research or questionnaire distribution, which will be very beneficial to all parties involved.

We will need an IT Professional to develop and maintain the CBC website, as communication is done most efficiently via the Internet. We will want to hire someone who has had extensive experience with digital design, because we will want minimal errors to occur. Our website will not only inform visitors about our company, but it will also work as a way to network with a variety of individuals. We will want our website to make the questionnaires we give IP owners as part of our filtration process easily accessible so any visitor could apply. Our site will also be a resource for our entrepreneurial groups, as we can use it to touch base and communicate. Mr. Toker pointed out the importance of a digital database, particularly for the entrepreneurship groups to best communicate with IP owners to make sure they are staying on the right track. For example, the McGuire students utilize a website called “Wiggio” in order to post work they have done on their ventures to be viewed by their mentors. The same concept could be used to communicate with each of the groups we will be involved in doing business with.

We will hire what we like to call “arch partners” who are individuals that will be able to answer advanced questions about topics such as seed funding before the IP owners are passed along to an entrepreneurial group and other investors. These arch partners will help to guarantee that our IP owners have the right mindset and do not waste any valuable time of the entrepreneurship team. Semi-retired investors will be the type of individuals we will seek to fill this position.

Additionally, we will need to hire a professional consultant to verify that the potential entrepreneurship teams we will be partnering IP owners with are legitimate and do in fact have substantial entrepreneurial experience and could help an individual launch a venture. These entrepreneurs are expected to be individually wealthy or have access to investors that can help

the IP owners with their initial launch. We will want an accredited investor and entrepreneur to take on the task of verifying these entrepreneurial teams. This role is important for the reputation we want to uphold at CBC, because we only want to offer IP owners the best resources for their venture idea.

We will form a network of industry experts and professional business councilors just to be used as references in case our entrepreneurial groups need additional knowledge and insight with a venture specific idea. These experts and councilors will strengthen the bonds between our entrepreneurs and IP owners and aid in the advancement of all potential ventures, and ultimately the success of CBC.

We will hire legal advice as necessary. We will hire a lawyer to draw up the legal restrictions, confidentiality agreements, and contracts between IP owners and entrepreneurship groups in regards to their relationship with CBC.

We will also need a general manager at CBC, who will oversee the operations at the center, ensuring the processes run smoothly. Our general manager, consultants, IT professional, lawyer, and arch partners will be paid a modest salary, and we will monitor their progress just as any other employee would be monitored. As a non-profit start up company, we will need our employees to accept a modest salary, and be passionate about helping to launch businesses rather than focus on personal profits.

Incentives

While a modest salary for our employees is considered an incentive, the true incentive comes from the value our company will add to the region and to economic development. While social responsibility does not extend so far as to expect people to help others become successful, we think it is a very socially responsible action to encourage growth from individuals with a

dream. Students find incentive in the experience they will have at the center, and the networking they will develop. There is potential for course credit as well, as long as their work is approved through their university.

We will have to charge IP owners a flat fee in order to be considered at CBC, and we will also form a contract with entrepreneurial groups who will have to pay fees to be a part of the CBC community as well. When we partner IP owners with entrepreneurial groups, we will make each individual sign a contract acknowledging that the start of the relationship came from CBC. We will also negotiate a fair payment if and when the idea launches into a venture. If the idea becomes a success and begins to generate money, CBC will be rewarded with royalty payments, which will be used to sustain our business operations. CBC will earn a negotiated percentage of the first “x” amount of profit and an additional negotiated percentage of another pre-determined amount. We will not demand equity in the company, but we will expect royalty fees for the connections made between our clients. This threshold based compensation will be invested for later usage, such as toward IP owners’ patent purchase, increase in employee salaries, or maintenance to our website and or physical office.

SECTION 5: BUSINESS MODEL

Revenues

At CBC, we have segmented our revenues based on our projected phase of development. During CBC’s start-up phase, we will rely primarily on capital personally raised by founders. A secondary source of revenue will come from individual/community donations to deal with initial expenses. Another potential source of revenue at this stage could come from state and federal funding.

When CBC enters a more operational phase, our revenue will primary be derived from the monthly fees we will charge the parties using our resources: IP owners and entrepreneurs. Although this will be our core revenue stream, we have not yet conducted the necessary market research into the size of this fee.

As CBC continues to scale up operations, we will generate from two additional sources. We will charge royalty fees for successful ventures that emerge from our center. These royalty fees will only be charged upon completion of certain financial milestones to avoid jeopardizing business operations. We will also look to generate revenue from community seminars and workshops available to the general public. This will help educate the greater Tucson community on innovation.

Expenses

CBC will have two primary segments of expenses: core expenses, and non-core expenses. Core expenses will consist of costs that will be vital to our operation as a center. These include rent, utilities, supplies, and salaries of our employees.

Once CBC's core expenses are covered, the remaining revenue will be placed into a center investment fund to finance activities of the center. These non-core expenses will include the following: sponsorship of patents, support to developing ventures, and an allowance for community seminars and workshops.

Another very important expense drawn from CBC's investment fund will be events held at local high schools and universities. CBC will sponsor a series of case competitions for students to help stimulate innovative thinking in the younger Tucson population. This will contribute to CBC's goal to develop the Tucson economy by creating a more diverse age demographic.

SECTION 6: SUMMARY

We have formulated our model, and believe we could test it. We are aware that there are addition questions that we have to answer and more research to be done, however, we think CBC would be a strong addition to the Tucson community and enhance the region's economic development. At CBC, we would bring Tucson's leaders together and attract the brightest of persons in the region in order to provide opportunities for venture development and business growth. CBC would be a positive addition to the Tucson community and would drive successful business throughout the area.

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