

LANDS' END:
OWL TOWELS BENCHMARK ANALYSIS

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Ross Peterson: Honors Leadership Statement

Owl Towels' business plan is the result of a group effort between Avi Tal, Jason Phillips, Jon Sales, and Ross Peterson. Avi Tal was the marketing manager and led our team's marketing planning and data collection efforts. Jason Phillips was our operations manager and took care of operations details associated with the manufacturing of our towel products. Jon Sales was the general manager. He coordinated team meetings and divvied up assignments amongst team members. I took care of all of Owl Towels' financials including the FIN480 financial report, venture pro formas, FINModel spreadsheets, and venture funding proposal. I also coordinated Tuesday meetings with our mentor and took on a leadership role during presentation preparations.

Having a background in finance and retail, I was able to bring a unique skill set to my venture team. I not only completed all aspects of Owl Towels' finances, but was also able to tutor and aid my teammates with our FIN480 coursework. Having worked in numerous Target stores, doing everything from inventory management and replenishment to managing an entire Target store, I had key relationships as well as industry knowledge that supplemented my group's thought process. This knowledge helped us make realistic venture plans that more closely aligned and appealed to retailers; the initial purchasers of our towel products. The result was a very feasible business plan that attracted a lot of attention from professionals and consumers alike.

The benchmark research paper about Lands' End was researched and written without the help of my teammates. The end result was a paper that served as an operation guide for Owl Towels. Lands' End has been a leader in sales channel innovation and

customer service for decades. Owl Towels implemented similar strategies to optimize our business plan. Another helpful addition to Owl Towels progress was my participation in the graduate section of entrepreneurship during the fall semester. Interacting with peers who were not only academically talented, but had industry knowledge was conducive to higher level thinking. The knowledge gained from that class was more applicable to the real world and helped Owl Towels create the best business plan possible.

Lands' End: Owl Towels Benchmark Analysis

By: Ross Peterson

Abstract (Summary)

Included is a business plan and other supporting materials for the Owl Towels venture concept, a performance athletic towel company. This document details the firm's ideas and concepts as they apply to Owl Towels' financials, operations, marketing, funding, and product portfolio. Market validation and concept optimization are provided through the use of primary research including focus groups and surveys, which are also included in this document. A SWOTT analysis of Owl Towels' major competitors is attached demonstrating the firm's overall position in the performance towel market. Lastly, an in-depth benchmark analysis of Lands' End, a model textile manufacturer and distributor, is attached for benchmarking and goal-setting purposes.

Lands' End:
Owl Towels Benchmark Analysis



Ross Peterson

Honors Thesis
Mentors: Jim Jindrick and Matt Mars
April 5, 2009

Lands' End: Owl Towels Benchmark Analysis

Why Lands' End?

As entrepreneurship is a relatively new discipline within the academic world, there is a limit to the amount of knowledge an aspiring Bill Gates can learn from textbooks alone. I believe there is no source more superior than studying, first hand, successful entrepreneurs and the well-oiled machines that their hard work and dedication created. One such success story involves Gary Comer, a former Young & Rubicam marketing copywriter who pursued his dreams to start his own business and was, eventually, extremely successful (International, 1). In 1963, Comer decided to quit his job at his marketing firm to open a sailing equipment supply firm. With \$30,000 of his own hard-earned money, dedication, vision, and passion, Comer started what evolved into the clothing giant Lands' End (1).

While Comer has since passed, his legacy lives on through the continued operations of Lands' End. From the very beginning, Comer sent out mail order catalogs and processed and fulfilled orders the day they were received (1). This level of order fulfillment efficiency was unheard of at the time, yet Comer made it common practice at Lands' End. Comer also unconditionally guaranteed every product he sold from his catalog. The catalog, the expedient order processing, and the guarantee are still integral parts of Lands' End's operations today. Comer continually got requests from his customers to include bags, packs, and outerwear in his catalogs. To please his customers, Comer began to expand his product portfolio into the outerwear and clothing markets. Taking sailing's classic roots, Comer made high-quality, traditional clothing that appealed to many. The great success of his clothing line persuaded Comer to focus on

clothes only. In 1977, Lands' End discontinued its sailing hardware offerings for good (2). After many years of successful operations, Sears Roebuck and Co. acquired Lands' End for \$1.84 million, making all of Comer's dedication and hard work pay off (5).

As an aspiring entrepreneur, I am interested in benchmarking Lands' End, not just because it is an inspiring, rags to riches success story, but also because Comer successfully mastered several aspects of his business that, if mimicked properly, could have great positive impact on any firm's profitability. Throughout his time with Lands' End, Comer revolutionized the use of catalog, phone, and internet sales. Finding sales channels that are efficient and convenient for customers is a challenge for any retail operation. Also, as businesses like Lands' End mature, it becomes increasingly expensive to attract new customers, leading firms to focus more on customer retention. One way to retain an existing customer base is to provide a convenient, high-quality shopping experience for customers. While not formally stated by Lands' End, this appears to be a strategy they have utilized successfully, making Lands' End a noteworthy benchmark firm in the retail industry.

Comer has also always unconditionally guaranteed his products. While some may view this as an added expense, Comer knew the importance of customer loyalty and did what he needed to do to make customers happy. What's even more interesting is that Comer found a way to ensure quality of products that were 100 percent outsourced. Products that are outsourced or off-shored are typically considered to be lower-quality products that exploit cheap labor from foreigners. Comer found a way to, not only, ensure his products were well made, but also that his laborers were treated well and paid fair wages. Both of the above topics will be further examined in pages to come.

Research Methodology

Research for this paper was gathered from a variety of sources. The most helpful source of data has been the “About Us” section of the Lands’ End website. This site details Lands’ End’s policies and operations and gives a sense of their company culture. Because I understand that the image the company puts out is not always the way an employee of the firm would describe the company culture, I decided to collect primary data and contact Lands’ End employees: first via phone, second by online chat, and lastly through e-mail. I had a list of questions I hoped to get answered by real employees; however, company policy did not allow employees to discuss their personal feelings about the workplace. While this may seem like a futile attempt at understanding the culture at Lands’ End, it actually told me a lot about the type of people who work there and how they feel about their jobs. The final resource I consulted was found via web using the University of Arizona’s article and database search function. A database entitled Business and Company Resource Center provided a comprehensive overview of Lands’ End which included a company profile, a company history, and various links to articles and documents in which Lands’ End was discussed. These three resources provided me with a 360 view of the firm, giving me “Lands’ End” in the words of employees, upper-management, and outsiders.

Opportunity

When Comer launched Lands' End in 1963, he intended to solve a problem that he had personally experienced. As an avid sailor, Comer felt the market for performance sailing parts was underserved and inefficient. For this reason, he began to sell very specific sailing gadgets through a mail order catalog. As shown by Lands' End's product offerings, in its early stages it was a very niche firm with a very specific target market. As sales picked up and positive customer feedback came pouring in, Comer's opportunity evolved. The Lands' End product portfolio expanded to include clothing, outerwear, and duffel bags; items that targeted a wider array of consumers. While there were, and are, many clothing retailers in the market, Comer found a way to offer his products in a unique manner. Just as consumers were weary of e-commerce when it first surfaced, some consumers weren't willing to purchase clothing through a mail-order catalog because they could not try it on before ordering. Comer was able to reach this demographic through the implementation of several strategies. First, he was able to get those typically uninterested in a clothing catalog to read the Lands' End catalog by including thematic pictures as well as text with an "engaging, informative, and sympathetic air" (1). Comer created a format combining the common catalog with a magazine. This design is referred to today as a "magalogue, in which pictured items for sale are surrounded and cushioned by appealing text and illustrations" (1). Getting new people to read his catalogue was the first step in his strategy. Just because people were reading his publication, didn't mean that they were buying his goods. Secondly, to gain the trust of risk-averse clothing shoppers, Comer marketed his unconditional guarantee.

This guarantee states, “We accept any return for any reason, at any time. Our products are guaranteed. No fine print. No arguments. We mean exactly what we say:

GUARANTEED. PERIOD.” (Principles, 1). Overall, Comer was able to sell to all of the mail-order clothing buyers other firms targeted, as well as a new demographic of shoppers who typically didn’t make clothing purchases via mail. Adapting to new technologies as they evolve has always been a strength of Lands’ End that pushed them to the top.

Business Model

As discussed above, mail-order catalogs didn’t always have the best reputation among shoppers. To avoid the stigma attached to being called a mail-order catalog and to stress the great experience of doing business with Lands’ End, marketer Richard C. Anderson invented the term “direct merchant” (Why, 1). Because Lands’ End works directly with manufacturers and avoids middlemen in all of their processes, they can operate more efficiently than other retailers with more complex distribution channels. Lands’ End claims that they “pass the savings on to...customers” (About 1). While Lands’ End does operate retail locations, their focus on alternative, or “direct”, sales allows the company to sell to customers cheaper, and thus offer high-quality goods for lower prices in a convenient format. Lands’ End’s business model simply entails designing products with their signature, classic style, hand-picking domestic and overseas manufacturers of the highest quality, and delivering products directly to shoppers. High-quality products cost more money than similar products in which corners were cut to save

on production costs. Lands' End vows that they will never "give up quality suppliers for the sake of a lower price" or "take quality out of a product as a means of holding price" (Quality, 2). While this dedication to quality is expensive, the money saved by operating relatively few retail locations and working directly with manufacturers keeps Lands' End competitive.

Core Competencies

Throughout time, Lands' End has excelled in adopting and developing new technology innovations that enhance their customers' buying experience and drive sales. Evidence of this strength has come in the form of several awards which Lands' End has recently received, including Best Providers of Customer Service, Best Information Technology Innovators, and Most Agile Retailers (Most, 1; Leading, 1; and Best, 1). Each of the above awards has a foundation of technology. Consider, for instance, the Most Agile Retailer Award. This ranking was based on "the ability to anticipate change and implement processes in information technology and operations" (Most, 1). Ever since Lands' End put out its first catalog, it has been pushing toward optimizing sales channels and customer relationships through innovation and technology. As discussed earlier, Comer revolutionized the traditional sales catalogue by reformatting it into a "magalogue" which appealed to more consumers (International, 1). This trend of optimizing new technologies continued as 800 numbers were created for customer interaction.

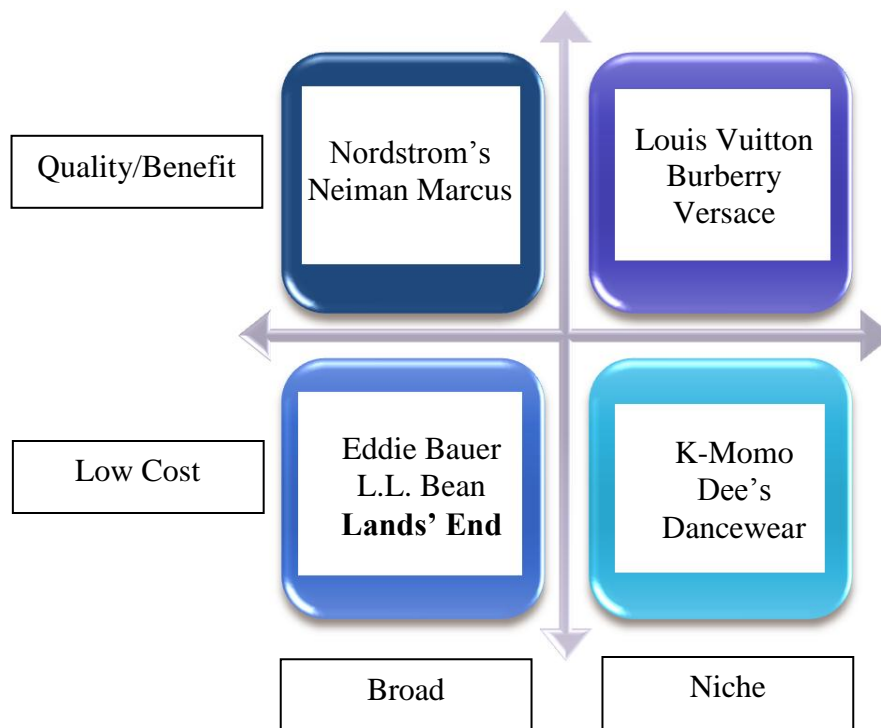
While Lands' End didn't begin to use an 800 number until 1978, they were able to improve the customer experience considerably over competitors by using domestic call centers that were open twenty-four hours a day, 364 days a year (International, 2). By adding a new, free point of contact for its customers to place orders and training its customer service reps in politeness, Lands' End made over 75% of its sales via phone as late as 1990 (International, 2 and Change, 1). No call was considered too long if it was working toward making a sale. No up-selling was allowed, and company policy stated that every call was to be answered in less than two rings (International, 2). Such rules enhanced the buyers experience and added additional convenience to Lands' End's shopping procedures.

After 800 numbers became old hat, and the internet began to be predominant, Lands' End moved its business online, giving customers another channel from which they could purchase Lands' End goods. Innovations in online sales include My Virtual Model, a tool that allows shoppers to create a 3-D model of themselves by inputting their measurements into the site. Once the model is created, customers can see how various sizes and cuts of clothing fit their particular body shape (About, 2). Through this website, customers were able to shop from the convenience of their home without experiencing the downside risk of shopping in this manner; the downside risk being that their clothes do not fit. The giant reach of the website also saved Lands' End money on catalog distribution costs as they were able to print fewer catalogs and reach more potential customers (International, 5). The website offers other features including Lands' End Live, which allows customers to chat online with a sales rep, and Lands' End Custom, which allows customers to have their clothes tailored to their liking and body

shape before their order is shipped to them. Lands' End even offers embroidered, customized monogramming on select clothing items per request of the customer. The shopping experience created by Lands' End's e-commerce site is truly that of shopping at an upscale clothing merchant in person, but with added convenience.

Market Position

Lands' End's market position has evolved over time as the company has grown in size and customer base. Originally, Land's End was positioned as a niche, higher cost firm due to the scale of their operations and their product offerings. They targeted solely those who were real sailors. Because sailing is not a cheap sport to partake in, early consumers typically had higher incomes. As Lands' End began to focus less on sailing equipment and sailing-specific outerwear and began to focus more on classically styled clothing, their market positioning evolved into a broad, lower cost firm. This position was solidified in 2002, when Lands' End was acquired by Sears and their products were offered in many Sears stores throughout the nation. With its new market placement, Land's End is now in contention to compete with retailers L.L. Bean and Eddie Bauer. All three firms offer a similar range of products in their product portfolios, all of which hit similar price points and have a classic look to them.



Company Culture

The company culture of Lands' End is portrayed on their website as a casual workplace where everyone is like family. While I am sure this company has its flaws, I truly believe that Lands' End is a group of tight knit people who enjoy their work. As I wrote earlier, I attempted to contact Lands' End employees through several different modes of communication. While there was always a friendly person on the other side of the phone or computer screen, not a single employee gave me a clue about what it was like to work at Lands' End. At first glance, this may seem frustrating. Lands' End is known for their customer service and not a single representative would answer a couple of simple questions asked by a curious college student. This was not the case; anyone calling in to a company asking strange questions is obviously going to be seen as a threat.

Whether I am a competitor trying to steal company secrets or a lonely person looking for a friend, I am only tying up their phone line. Using this method of interrogation for other Eller projects, I have been able to find out the exact Customer Relationship Management systems Fortune 500 companies are currently using. Typically, you can get a naive or disgruntled employee to delve information, but not at Lands' End. The people I spoke with were very friendly while they deflected my questions and complied with company policies. Not a single employee was willing to break protocol and risk losing his or her job. They directed me to specific pages on their company site that would be helpful to me. By doing this, they not only demonstrated their knowledge of the company that they work for, but also how much they all valued their jobs. In my opinion, they were showing loyalty to their employer because Lands' End treats them well as employees.

Why do Lands' End employees value their jobs so much? One interesting thing to note is that Lands' End relocated to Dodgeville, Wisconsin in 1978. Before Lands' End, there was very little industry in Dodgeville, Wisconsin. Everyone worked on the family farm. Because farms are typically privately owned, no one had employee benefits or health insurance. Comer gave these people off-farm jobs with various benefits, which Dodgeville citizens were extremely grateful for (Comer, 1). When you combine wholesome people with proper incentive, good things happen. This could be why Lands' End has won awards including "Best Providers of Customer Service" as recently as 2008 (Best, 1).

Aside from the beautiful scenery that Comer claims attracted him to Dodgeville, costs were much lower there than in Comer's hometown of Chicago (International, 2). This was a smart business strategy in several different ways. For one, Comer saved

money by moving out of the big city. Secondly, as Comer writes, “along with all that nature had to offer us, we came to know what a remarkable group of people were joining within the community. As you see, it’s a farm community, and our fellow workers were the sons and daughters of farmers and their families included a fine bunch of kids. We quickly found that they are the kind of people who get up mighty early in the morning, because they may have a cow or two to milk before coming to work” (Out, 1). There is no scientific research that says rural folks are inherently polite and dedicated people, but I don’t think anyone could disagree with the above opinion. Spending much of my younger years in similar communities, I can attest that rural people are genuinely a kinder breed. These good-hearted people have a knack for customer service and value their job and the benefits/security it offers their farming families.

Innovative Force

As described in the Core Competencies section of this paper, Lands’ End has excelled due to their continuous effort to keep up with, and optimally utilize, new technology trends. While Gary Comer was not solely responsible for Lands’ End’s online, 3-D clothing model technology, or their excellence in 800 number customer service, the culture he created at his firm has pushed departments and employees to continually innovate. If Lands’ End simply utilized the internet like every other firm, they would not be exceptionally unique. There are many other firms that sell high-quality apparel at reasonable prices just like Lands’ End. When it comes down to it, Lands’ End sells convenience and excellent service to its customers, both of which are

delivered through innovation. Comer's creativity did not just develop the catalogue; it developed an extremely successful, unique selling proposition for his entire business that has kept them on top of competitors for almost half of a century.

Company Achievement

While simply having Lands' End remain profitable and continually grow over its near half-a-century of operations is quite a feat, I think that Lands' End's greatest accomplishment has been achieving and maintaining such great balance over the years. What do I mean by balance? In my mind, Lands' End has found a way to stay on top of, not only, technology changes, but also, changes in consumer tastes and fashion. They dealt with all of the above changes in such a way that they never lost their identity. Lands' End clothing has always been about quality in classical, all-American apparel. While Lands' End has expanded their product line to offer more formal clothing and accessories, I was unable to find an instance in which Lands' End strayed from their core image. This is an especially challenging accomplishment in the apparel industry as it is driven by various, short-lived fads and trends. Brands are always looking for the next "hot" item that will put their sales over the top. Some brands change so much from year to year that they are hardly recognizable. Not Lands' End. As a company, Lands' End has stood firm, doing what they know how to do best. That is delivering high-quality, classic, no-frills clothing to customers in a convenient, no-hassle format. Lands' End has developed a solid brand name and image that customers can identify with. This is what has pushed Lands' End to the top, while other clothing companies have faded away.

Venture Critique

With Comer gone and Sears Roebuck's strong influence, Lands' End is undergoing an identity crisis. Two of the major reasons Lands' End has been so successful over the years are its simple distribution channels, and well established image. Being a "direct merchant", Lands' End was able to offer higher-quality goods than most competitors at a lower price. Since being acquired in 2002, Lands' End clothing was added to Sears stores around the nation. Because Sears department stores already exist, this may not put a strain on Lands' End's business model. Best case scenario, it might actually increase brand awareness and sales. That being said, I don't feel that offering Lands' End clothing in Sears is a good idea at all. While we all like to think that we don't care about brand names and image, such considerations influence most purchases we make. Customers of Lands' End are "relatively affluent" and probably don't shop at Sears unless they are buying tires for their car or a new wrench set (International, 6). In my opinion, the classic, upscale image of Lands' End is getting destroyed by placement in Sears stores and is shunning its faithful business patrons. After another merger under the Sears brand name, Lands' End products were even offered in Kmart (6). While a lot of people shop at both Sears and Kmart, they are not the kind of people that Lands' End was created to target. This positioning dilemma is causing Lands' End to lose the identity and vision that Comer worked so hard to create. Mindy Meads, Lands' End CEO as of 2004, left Lands' End shortly after the Kmart merger because she had similar feelings toward Lands' End's new distribution strategy (6). Only time will tell if this new strategy pays off.

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“TOWELS MADE BETTER!”

- Towels made better through the addition of simple, yet innovative features which enhance the performance and convenience of towel-accompanying activities

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Owl Towels is a ground-breaking towel distribution firm aimed at helping athletes and recreational enthusiasts excel at their extracurricular activities through the use of modified, performance towels. Owl Towels offers a diverse line of innovative beach, pool, and athletic towels that, not only, provide the functionality of normal towels, but also, through the addition of innovative features, enhance the performance of targeted activities. Our company, fueled by an outstanding management team, will officially launch in May 2009 with the introduction of our gym and beach towel into the southwestern sports-retail market.

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"Towels Made Better!"



The Company: Superior performance towel manufacturers

Owl Towels is a performance towel manufacturing firm aimed at helping active lifestyle consumers get the most out of fitness, recreation, and leisure activities. Owl Towels has developed plans for an initial, six towel product portfolio; each towel designed with a specific activity's needs in mind. The initial towel line is targeted towards gym, beach, pool, golfing, running, and hiking activities. Owl Towels has several prototypes of their first product to market, the gym towel. We plan to be the leading performance towel manufacturer in America by designing high quality towels that offer consumers maximum utility, convenience, and peace of mind. Our towels will be offered at competitive prices through various conveniently located retailers around the nation.



The Concept: Added features enhance convenience

The frustration and inconvenience of having to tend to keys and membership cards while at the gym led to an idea: make a gym towel with a membership card holder and key chain loop. Building upon this problem-solving theme, we applied the idea of adding features to other towel-requiring activities. These towels have the drying capabilities of other premium towels; however, they also accommodate one's personal articles and provide additional utility to the user. An example of such features can be found on Owl Towels' Golf Owl™. This innovative golf towel integrates several functional modifications; one corner has an abrasive material for cleaning the surface of golf balls while another corner has a plastic groove pick for cleaning club-head grooves. It will also have a pocket to hold a divot fixer and a ball marker.



Market Opportunity: Standard towels not suited to active consumer's needs

Owl Towels will achieve success through a diverse product portfolio, targeting a wide array of consumers. A marketing research firm, PackagedFacts.com, shows that there are currently 49.7 million "fit consumers" in America, the majority of which earn a higher than average income with discretionary income to spend on luxury goods like our premium towel products. Fitness and health trends suggest the target market will continue to grow for years to come. By entering the market as an upscale, niche brand, Owl Towels will avoid direct competition with larger firms. Other niche firms selling specialized towel products have inconvenient distribution channels, only selling their products online. Through market surveys and focus groups, Owl Towels has designed ideal activity-specific towels for consumers. Our superior towel products will be offered through established retailers as well as through an e-commerce website.



Competitive Advantage: Strong brand and superior designs

The core competency of Owl Towels lies in the functionality of its towel designs. These innovative towel designs will be protected by design and utility patents, as applicable. This intellectual property will create significant barriers to imitators, allowing us to have a first-mover advantage in the market. By delivering superior products to customers, Owl Towels will create a strong, trademarked brand image synonymous with quality. While Owl Towels currently holds no major contracts, Baum's Sporting Goods of Tucson, Arizona has agreed to sell our products on a consignment basis. Developing relationships with different retailers will serve as a competitive advantage over other athletic towel brands.



Financials: Investment opportunity offering 10X return

Owl Towels is seeking a single round of investment totaling \$750,000, \$550,000 of which will come from outside investment. Year five returns to outside investors are projected to be \$5,500,000; approximately a 10X return. The following table highlights Owl Towels projected financials for the first five years of operation:

(All values is \$'s)	Year 1	Year 2	Year 3	Year 4	Year 5
Towel Products	2	6	6	6	6
Revenues	9,000	168,000	637,000	2,247,000	8,136,000
Total Expenses	216,000	431,000	713,000	(1,610,000)	4,723,000
EBITDA	(206,000)	(263,000)	(85,000)	599,000	3,269,000

Problem and Opportunity

-Standard towels do not meet the needs of active consumers-

Problem: Gym towels are not suited to the desires and needs of their users

- While at the gym, many people carry around their personal items such as cell phones, car keys, and gym membership cards
- 92.5% of gym goers would agree they are inconvenienced by having to carry around these articles at the gym (survey results)
- Gym towels (often required at gyms) lack versatility, functionality, and convenience
- We are solving this problem by creating a performance gym towel that secures and protects your belongings in pockets

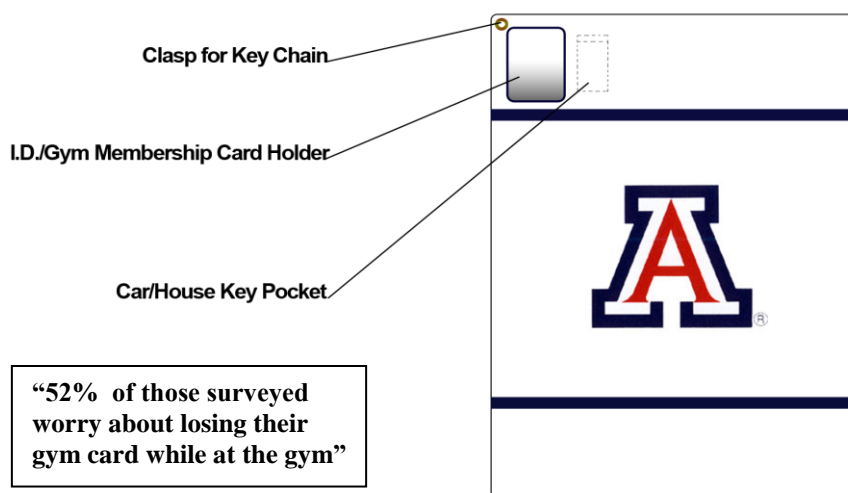
Opportunity created through the towel's functionality

- Many recreational activities require towels and many of these towels lack functionality
- For example, the improvement of a golf towel is a quality opportunity due to lack of purpose in the standard golf towel and due to the target market's characteristics: mid to high income level active-lifestyle consumers (packagedfacts.com)
- Overall, many market segments within the towel industry show a worthy opportunity

Expanding product line to capture value

- Developed products include our Gym Owl™, Pool Owl™, and Beach Owl™
- Future prototypes include our running towel, hiking towel, and golf towel
- We will pursue those towels that provide the most value for both us and our customers

Our Gym Owl™: THE ULTIMATE PERFORMANCE TOWEL



Range of utility-driven performance towels

- Functional changes in design accommodate for particular activity's needs
- Initial range of products that we will offer: Beach, gym, and resort/hotel pool towels
- After establishing sales, we will offer: golf, running, and hiking/camping towel
- Other potential towel markets include massage therapy, military, and physical rehabilitation
(See product data sheets in the appendices)



Gym Owl™ 2.0



Pool Owl™



Market entry

- Once consignment has proven viable and/or sales have stabilized to some satisfactory level, we will gain some “slow pay” growth and eventually sign long-term agreements with retailers
- We do not have the vast marketing capital that other firms employ, but we do have the added benefit of being highly networked young adults with access to a large number of students and resources
- This advantage will not be sustainable as our firm matures, but will be advantageous in entering market

Limited proprietary protection, design patents a must

- Utility patent for golf towel: Functional groove-cleaning pick combined with abrasive corner for club head cleanup
- Design patents for Gym Owl™, Pool Owl™, and Beach Owl™: Specifies design and stylistic features of each product
- Design patents and strong brand image build loyal following; Utility patent on Golf Owl™ establishes company asset base

Target Market

-Population of fit consumers growing, as well as their wallets-

Active-lifestyle consumers

- Physically active consumers: gym goers, beach goers, runners, hikers, golfers
- 49.7 million “fit consumers”: middle to high income consumers; average household income is \$81,806 compared to other consumers with only \$64,971 (packagedfacts.com)
- Psychographic characteristics of users: athletic, motivated, desire convenience
(See detailed target market chart in appendices)



“Fit consumer” households to increase

- “Fit consumer” households grow from 22.5% of American households in 2006 to 23.5% in 2011
- Aggregate income of “fit consumer” households will grow 33.4% from 2006-2011, or from \$2.2 trillion to \$3.0 trillion (packagedfacts.com)

Business Model

-Designing and manufacturing quality performance towels for active lifestyles-

<u>Customer</u>	<u>Active-lifestyle consumers, athletes, and businesses</u>
Value Proposition: 1) Dominating 2) Differentiating	High Quality Product Utility/ Functional features
Differentiation	Wide array of features
Scope of Products	Activity-specific Deep product line
Organizational Design	Divisional organization for each activity segment
Value Capture for Profit	Focus on quality and utility as key values
Value for Talent	Participation in firm ownership/ stock options Camaraderie
Basic Model	Make towels for \$3 and sell them to retailers for \$8

Business model

- Offering retailers 100% markups on all sales to incentivize retailers
- Initial internal markup starts at ~70%; increases to ~100%+
- Manufactured at an average price of \$4.85 & sold to distributors at an average price of \$9.10
- Internal profit margins increase as we achieve larger orders and improve relationships with suppliers

Sales channels

- Our e-commerce website will give us demographic information regarding our users
- Our towels sold on consignment will help to identify which towels are popular
- Direct sales initialize our guerilla marketing campaign
- Specialty stores like golf pro shops and surf shops establish our position in the industry as a specialty towel provider
- Bulk orders from B2B partnerships provide continued sales growth and increased brand awareness
- Large retailers such as Sports Authority and Target provide nationwide expansion

Competitive Advantage

-Performance towels, improved through creativity, protected by patent-

Core competencies lie in strong brand and superior designs

- Add unique features; incorporate them in a functional manner
- Protect ourselves by way of design patents and Golf Owl™ utility patents(golf)
- Maintain convenience feature that lockers and bags don't possess
- Heavy marketing coupled with first-mover advantage will raise brand awareness and strengthen brand image, serving as an advantage over future competitors

Production efficiencies realized in year three

- Unlikely to gain these economy of scale efficiencies in the first two years of operations
- Outsourcing in year three through our intermediary Mr. Medina Wong of Keysource Outsourcing

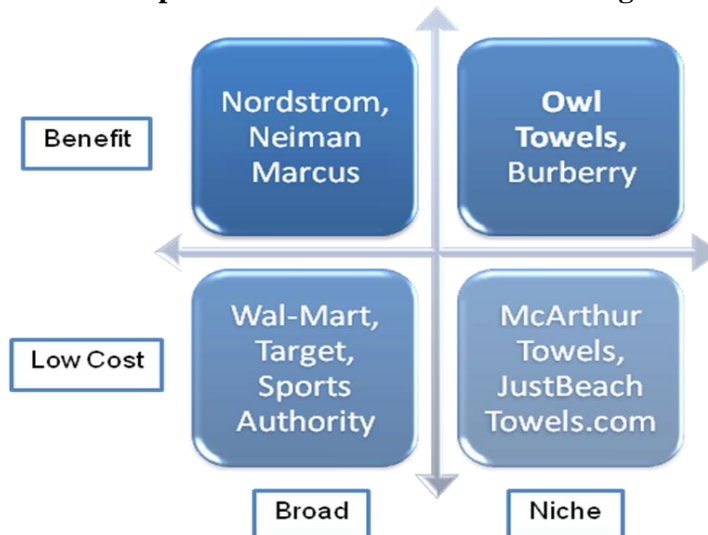
Minimal barriers to entry

- A commodity product with no protections or provisions to inhibit entrance of our products
- To avoid the big players in the towel industry we enter specific niches within the towel market

Environment and Context

-Major textile firms are not a hindrance to niche market firms with innovative products-

Competition Product/Market Positioning Chart



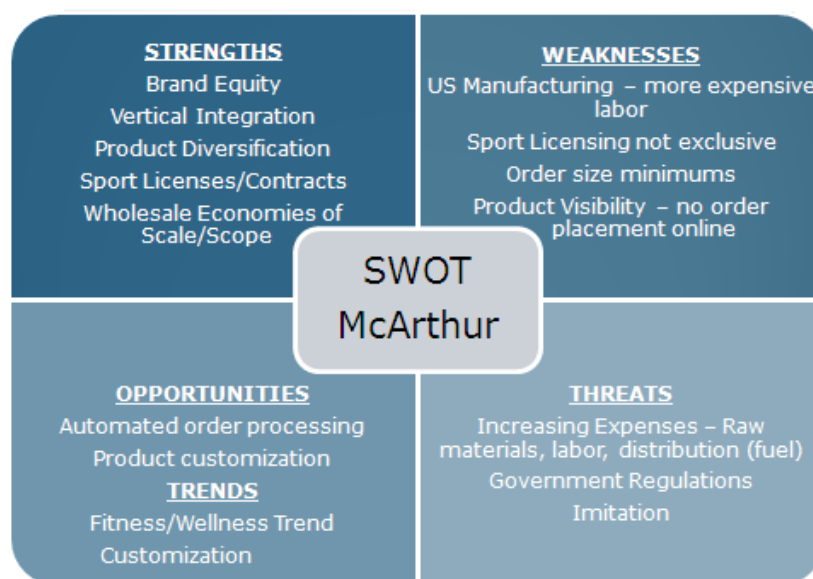
Promising Market for Successful Penetration

- Currently, there are 719 establishments offering various towel commodities and several thousand manufacturers of such products (census.gov)
- Heavily segmented into niche towel markets: golf, gym, decorative, beach towels, etc.
- The niche firms are smaller in scale resulting in lower barriers to entry
- High levels of competition amongst manufacturers who provide bath and beach towel customization
- Most niche competitors offers narrow product line: (ex:) only golf towels or specialized beach towels
- Plan to mitigate the effects of seasonal sales some of our products may experience by focusing sales and marketing tactics towards different towels during different seasons
(See competitor evaluation for each towel in Appendix)

Benchmark firm: McArthur Towels

- \$13 million in yearly revenues
- Operations are medium-sized in comparison to industry
- Very diverse product line: focusing on sport, gym, and athletic towels
- Specializes in the wholesale, distribution, and marketing of its products
- Possesses a large number of licensing agreements with major sports organizations
- Currently a subsidiary firm under ownership of Action Performance (Nasdaq: ACTN)

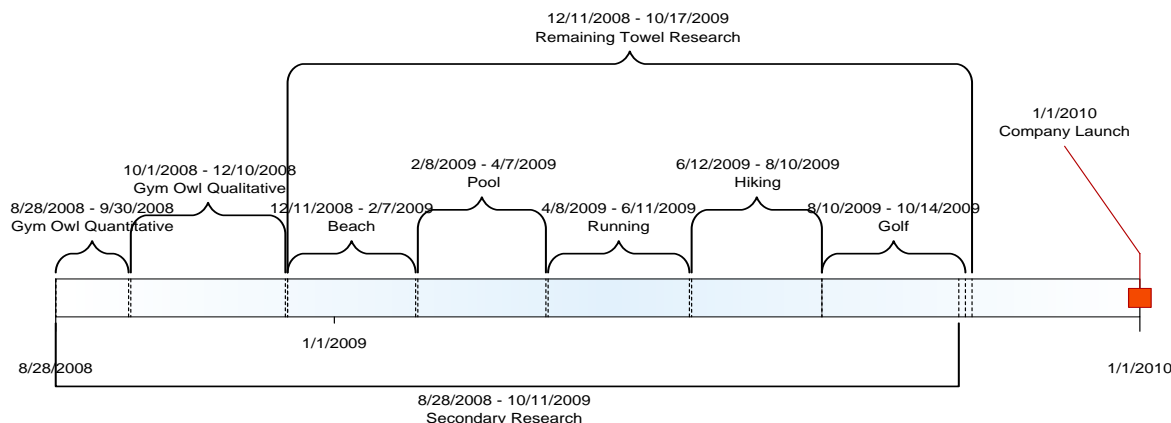
SWOT Analysis: McArthur Towels



Marketing and Sales Strategies

-Building relationships, strengthening brand image, tactical launch-

Marketing Research Timeline:



Raising brand awareness and building a strong brand community

- Co-op promotions with retailers: print ads, onsite promotions, competitions, giveaways
- PR through written articles about the company in local and national publications
- Spark guerilla marketing campaign through personal selling
- Event sponsorships: San Diego Rock'n'Roll Marathon to promote the gym and running towels

Booths in relevant tradeshow

- Attend large tradeshow throughout the year with models and sample towels in hand
- Tradeshow include Hospitality and Design Expo in Las Vegas, National Golf Expo in Boston, and Fitness Expo in Calgary
- Set up booths in smaller local tradeshow throughout the year
- Once well practiced and better established, set up booths in larger tradeshow



Marketing Strategy: Grassroots approach to growth

- Start locally by marketing in Tucson with gym and golf towels on University campus and specialty sporting goods stores
- Expand after meeting certain goals into the Phoenix area at ASU, NAU, and various Arizona community colleges
- Next market in California, starting in San Diego (UCSD) with the gym and beach towels, and after meeting certain goals, introducing the Golf Owl

- At the same time, a separate team can be involved in the hotel pool owls, attending necessary trade shows and being involved in personal selling

Sales Strategy: Pricing our products competitively

- Average production price of \$4-5 a towel, with 100% markup to the retailers
- In turn, the towels will wholesale *at an average price of about \$9-10 per towel*
- Consignment will be necessary at first to get our foot in the door of retail stores
- Direct/Personal Sales will ignite a guerilla marketing campaign
- Bulk/Partnership Sales will consist of B2B sales for certain organizations like hotel chains, cruise liner, and country clubs
- Marketing efforts will lead consumers to www.OwlTowels.com, which will be used as a channel to sell our products

Sales Funnels

Consignment	Direct/ Personal Sales	Bulk/ Partnership Sales	Website Sales
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Technological Strategies

-Utilizing the newest textile technologies to create the finest performance towels-

Adding value through advances in textile manufacturing

- Looking into the technologies used in the production of water resistant materials such as nylon
- Pursuing the acquisition and cost efficacy of anti-microbial materials for towels subjected to sweat and water such as the Gym Owl™ (aegismicrobeshield.com)
- Searching for innovative clasps and attachments that could be developed for other unknown towel or pocket applications
- Beach and pool towel products will require premium quality materials for durability, comfort, and water/sand resistance
- Golf Towel will feature abrasive corner addition that will require a durable, and easy cleanable material that is currently being researched and developed

Operational Strategies

-Designing locally, manufacturing internationally, developing continuously-

Steps after product line is solidified

- Outsource turnkey manufacturing bids to reduce costs
- Provide additional customization such as screen printing and/or labeling
- Acquire additional manpower: product and manufacturing consultant(s)

Product development will be based heavily on test marketing and market research

- Initial production of towels through a textile company in Southern Arizona
- Will offer customizable requests to retailers and wholesalers to fit their customer base
- Provide beneficial incentives for retailers and distributors

(See product development flowchart in appendices)

Our Organization

-Diverse team supported by knowledgeable advisors-

Team: A cross-functional team with diverse backgrounds, experiences, and disciplines:

	<u>Team Members</u>	<u>Experience</u>
	Jon Sales, General Manager	Administrative/organizational experience
	Ross Peterson, Financial Manager	Retail/sales experience, inventory management
	Jason Phillips, Operations Manager	E-commerce knowledge, design experience
	Avi Tal, Marketing Manager	International marketing and promotion

Advisors: A knowledgeable advisory board with various backgrounds

- Austin Baum of Baum's sporting goods - Product placement advisor
- Michael Phillips, co-founder of MasterCard - Overall business advisor
- Jehsel Lau, Graduate Student of Textile Design – Product development consultant
- Jim Jindrick, Mentor in residence - Advisor in brand development
- Future advisor acquisitions – Manufacturing consultant and Industrial designer
- Possible additions may include a graphic designers, additional sales staff.

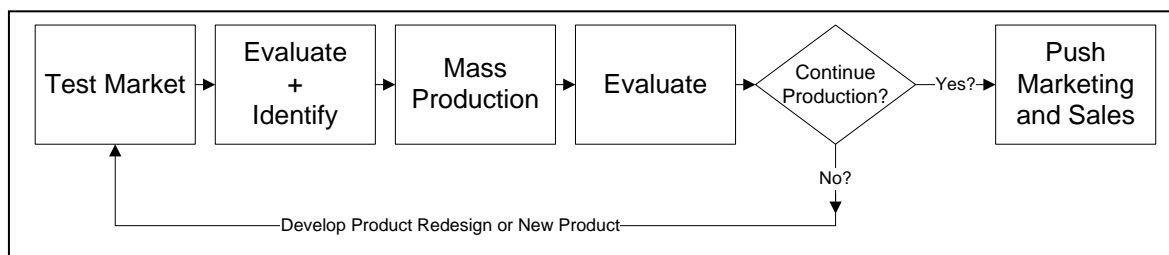
Development Plan

-Growing the firm one product at a time-

Currently in the development stage

- Possess first prototypes of Gym Owl™, Pool Owl™, and Beach Owl™
- In process of finalizing these prototypes for production and manufacturing
- Currently designing prototypes for Golf Owl™ and Running Owl™

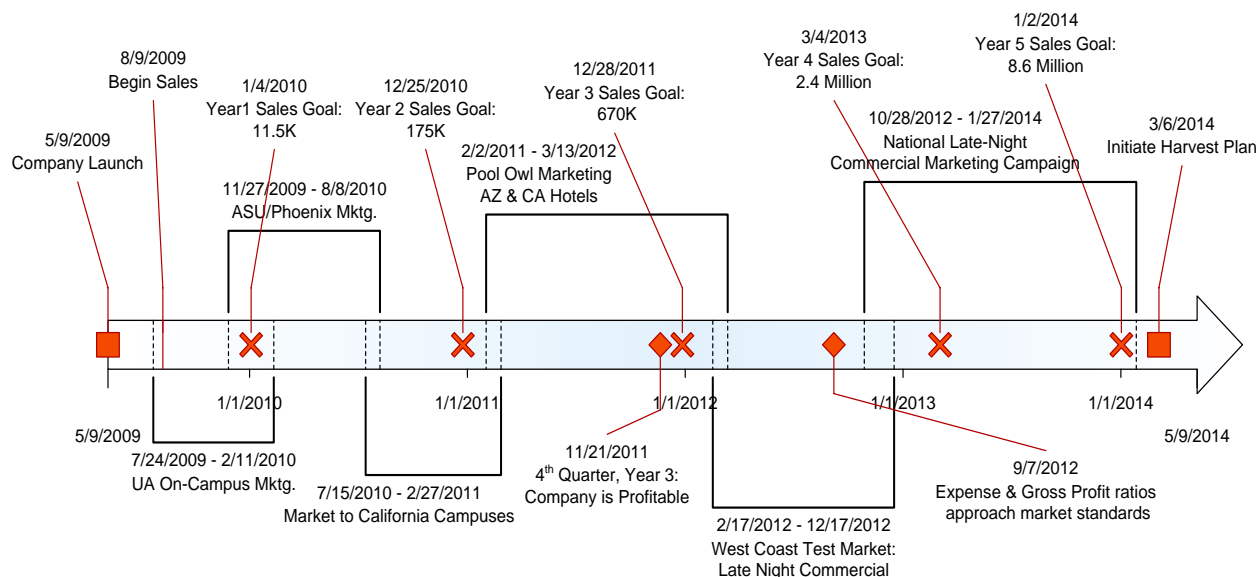
DEVELOPMENT PLAN FLOW CHART:



Growth strategy is derived from a product-portfolio approach

- Aim to gain primary revenue from several core “best selling” products which include the Gym Owl™, Beach Owl™, and Pool Owl™
- Contingent plan to have our Gym Owl™ and Beach Owl™ on store shelves by the end of 2009
- Contingent plan to have first hotel or resort bulk order of Pool Owl™ shortly thereafter
- **Owltowels.com** domain registered and currently being formatted for online sales

OVERALL TIMELINE:



Risks and Contingencies

-Fending off imitation risk through design patents and contractual agreements-

Due to limited potential proprietary protection the biggest risks are product imitations

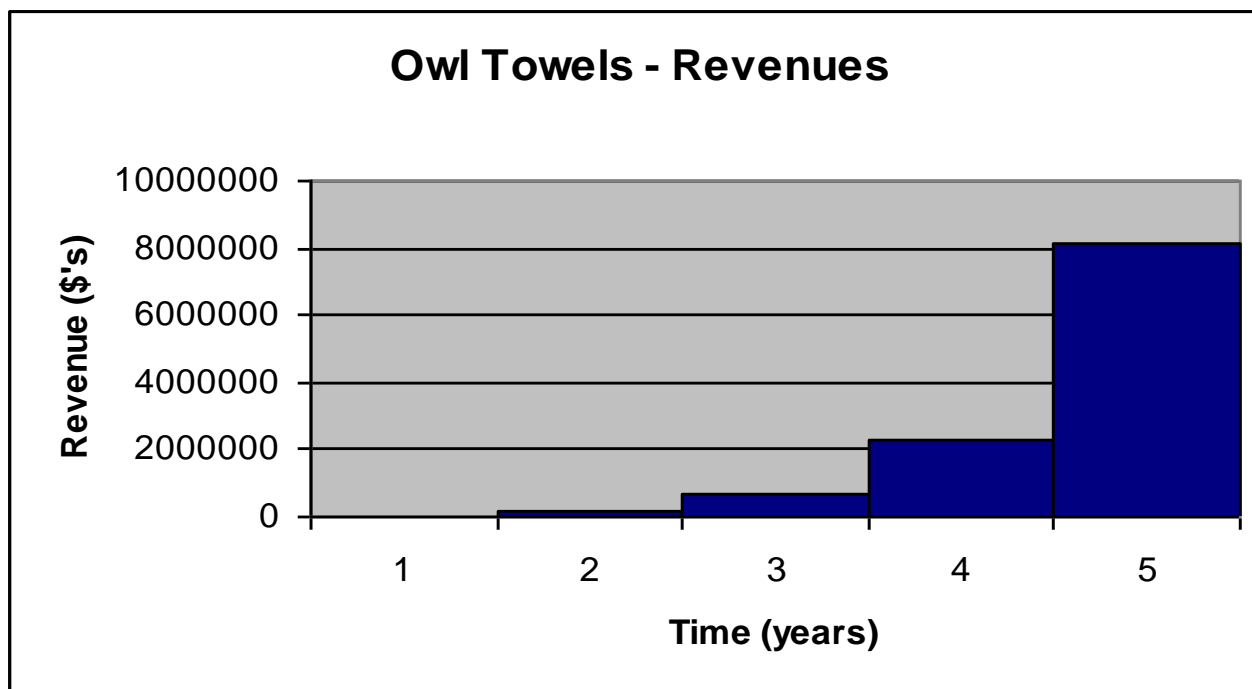
- Preventative actions are necessary to hinder any manufacturers or outside labor or services to produce similar products
- This can be prevented through contractual negotiations, however, the risk is still present and the firm will be required to enforce any contract or patent violations in court
- Design patents necessary and in process for all of the products to protect our designs
- Utility patents necessary, as applicable, to protect our products, but this stronger patent may not be applicable to all designs
- The utility patent only pertains to the golf towel currently due to its groove cleaning pick, abrasive material corner, and grommet attachment which, when combined, add unique utility

Associated risk contingencies

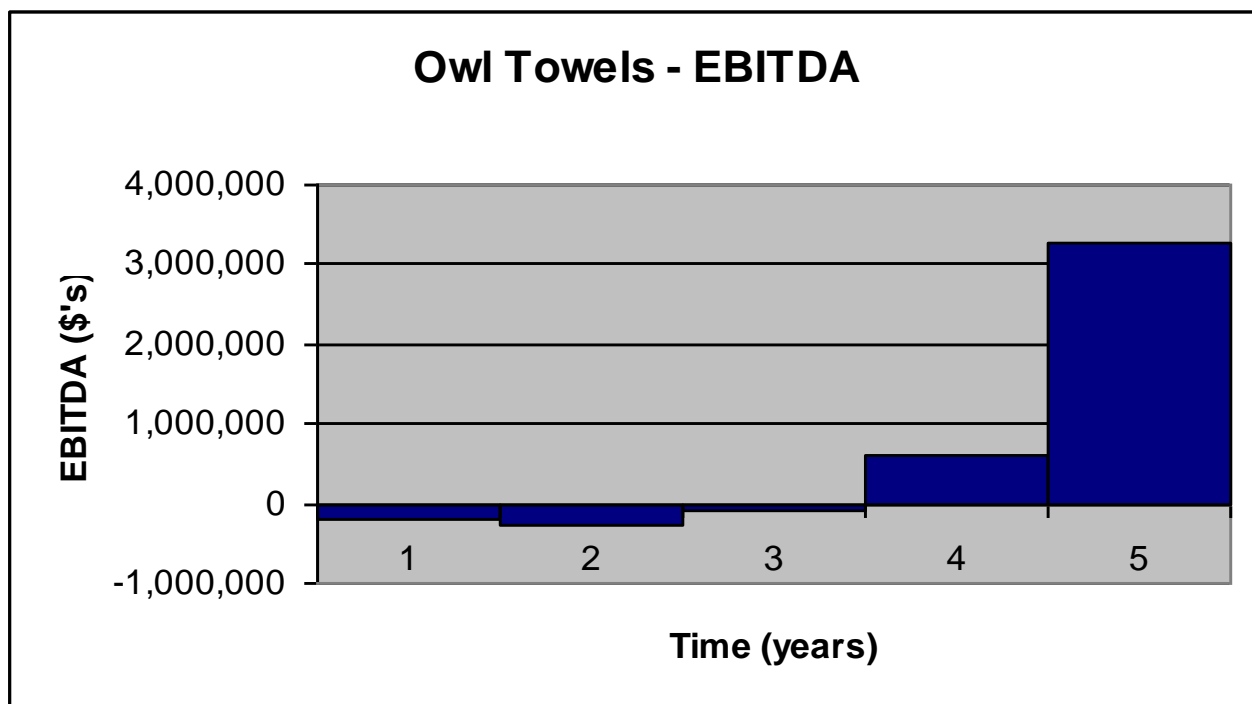
- Non-disclosure agreements are necessary for all manufacturers, distribution channels, sales intermediaries, and retail stores to prevent them from trying to manufacture a similar or identical product
- On the condition that demand exceeds capacity, a plan is needed which creates a contract with an additional manufacturer for an extended period of time

Financial Plan

-Firm offering 10X return to investors in year 5-



Year 5 revenues approximately \$8 million



Year 5 EBITDA approximately \$3.3 million



Financial Highlights

-Sales strategies sustain solid sales growth through life of firm-

- Year 1 consignment sales of flagship products, Gym Owl™ and Beach Owl™ in local Arizona and California shops
- Product line expands to six products in year 2
- Proven sales figures from year will entice larger retailers to sign sales contracts, allowing Owl Towels to sustain growth in future years
- Year 5 harvest revenues and EBITDA projected to be \$8 million, \$3.3 million, respectively

See the figure below for additional financial highlights
(Full five-year statements can be found in the appendices)

Financial Highlights					
	<i>Year 1</i>	<i>Year 2</i>	<i>Year 3</i>	<i>Year 4</i>	<i>Year 5</i>
Towel Products	2	6	6	6	6
Revenues	9,000	168,000	637,000	2,247,000	8,136,000
Total Expenses	216,000	431,000	713,000	(1,610,000)	4,723,000
EBITDA	(206,000)	(263,000)	(85,000)	599,000	3,269,000

Sales Breakdown

-Mark-ups serve as an incentive for retailers to carry Owl Towels-

Owl Towels' sales data is based on several data-supported assumptions

- Price per unit of each towel based upon production costs combined with standard industry mark-ups
- Wholesale mark-up ranges from 60 to 100 percent in early years, evolving into a 100+ percent mark-up as economies of scale are realized
- Retailers always guaranteed 100 percent mark-up on Owl Towels products
- Each product within the Owl Towels' portfolio grows at a monthly rate of 8 to 15 percent, depending on the size of its respective market

Sales Expansion											
		Year 1		Year 2		Year 3		Year 4		Year 5	
Product Line	Price/Unit	Units	Sales (\$)	Units	Sales (\$)	Units	Sales (\$)	Units	Sales (\$)	Units	Sales (\$)
Beach	\$12.50	440	5,500	3,400	42,500	14,500	181,250	57,000	712,500	221,000	2,762,500
Gym	\$8.00	440	3,520	3,400	27,200	14,500	116,000	57,000	456,000	221,000	1,768,000
Pool	\$10.00	0	-	3,500	35,000	15,000	150,000	59,000	590,000	229,000	2,290,000
Golf	\$9.00	0	-	2,900	26,100	9,000	81,000	26,000	234,000	72,500	652,500
Hiking	\$8.00	0	-	2,600	20,800	7,000	56,000	18,000	144,000	44,500	356,000
Running	\$7.00	0	-	2,600	18,200	7,000	49,000	18,000	126,000	44,500	311,500
Totals		880	9,020	18,400	169,800	67,000	633,250	235,000	2,262,500	832,500	8,140,500

Sales Breakdown Continued...

The following tables breakdown the methods Owl Towels will use to achieve the forecasted sales levels and growth through each of their first five years of operations. Through expanding the product line, sales channels, geographical sales coverage, as well as their sales force, Owl Towels will maintain constant growth and increased sales.

Unit Sales by Towel



Towel Product	Year 1	Year 2	Year 3	Year 4	Year 5
Beach	440	3,400	14,500	57,000	221,000
Gym	440	3,400	14,500	57,000	221,000
Pool		3,500	15,000	59,000	229,000
Golf		2,900	9,000	26,000	72,500
Hiking		2,600	7,000	18,000	44,500
Running		2,600	7,000	18,000	44,500
Total Units	880	18,400	67,000	235,000	832,500

Unit Sales by Sales Channel



Revenue Stream	Year 1	Year 2	Year 3	Year 4	Year 5
Online	280	1,120	5,000	17,000	51,500
Specialty Stores	600	9,055	15,500	42,200	120,000
B2B Partnerships	0	8,225	25,700	80,000	234,000
Large Retailers	0	0	20,800	95,800	427,000
Total Units Sold	880	18,400	67,000	235,000	832,500

Unit Sales by Sales Person



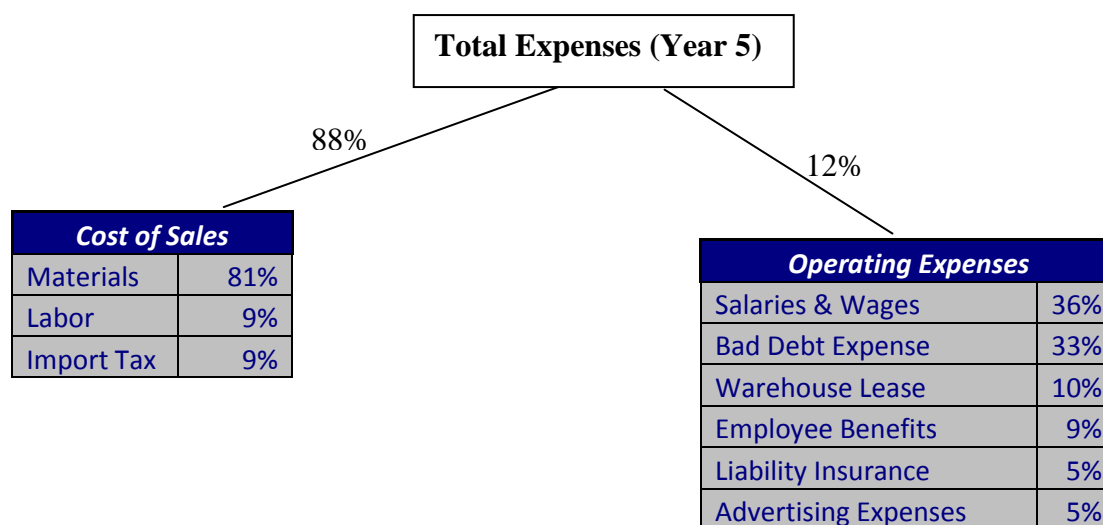
Sales Person	Year 1	Year 2	Year 3	Year 4	Year 5
#1	0	0	30,150	110,000	375,000
#2	0	0	0	45,000	275,000
Total Units Sold	0	0	30,150	155,000	650,000

Costs and Expenses

-Simplistic business model results in minimal fixed costs-

- Simplistic business model results in relatively low start-up costs
- No debt required to finance Owl Towels venture, reducing venture's risk
- Leased warehouse and outsourced manufacturing result in low fixed costs
- Fairly uniform fixed costs fall to 12 percent of total costs as sales levels increase
- Transition from cash burn to cash build cycle in month 36 at a monthly sales level of \$80,000 and up
- Sensitivity analysis shows sales are Owl Towels key value

Costs/Expenses Breakdown



Additional Assumptions

Owl Towels used the following assumptions when constructing the financial projections

- Accounts Receivable – a 36 day average collection cycle based on billing procedures for both our large retailers and smaller, specialty sporting goods retailers.
- Depreciation – Straight-line depreciation method; 5-year life for computers, software, database hardware, and pallet jack; 7-year life on furniture and warehouse shelving.
- Bad Debts – Bad debt expense of 2.23 percent of sales based on benchmark analysis of DeVant Towels.
- Capital Structure – Owl Towels anticipates nearly 100 percent equity financing in its first five years of operations.
- Tax Rates – Tax rates increase from 25 percent in year one to 33 percent in year five as managers' earnings increase. Payroll tax is assumed to be 7 percent. Import tax roughly 10 percent of order cost.
- Cost Assumptions – Materials costs decrease monthly by 0.25 percent; 5 percent commission to sales reps charged under cost of labor.

Exit Strategy

-Year 5 firm valuation over \$12 million-

- Firm acquired in year 5 by potential acquisition partners McArthur Towel and Sports or DeVant Towels
- Year five firm evaluation, using several comparables methods, over \$12 million
- Acquisition provides investors 58 percent annualized return, or \$5.5 million dollars
- With an initial outside investment of \$550,000, Owl Towels plans to offer 10X minimum return

Funding Proposal

Owl Towels, LLC

General Manager: Jon Sales

Financial Manager: Ross Peterson

Owl Towels makes superior athletic towels that allow active people to get the most out of fitness, recreation, and leisure activities.

Funding Requirements

Funds Sought	
Outside Investment	\$550,000
Founders' Contributions	\$200,000
Total	\$750,000

While Owl Towels is capable of operating with lower levels of investment, such cuts in funding would decrease the scale of our operations to a sub-optimal level.

Funding Commitments

Currently, each of the Owl Towels four founders have committed to investing \$50,000 a piece into the venture for a total of \$200,000.

Use of Funds

- Funding used to support operations as firm moves from a cash burn cycle to cash build cycle
- Low physical capital requirements cause operating expenses to stay fairly uniform over time
- Manufacturing is outsourced, our warehouse is rented, no debt
- Salaries of the four founders, sales people, and an overseas quality assurance manager comprise biggest piece of operating expenses, which max at \$60,000 per month
- Costs of manufacturing are substantial, approximately 88 percent of total costs in year 5

Operating Expenses	
Salaries & Wages	36%
Bad Debt Expense	33%
Warehouse Lease	10%
Employee Benefits	9%
Liability Insurance	5%
Advertising Expenses	5%

Cost of Sales	
Materials	81%
Labor	9%
Import Tax	9%

Funding Time Frame

- \$550,000 outside investment required at time 0 in a lump sum; no tranches
- No subsequent investment required to sustain operations
- Month 36, or monthly sales of \$80,000+ fixed and variable costs covered by sales
- Profits grow rapidly post year 3 due to this cost structure
- If lump sum of \$550,000 is unable to be invested at time 0, remaining balance needed within the first two years to maintain reasonable cash balance

Owl Towels will work to deliver a 10x return to investors by year 5. With an initial investment of \$550,000, Owl Towels plans to return \$5,500,000 to investors upon acquisition of the firm. This is a 58% annualized return, which we feel is a great investment opportunity for any interested parties. Any questions can be directed to Owl Towels' Financial Manager, Ross Peterson, via e-mail at Owltowels.com, or via phone at 480.329.6005.

Summary: What makes us "Owls"

-We believe that the towels we use everyday should be better, not only in their quality and style, but in functionality as well-

- **Who:** Owl Towels: Ross Peterson, Jason Phillips, Jon Sales, Avi Tal
- **What:** Offer active-lifestyle consumers innovative towels to promote optimal performance for users
- **When:** Starting Summer 2009
- **Where:** Based out of Tucson, AZ, Owl Towels will expand nationwide
- **Why:** Given the age and interests of the founders, Owl Towels possesses knowledge which will allow them to create innovative products that will solve the inconveniences associated with various activities. The team dynamic and creative mindsets create a synergy that has great entrepreneurial potential.
- **How:** Bootstrapping, outside investment, hard work, close relations with advisors/mentors, creativity, determination, and perseverance.

Our mission to become the nation's leading designer and manufacturer of innovative, performance towels that cater to various recreational and sports needs.

Please Visit OwlTowels.com



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The Pool Owl™

Model Number: 003

Design: Hotel/Resort Specific

Size: 30 inches X 60 inches

Fabric: Jacquard Cotton

Pool

Features:

- Slot for Room Key Card
- Protective Plastic Display
- Co-Branding Options

Product Description:

The uniquely design Pool Owl™ comes in the form a utility driven, high quality, pocketed pool towel designed for hotel and resort guests. It features a protective plastic cover and pocket for storing your room key, identification, and even cash. No longer will your room key be lost or misplaced at hotel pools. A must for hotels and resorts to provide their guests with.

Additional Benefits:

Our sealed card slot provides storage for hotel room keys, photo ID's, and cash. It also features a plastic cover, allowing for visibility of the ID card.





The Beach Owl™

Model Number: 002

Design: Fashion/Trend Specific

Size: 38.5 inches X 70 inches

Fabric: Jacquard Cotton

Beach

Features:

- **Water-Resistant Pocket for MP3**
- **Protective Plastic Cover**
- **Pocket for Reading Materials**

Product Description:

The uniquely design Beach Owl™ comes in the form a utility driven, high quality, pocketed beach towel. It features two waterproof pockets, one for storing your reading materials, and one for storing and protecting personal articles such as your wallet and cell phone. The second pocket also features a protective neoprene case for your mp3 player and/or cell phone. A must for any beachgoer!

Additional Benefits:

Our sealed mp3 player slot provides storage for iPhones, iPods, and Cell Phones. It also features a plastic cover that allows the listener the ability to interact with their personal electronic device. The larger pocket features protection for your reading materials, and other personal articles. Waterproof lining protects valuables such as cash and ID cards.



BeachOwl's Nest™

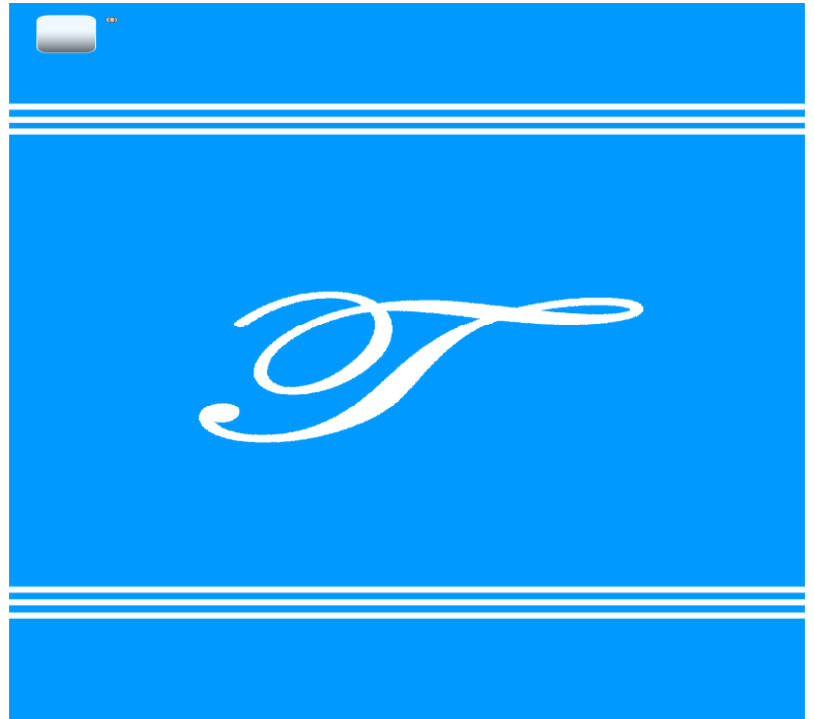
Product: Owl Beach Party Towel
Size: 96 inches by 96 inches
Fabric: Jacquard Cotton
Design: Fashion/Design oriented

General Description:

The uniquely design Beach OwlParty comes in the form a supersized utility driven, high quality, pocketed beach towel, designed for multiple people to enjoy at the same time. It features four waterproof pockets, 2 for storing your reading materials, and 2 for storing and protecting personal articles such as your wallets and cell phones. The second pockets also feature a protective neoprene case for your mp3 players and/or cell phones. What truly makes this towel unique is its sheer size, being able to comfortably accommodate 4 -6 people. A must for any beach party.

PartyOwl's Nest™

Model Number: BP-001



Application and Benefits:

- Our sealed mp3 player slot provides storage for iPhones, iPods, and Cell Phones. It also features a plastic cover that allows the listener the ability to interact with their personal electronic device.
- The larger pocket features protection for your reading materials, and other personal articles.
- Waterproof lining protects valuables such as cash and ID cards.
- Comfortably accommodates up to 6 people!



The Gym Owl™

Model Number: 001

Design: Team, Sport, or Organization

Size: 14 inches X 8 inches

Fabric: 2-Ply Hydro Cotton

Gym Owl

Features:

- Card Slot for I.D. Card
- Clothing Attachment Clasp
- Semi Hidden Key Holder
- Protective Plastic Display

Product Description:

Our uniquely designed gym towel is dedicated to storing and protecting your essential personal articles while at the gym. Made of the finest cotton, this towel is sure to become one of your closest friends, as it eliminates all worries of losing your personal articles at the gym!

Additional Benefits:

Specifically our Gym Owl™ towel features a protective plastic cover and pocket for storing your gym membership card. The towel also features a semi hidden car key holder for securing your locker or car key. Lastly, the towel features durable clasps to attach to your clothing.





The Run Owl™

Model Number: 005

Design: Team or organization specific

Size: 10 inches X 8 inches

Fabric: Hydro Cotton

Run

Features:

- Sealed I.D. Holder
- Semi-Hidden Key Pocket
- Reflective Strips

Product Description:

Our innovative running towel provides both storage and protection features for our user. Specifically, our Run Owl™ towel features a protective plastic cover and pocket for storing your gym membership card. The towel also features a semi hidden car key holder for securing your house key. Lastly, the towel features a durable clasps that easily attach to your clothes for a secure running experience. A runners best friend when it comes to safety and utility!

Additional Benefits:

Our sealed card slot provides storage for gym membership cards and photo ID's. It also features a plastic cover, allowing for visibility of the ID card. A Semi-hidden key holder allows for safe storage of house key. A clothing attachment clasp allows for easy, on the body transportation. Reflective strips will allow runners to be visible at night, keeping them safe from traffic.





The Golf Owl™

Model Number: 004

Design: Club or organization specific

Size: 10 inches X 8 inches

Fabric: Hydro Cotton

Golf

Features:

- Unique Groove Cleaner
- Golf Head Cleaner
- Stainless Steel Clasp

Product Description:

Our unique and innovative Golf Owl™ is dedicated to providing you the most utility while playing the sport of golf. Specifically our Golf Owl™ towel features a groove cleaner attached on the corner to help keep your clubs clean without having to use your keys or your tees. The towel also features an abrasive corner designed for ease and convenience in polishing off your ball when desired. Lastly, the towel features a durable clasp that easily attaches and detaches from your golf bag. Sure to become a great companion on the golf course and you'll never want to tee off without it.

Additional Benefits:

Our groove cleaner provides ease and convenience in cleaning the dirt and grass from your golf clubs. An abrasive corner allows for easy and quick polishing of your golf balls. A stainless steel golf bag attachment clasp allows for simple on the go attachment and detachment.



Product
Picture
Coming
Soon....



The Hiking Owl™

Model Number: 006

Design: Team or organization specific

Size: 14 inches X 10 inches

Fabric: Hydro Cotton

Hiking

Features:

- Sealed I.D. Holder
- Semi-Hidden Key Pocket

Product Description:

Our innovative hiking towel provides both storage and protection features for our user. Specifically, our Hiking Owl™ towel features a protective plastic cover and pocket for storing your gym membership card. The towel also features a semi hidden car key holder for securing your house key. Lastly, the towel features a durable clasps that easily attach to your clothes for a secure hiking experience.

Additional Benefits:

Our sealed card slot provides storage for gym membership cards and photo ID's. It also features a plastic cover, allowing for visibility of the ID card. A Semi-hidden key holder allows for safe storage of house key. A clothing attachment clasp allows for easy, on the body transportation.



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EDUCATION

08/05-present	The University of Arizona <i>Bachelor of Science in Business Administration; anticipated May 2009</i> <ul style="list-style-type: none">• Majors: Entrepreneurship, Business Economics, Honors• Minor: Global Business• Cumulative GPA: 3.865	Tucson, Arizona
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EXPERIENCE

08/05-08/08	The Beginning School <i>Part time administrative position held during summers and school year</i> <ul style="list-style-type: none">• Managed bookkeeping responsibilities• Responsible for addressing parents' needs and concerns• Helped teachers plan curriculums and supervised staff	Tucson, Arizona
08/04-05/05	<i>After-school program coordinator and facilitator</i> <ul style="list-style-type: none">• Helped monitor children ranging in ages from 3-5 year olds• Established and moderated age appropriate activities• Collaborated with parents and other staff members to effectuate positive growth outcomes of children• Demonstrated organization through the establishment of daily schedules	
06/05-08/05	University Medical Center <i>Volunteer in three distinct areas simultaneously</i> <ul style="list-style-type: none">• Proved dependability and empathy through interaction with pediatric patients• Analyzed various medical procedures by shadowing physician in charge in Cardiology Department• Supported nursing staff and attended to patients needs in the Urgent Care facility	Tucson, Arizona
08/03-06/05	The Beginning School, Creative Kids Camp <ul style="list-style-type: none">• Responsible for children ranging in ages from 3-9 year olds• Exemplified creativity through the creation of unique art projects• Planned and implemented physical education activities	Tucson, Arizona

ACTIVITIES

09/07-present	Culinary Cats <i>Co-founder and Treasurer</i> <ul style="list-style-type: none">• Helped organize and plan end of semester cultural feast	Tucson, Arizona
08/05-present	Delta Tau Delta Fraternity <i>Member</i> <ul style="list-style-type: none">• Participated in philanthropies, including annual Delt Games which raised over \$4000• Assisted in preparation of Family Weekend and Homecoming events	Tucson, Arizona
08/06-present	Phi Alpha Delta Pre-Law Fraternity, International <i>Member</i> <ul style="list-style-type: none">• Supported the planning of social events as a Social Committee Member• Supported fraternity efforts to successfully recruit other members for Spring semester	Tucson, Arizona

AWARDS

-
- First Level Honors, Fall 2007
 - Dean's List with Distinction, Spring 2006, Spring 2007
 - Dean's List, Fall 2005, Fall 2006, Fall 2007
 - Wildcat Excellence Scholarship, Spring 2005

- Invited Member of Golden Key International Honour Society, December 2008
- Honorable Mention, Spring 2008

SKILLS

- Microsoft Excel Certified
- Sufficient in Spanish
- Travel and foreign study experience

Ross Peterson
ropeters@email.arizona.edu

Current Address:
1615 North 6th Avenue #1
Tucson, AZ 85705
480.329.6005

Permanent Address:
4341 East Morning Vista Lane
Cave Creek, AZ 85331
480.502.5691

EDUCATION: University of Arizona

Tucson, AZ

Bachelor of Science in Business Administration, 05/09
Majors: Finance/Entrepreneurship (Honors)
GPA: 3.86

EXPERIENCE: Target Corporation

Scottsdale, AZ

05/08 – 08/08

Executive Intern: Hardlines

- Managed over 200 employees and \$200 million of inventory during busy summer months
- Led store visits, impressing Target's corporate managers with store knowledge and leadership abilities
- Developed new communication protocols which drove sales, profitability, and store "brand"

05/07 – 08/07;
12/07 – 01/08

Target Corporation

Scottsdale, AZ

Inventory Management Specialist

- Led team of four in completing daily tasks and troubleshooting PDA data collection software
- Communicated necessary inventory data to corporate, management, warehouse, and department specialists

05/06 – 08/06

Precision Dealership Services

Scottsdale, AZ

Photographer/Data Collector

- Marketed vehicles online for 13 major Phoenix auto dealers
- Collected photographs and data for thousands of vehicles for online marketing using the Autobase.com site

ACTIVITIES: Eller Scholars Business Club (01/06 – Present)

- Participated in community service, intramural sports, and social events

Eller Scholars Social Committee (08/08 – Present)

- Planned social events for club

Blue Chip Leadership Program (01/06 – 05/08)

- Completed leadership coursework and hosted service events

AWARDS:

Beta Gamma Sigma Business Honorary: Top 10% of Class (03/09)

Henry E. Dahlberg Scholarship: Faculty nominated scholarship (08/08)

Joseph K. Eichenbaum Scholarship: Merit-based scholarship (08/08)

Eller College MIS Competition: 1st Place (05/08)

Eller College Communications Case Competition: 1st Place (11/07)

Wildcat Excellence Scholarship (05/05– Present)

SKILLS:

Certified Microsoft Excel Specialist
Spanish Survival Skills

Current Address
3314 N. Fremont Ave.
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(619) 829-8226

Permanent Address
379 Canyon Ridge Dr.
Bonita, CA 91902
(619) 482-2101

EDUCATION

University of Arizona Tucson, Arizona
Bachelor of Science in Business Administration, May 2008
Major: Marketing
Minor: Spanish, Global Business Certificate
GPA: 2.94

EXPERIENCE

June - August 2007

Brookstreet Securities San Diego, CA
Broker's Personal Assistant

- Researched potential government bonds from Latin American countries.
- Organized files and business contacts into a computer database for easier access.

June – August 2006

Kenwood de Mexico Mexico City, MX
Promotions Representative

- Organized and coordinated promotional events for the electronics line, such as car demonstrations at department stores.
- Participated in store-to-store promoting: ensuring proper product display, distributing catalogs, and educating sales personnel as to what our product line had to offer.
- Devised creative input for promotions.

Sept. 2005 – present

Alpha Q Clothing & Apparel Tucson, AZ
Partner/Promotions Representative

- Organized promotional events for the clothing line, such as sponsored parties, carwashes, etc.
- Currently organizing a major spring line release party to generate online sales.

June - August 2005

Ginza International San Diego, CA
Accounting Assistant

- Assisted the CPA in compiling reconciliation reports.

Warehouse Attendant

- Assisted in the coordination and preparation of international shipments, including all necessary documentation.
- Responsible for maintaining updated inventory reports.

HONORS

- Best Written Business Plan, Eller, December 2006.
- Best Business Plan Presentation in Consumer Electronics Industry, Eller, December 2006.
- Nominated for Most Innovative Idea, Eller, December 2006.
- Arizona Excellence Scholarship, August 2004 – August 2007.

ACTIVITIES

- Musician- Record and Produce Music.
- Member of the Social Enterprise Association.
- Member of the American Marketing Association.
- Founding Father of Sigma Pi Fraternity, U of A
- Attend the Consumer Electronic Show (CES) every year since 2003, Las Vegas

SKILLS

- Advanced internet and research skills.
- Proficient in Windows and Office XP.
- Received Microsoft Excel Specialist Certification.
- Fluent in Spanish.

JASON PHILLIPS

www.JFlips.com

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Current Address:

2802 E. Lee Street
Tucson, AZ 85716

Permanent Address:

2832 Sacramento St.
San Francisco, CA 94115

EDUCATION

- | | | |
|--------------|---|------------------------|
| 8/05-Present | University of Arizona
Bachelor of Science in Business Management
Majors: Entrepreneurship, Business Management
Expected Graduation: May, 2009 | Tucson, Arizona |
| 5/07-7/07 | University of Economics
Central and East European Studies Program
Courses: Global Business and International Trade | Prague, Czech Republic |

WORK EXPERIENCE

- | | | |
|--------------------------|--|----------------------|
| 12/07-Present
Arizona | Steller Designs - Web Development Firm
<i>Co-founder, Project Manager</i> <ul style="list-style-type: none">• Co-designed site layout, design elements, and flash animation• Developed business model and acquired reliable subcontractors• Established local strategic position and directory listings | Tucson, |
| 6/08-Present | bTucson - Online Business Directory
<i>Content Manager</i> <ul style="list-style-type: none">• Redesigned company logo, address bar icon, and color scheme• Increased restaurant guide page views by 22.5%• Established local content marketing campaign | Tucson, Arizona |
| 11/06-Present | Ruck Off Rugby – Rugby Apparel Company
<i>Founder & Owner</i> <ul style="list-style-type: none">• Developed & launched profitable business in the rugby apparel industry• Established e-store infrastructures through online retailers CafePress and Zazzle• Implemented SEO campaign, gaining top organic positions in search engines | Tucson, Arizona |
| 3/05-8/05 | Lulu Rae Confections
<i>Sales Representative</i> <ul style="list-style-type: none">• Trained & supervised new employees• Organized and evaluated inventory of 70+ chocolates• Handled sales volume of 14k revenue per week | Berkeley, California |

VOLUNTEER WORK

- | | | |
|------------------------|--|-----------------|
| Ski Week '03, '04, '05 | Amor Ministries Housing Project
<i>Student Leader, Laborer</i> <ul style="list-style-type: none">• Co-led 15 member student work group in house construction• Administered distribution of supplies to various worksites• Oversaw communication efforts between students and contractors | Tijuana, Mexico |
|------------------------|--|-----------------|

SKILLS

- Excellent knowledge of Microsoft Excel: Certified as Office Specialist in '05
- Excellent knowledge of Microsoft Word, PowerPoint, Visio, and Project
- Comprehensive knowledge of Google Analytics, Adwords, AdSense, and Base
- Comprehensive knowledge of Adobe Photoshop CS3 and Contribute CS3
- Intermediate knowledge of Adobe Dreamweaver CS3 and Illustrator CS3

Moderator's Guide: In-Depth Interviews

Preamble (5 min)

- Thank you all very much for coming. Welcome to the interview.
- Today we are first going to be talking about fitness and going to the gym, and second we will discuss going to the beach.
- This will be an informal discussion.
- Feel free to give your points of views on anything you want, and don't be discouraged to disagree with things.
- There is no right or wrong answers.
- My colleague here will be observing us, don't mind him. We will be recording this session. If that's a problem with any of you let us know.
- Are there any questions or concerns?

Introduction (5 min)

I'd like to go around the room and have you introduce yourselves.

- How often do you go to the gym? Once a week

Gym (30 min)

I'd like to explore a little more of your gym habits.

- What is your reasoning for going to the gym?
 - **Explore**
- What exercises do you participate in?
 - **Explore**
- What other things do you bring when you go to the gym?
- How do they get there? How do you store/organize them?
 - **Explore**
- What is your normal habits when going to the gym? Where do you come from, where do you return to? Whats with you/not with you?
 - **explore**
- How regularly do you use gym lockers?
 - **Explore**
- What are some inconveniences you run into at the gym in regards to your stuff?
-
- **Don't bring up towels unless they do and in that case just generally let them lead the conversation...go into beach discussion if towel isn't talked about and bring the idea back later**
- Let's talk a little more about the towel....
- How often do you remember to bring a towel?
- Do you put the towels on the machine you're using?
- How big should an ideal gym towel be?

Transition (10 min)

- What sports/activities do you play/do?
- How often do you do those activities?
- What about the beach?

Beach (30min)

Now let's concentrate on the Beach a little more.

- How often do you go the beach?

- What activities do you like to partake in at the beach?
 - **Explore**
- What do you bring with you to the beach?
 - **Explore**
- How do you carry your stuff to the beach? How do you carry your towel?
 - **Explore**
- How big is a good beach towel?
- What do you expect of that towel?
- Could it be better?
- What are some inconveniences you run into at the beach in regards to your stuff?

Closing

- Finally, I'd like for you to come up with ideas on what can be better at the gym and at the beach in regards to comfort and convenience..
 - Don't worry whether it's a good or bad idea?
 - Just call out anything to occurs to you- obvious, profound, serious, silly, whatever...
- Explore and Refine**
- Thank the respondent and close the session.

Qualitative Analysis Interview Transcript

Interviewee: Roxanna Moeenziai

Interviewer: Ross Peterson

Length: 47 minutes

Roxy had no idea about my potential venture concept, etc. All conversation was candid.

Alright, thanks for coming. My name is Ross and I will be interviewing you today. What's your name?

Roxy: Roxanna

What's your last name?

Roxy: Moeenziai

How do you spell that?

Roxy: M-o-e-e-n-z-i-a-i.

So today we are going to be talking about fitness and going to the gym, and later we will be talking about the beach. Do you know anything about those two topics?

Roxy: Well I happen to be from San Diego so I know a lot about the beach and I like to stay in shape so I do go to the gym as often as I can.

Nice. Alright so this is going to be an informal discussion so feel free to give your point of view on anything you want to. Don't be discouraged to disagree with anything I say or you know? Tell me what YOU think. No right or wrong answers. I will be recording this so if you have a problem with that please let me know but...you okay with that?

Roxy: I'm fine, yes.

Okay. Any questions?

Roxy: No.

Alright. So how often do you go to the gym?

Roxy: It depends. Usually in the summer I will go every day. And then during school it is more difficult to go because you have other things to worry about so I will go 3-4 days a week.

Seven days a week during the summer?

Roxy: Yeah.

Wow! Okay. Nice. So what time of day do you usually go to the gym?

Roxy: Well, it depends what I do the night before. Usually I like to go in the mornings, but if I need to sleep in I will go at like 3 or 4 in the afternoon.

Alright. So, we'll talk a little bit more about the gym. You said you go there to stay in shape. Like what's in shape to you? Do you go there to do cardio or lift or?

Roxy: I do a little bit of both. I like to do cardio for at least 30-40 minutes a day and then I will go and lift free weights.

What machine do you do cardio on?

Roxy: The elliptical.

Is it one of the incline ones or is it just flat. Like a stair master one or?

Roxy: Yeah the incline one.

And free weights do you arms and legs or?

Roxy: Yeah I do arms and legs mainly.

Shoulders?

Roxy: Yeah, sometimes?

Okay. So when you go to the gym...in the afternoon like during the school year or whatever, what do you bring with?

Roxy: I bring my iPod always because it helps motivate me and then I also recently started bringing a magazine with me because it helps the time go faster you don't think about how many calories you are burning or how many minutes you have been on there for.

Okay. So what do you wear to the gym?

Roxy: I wear um, specifically, the same things everyone else wears....shorts and a tank top.

Do you have pockets?

Roxy: No. I don't have pockets. I have a clip to my iPod that I use to connect my iPod to my shorts and that's it. And I also carry a little clutch type thing that holds my cat card and cell phone.

You work out at the Rec Center I assume. Do you drive or walk?

Roxy: If I have class I will walk, otherwise I drive.

All your stuff is with you then?

Roxy: Yeah.

**I recorded this conversation. My roommate was typing and could not keep up. I went back through the tape for the section above to obtain direct quotes. This process was much too time consuming so I paraphrased her answers to all of the following questions knowing that I have a back-up recording if an exact quote is needed.*

What do you do with all of your stuff when you go to the Rec?

Roxy: Has lock for locker. Thinks it's easy and is not an inconvenience/problem. Brings a wristlet and an iPod with her to machine. Puts stuff on cup-holder thing on elliptical machine. When doing free weights, just sets stuff to the side.

Have you ever forgotten your stuff in the gym?

She has forgotten stuff before, but just runs back and grabs it. Does not happen often enough for her to see it as a problem.

If you come from home, do you still get a locker? Do you bring different stuff with you?

Roxy: If comes from home, does not get a locker and just takes what she needs. Does not use lockers very often. Most of the time she comes from home and packs sparingly. Lockers are easy to get. No problems. Have to buy a lock but after is free. Lockers only for 1 day. But overall happy. Do you have a locker at your gym at home, too?

Roxy: No locker at gym at home. Just takes wristlet and iPod. Leaves the rest of her stuff in her truck. Cell phone fits in the wristlet. Wristlet is leather and goes around wrist. Is comfortable and goes in cupholder.

What are some inconveniences you experience at the gym?

Roxy: Hates waiting at machines. Too social, not enough working out. Parking is an issue always, even at gym in San Diego. It would be nice to have music in gym when iPod dies.

What types of "extras" does your gym offer besides cardio machines and weights?

Roxy: Gym has scale, drinking fountains, bathrooms, kid daycare, and trainers. She doesn't think trainers are helpful. Bugged by nosey trainers asking if she feels her workout is effective. Ask if she is getting results she wants. Is annoyed by them because it is like they are questioning her fitness know-how.

Typically when people work-out/run, they get hot and sweat. Do you sweat? If so, how do you deal with it?

Roxy: She sweats at gym. She brings a towel to the gym because it is required. It is a small hand towel. It's bigger than a foot long, just a basic hand towel, not to be confused with a washcloth. It is a white towel.

Do you bring a towel to the Rec too?

Roxy: Not required at the rec. Doesn't bring one to U of A. Sometimes wishes she has one.

Why do you wish you had a towel at the gym? What would you use it for?

Roxy: Uses it for perspiration, not to wipe off the machine. Thinks machines are dirty, but only would use it for sweat. Rec provides disinfectant.

How do you store/hold on to your towel at your gym in San Diego?

Roxy: Hangs towel from elliptical at gym in San Diego.

Do you ever go running outside? Do you bring a towel?

Roxy: When running outside only brings her iPod because is running around her neighborhood. Hides her key. Sweat drips in her eyes. Wipes it off with her t-shirt. Doesn't bring a towel because would have to carry it and would take effort. Wants to focus on running.

How big should the ideal gym towel be? Would you do anything to make your gym towel better?

Roxy: Like gym towel size: size of a hand towel. Cotton, white. Would not jazz up towel because just wipe yourself with it. Would not make it fancy. Simply picks colors to match her clothes. Only thing would change was colors of towel.

Likes to go to the beach and walk on the beach with family in San Diego. Torrey Pines Beach. Has a hiking course she likes to do. Fitness mainly. Goes swimming in her pool. Plays tennis with dad. Hates golf. Swims laps in back yard.

Brings iPod to backyard. Sometimes not because has backyard sound system. Brings a magazine or book she is reading if she is studying. Sunglasses and sunscreen.

What other activities do you like to do besides go to the gym?

Roxy: Doesn't like to do any sports. More into fitness type of stuff. Likes to go to beach with friends/family.

How often do you go to the beach? Have you gone more or less the older you have gotten?

Now, goes to the beach 3-4 times a month. Used to go more when she was young. Went the most as a kid with other families and in high school a bit less. When went as a kid with family, barbequed. Typically an all day affair. Now is too busy so not a priority.

Who do you go with typically now?

Roxy: Still goes family and friends. With friends stays beach for at least 5 hours depending on friends work schedules. Sometimes just go for 2 hours. Close to house, 15 minute drive so not a big production every time she wants to go.

What do you like to do with your friends at the beach?

Roxy: At beach likes to lay out and dip in water every once in a while. Sometimes plays football and volleyball with guys if they ask/convince. Not into it.

What do you bring to the beach when you go? How do you get it all there?

Roxy: Car, obviously. Brings beach bag with beach towel, sunscreen, something to read like a magazine.

Do you just wear your bathing suit or do you bring clothes?

Roxy: Wears a cover-up and flip flops. Places iPod next to her when laying out. Concerned about iPod getting too hot or getting sandy/wet. Has protective case, clear plastic, but won't help. Not waterproof.

When you go for a longer time, do you bring food?

Roxy: Pick up food to bring...sandwiches from a deli because it is easy and not too messy. Page 19 beach because it is more fun to sit and eat there while watching waves/people. Bring water. ~~~~ bring coolers with water. Sometimes beer.

How do you carry all of that stuff with you after you park and are walking down to the ocean?

Roxy: Gets all stuff by water using a beach bag. Straw Roxy(brand) bag with straps. Has had it since high school. It's a big straw bag with black straps. It has a slot for cell phone and a slot for a wallet, etc.

How big is your bag? Do you have any problems with your bag?

Roxy: Could fit a lap top in it...not really huge. Sand is always getting in her bag. Doesn't mind carrying a bag, does it everywhere else so why not at the beach?

You bring a purse-like bag. What do guys typically carry their stuff in?

Roxy: Guys bring backpacks. Regular school backpacks. Guys don't care. They bring a towel and that's it. She ends up carrying wallets and phones. They don't bring in iPod because they are busy being "obnoxious" in the water.

How big is the beach towel that you typically bring?

Roxy: Beach towel is a bit longer than 5 feet. Wide enough for one person.

Would you do anything to make your towel better?

Roxy: Wants perfect towel to be big enough to share with others. Somebody always forgets towel so would be nice to have plenty of space for them.

What is your favorite beach towel? What does it look like?

Roxy: Favorite towel is a Charger(football) towel. Got it for b-day. Also, has a colorful towel that is big from Costco. Purple, blue, and different shades of blue. Doesn't really look at towel or care how it looks. Just keeps sand off of you and dries you off.

Why do you like your Charger towel so much?

Roxy: Charger towel gets attention because people support them and appreciate them. Typical beach towel has waves/designs, circles and polka dots, shells. Likes the style of beach towels.

What do are your expectations for a beach towel?

Roxy: Towel needs to keep her dry. Uses it to dry off. Mainly to lay on, but gets in water and then dries off. Charger towel is too thin. Likes thicker towels. More absorbent towels. Thicker towels are more comfortable and soft.

Why do you bring a towel and not a blanket/other?

Roxy: Lay on towel and not a sheet because that is what people do.

If you could change anything about your Charger towel what would it be?

Roxy: Wants the Charger towel to have a pocket to put iPod or cell phone so is right next to you. Wouldn't have to dig through purse.

What would the pocket look like and would you worry about your iPod getting wet?

Roxy: Pocket should have a snap, or even just a shirt like pocket. Wouldn't worry about iPod getting wet in towel. Other people might have an issue if they swam more. Strap might be nice like a yoga mat strap. Would be easier to carry. Wouldn't feel dorky carrying it like that, but thinks others might.

Are there any other improvements you would make to the beach towel?

Roxy: Doesn't think towels need improvement. Just for staying dry and sand free. Just get dirty and smelly so why make them nice. Overall like towels current design/style.

What are some inconveniences you encounter at the beach?

Roxy: Sand always gets everywhere, but no way to prevent that so whatever. Sand issues come along with the territory.

Do you ever forget your things at the beach?

Roxy: Never forgets stuff at beach.

Have you ever gone to a beach when you were traveling?

Roxy: Went to beach in Rome when studying abroad and didn't bring a towel. Brought a sheet and laid on it on beach. Kind of cold there so did not swim.

What did you bring with you to the beach in Rome?

Roxy: Brought camera. On vacations typically have to worry about the key card for room, but not in her case.

If someone were to make the pocket towel you described earlier, how much would you pay for it?

Roxy: If towel had pockets, would not pay any more for it. Would have to cost same, like 8-10 dollars like other towels cost. Mom buys all of the beach towels, has never bought one. (not sure about the price)

Alright, I think that's about all of the questions I have. Anything else you want to add?

Roxy: No, that's it.

Thanks for coming today and participating. I appreciate it!

Roxy: No problem.

Jason's Interview

Beach (30min)

Now let's concentrate on the Beach a little more.

- How often do you go the beach?
 - **Like once to four times a year. Maybe more depending on whether I can on Vacation that year.**
- What activities do you like to partake in at the beach?
 - **Drink, Sit Down, and relax, Play Frisbee and Football. I like to listen to my Ipod and lay down. Sometimes I like lay down and Tan.**
- What do you bring with you to the beach?
 - **Towel, Flip Flops, Sunglasses, Sun Screen, Oil, Money in the form of Cash, a Radio, A Girl, Ipod, Cell Phone, No reading materials...look at girls!**
- How do you carry your stuff to the beach? How do you carry your towel?
 - **Board shorts with Cargo Pockets. They make a special effort to buy board shorts with Cargo Pockets. Backpack. When they are with their Parents, they bring a beach bag. Like a tote Bag.**
 - **I carry my towel in my hand, around my neck, and folded in my backpack or tote bag (when with parents)**
- How big is a good beach towel?
 - **Bigger is Better. Big enough to lay out and not touch sand.**
- What do you expect of that towel?
 - **Soft, Comfortable, Thick Ones that are fluffy.**
- Could it be better?
 - **It could be fluffier, and repel sand. Repelling sand would be awesome!**
- What are some inconveniences you run into at the beach in regards to your stuff?
 - **Money and I.D. cards get lost real easily. Sun block gets really hot and watery. Always worrying about Cell Phone getting trashed. Ipod is not of high concern, but still make an effort to protect it. They always try to cover or hide their stuff with their T-Shirts. They often get worried about their money, as they are drinking and don't want to lose it.**

- Overall:

-A super waterproof towel would make them enjoy the beach more because they could hide their stuff in the towel and not worry about anything getting ruined. They want to know than

even if the pillow gets a soaked by a wave that the Ipod Cell Phone and Money wouldn't be affected. They would be willing to pay an above average price of around 30 to 40 dollars, especially if it was super waterproof. They are convinced that they would buy a towel with extra features over a regular towel!

Interview with Gabrielle Colaleo, Age 18.

Interviewer: Jon Sales

Moderator's Guide

Preamble (5 min)

- Thank you all very much for coming. Welcome to the interview.
- Today we are first going to be talking about fitness and going to the gym, and second we will discuss going to the beach.
- This will be an informal discussion.
- Feel free to give your points of views on anything you want, and don't be discouraged to disagree with things.
- There is no right or wrong answers.
- My colleague here will be observing us, don't mind him. We will be recording this session. If that's a problem with any of you let us know.
- Are there any questions or concerns?

Introduction (5 min)

I'd like to go around the room and have you introduce yourselves.

- How often do you go to the gym?
- Work out 5 days a week –just started
- Run outside and do ab work at home
- Tucson racquet club occasionally
- 3 times a week at the club – but not the gym part, and play tennis,
- also do pilates and ab classes, yoga is really fun
- its really relaxing
-

Gym (30 min)

I'd like to explore a little more of your gym habits.

- What is your reasoning for going to the gym?
 - **To feel good, endorphins to make you feel happy**
 - **keep fit and in shape- find a future husband, cuz it would be hard if your overweight when you are older**
 - **I will love myself if I am fit, and I just feel good when I work out**
 -
 -
 - **Explore**
- What exercises do you participate in?
 - **Crunches, running, extreme crunches and running, power walking, tennins, swimming, yoga, pilates,**
 - **Zumba hip hop groove dance thing available**
 - **I really like to stretch**
 - **I always stretch before you work out, and stretch everyday and stretch for about 3-5 minutes maybe 10 if I really feel like it**
 -
 -

- **Explore**
- What other things do you bring when you go to the gym?
 - **Water, ipod, swimsuit, tennis racquet, shoes towel, definitely shuffle**
 - **I bring a bag occasionally, with shoes, towel, chapstick, wter, keys cell phone**
 - **Same bag brought everytime, I leave it in the room or by the coatrack in my house**
 - **I leave it at the back of the gym, but if Im running by myself its next to me, or by any sport activities**
 - **Any classes I leave the bag in the back of the class**
- How do they get there? How do you store/organize them?
 - Usually wash the towel, and wash the water bottle before I put them in there, but leave the shoes in there unless they need to air out
 - I clean the towels and such much later, usually that evening when Im doing other chores and such
 -
 -
 -
 - **Explore**
- What is your normal habits when going to the gym? Where do you come from, where do you return to? Whats with you/not with you?
 - I leave from my house usually cuz I have to get ready, but afterwards I go back home and shower
 - Definiitely have a routine-stretches and crunchers here, then leave and run outside or gym and do weights, then come back – run outside tho because treadmills are too structured
 - When I run I bring my water bottle, and my shuffle ipod, sometimes not even a water bottle, don't bring the keys, sometimes bring one key in one pocket like car or the house key – or leave the house open
 - Usually run at the evening-an hour before it gets dark-dusk because its not as hot, or if im feeling really good really early AM like 7 and do like a slow power walk
 - Clothing-I wear baggy shorts and sports bra and put my hair in a bun/pony tail and I bring nice running shoes with thick socks, but I have many pairs of running shorts
 - **explore**
- How regularly do you use gym lockers?
 - I used it once-so no, but I put my water bottle in there- it was a big thermos, and my car keys
 - But really never use it
 - **Explore**
- What are some inconveniences you run into at the gym in regards to your stuff?
 - Hate people standing around your stuff or making a big deal taking too long doing a workout or on a certain machine
 - **Never really had a problem with my sutff, racquet club is pretty chill-mostly old people and children, but I would be worried about my bike if I brought it**
-
- **Don't bring up towels unless they do and in that case just generally let them lead the conversation...go into beach discussion if towel isn't talked about and bring the idea back later**
- Let's talk a little more about the towel....
- How often do you remember to bring a towel?
- Do you put the towels on the machine you're using?
- How big should an ideal gym towel be?

Transition (10 min)

- What sports/activities do you play/do?
 - Soccer, tennis, swimming, salsa –work out salsa dancing, cheerleading I have done before, dancing in general I really like to dance-but mostly at my house
- How often do you do those activities?
 - Usually do those activities once every two weeks, but mostly my regular routine I do, its hard to start doing soccer and other things since I don't do it continually
 -
- What about the beach?
-

Beach (30min)

Now let's concentrate on the Beach a little more.

- How often do you go the beach?
 - Whenever I get the chance – prolly like 3 to 5 times a year, whenever I am in cali I always go to the beach, anywhere there is a beach I will go to
 - When im there I usually go like once a week cuz the drive is like a half hour, but if im in SD I will go everyday, depends on how close I am to the beach
- What activities do you like to partake in at the beach?
 - **Explore**
 - **I play with the football, tanning, boogie boarding, jetskis, tanning, playing in the sand, sandcastle, and I dig for crabs, freesby deinfinteyl and some soccer here and there and sometimes I will run or stroll on the beach**
- What do you bring with you to the beach?
 - **Explore**
 - **Towel, umbrella, chapstick, sunscreen, water, munchies, beer, Towel, hats, surfboard, sunglasses, lil water booties,boogie boards, and boards fo any type, freesbie and beach bag, and much**
- How do you carry your stuff to the beach? How do you carry your towel?
 - I use a beach bag, a big ole HUGE beach bag, one that can get wet especially, water proof or seethru plastic one that can go on my shoulder
 - And you carry the boogie boards
 - I usually fit the towel in, but after if its wet or sandy I will carry the towel, usually draped around my shoulder or neck, occasionally tied around my waist or neck,
 -
 - **Explore**
- How big is a good beach towel?
 - **HUGE!!!!** Gotta be like 6 feet and definetly bigger than your body, it should fit two people,
 - Its usually a character design and some pink in the twoel, it must be comfortable and fluffy,
- What do you expect of that towel?
 - It must be clean when you go there, must smell good so you can stick your face in it
 - Expect it to not fly away, to dry my off real good and to take the sand off my body, and I expect it to be all a towel can be
 - I paid like 20 bucks or mabe 12.99 at target there for it
 -

- Could it be better?
 - Yeah definitely, it could be bigger, it could be LESS wet and absorb better but not feel as wet, and dry itself off, and if the sand particles could just shake off really easily cuz they attach to the towel, cuz that is the worst when drying off
 - Gotta be warm and fluffy-er, I would pay like 20-40 bucks for a really good towel without sand particles! Damn rich folk would want them but I would want them, and I would get it somehow
- What are some inconveniences you run into at the beach in regards to your stuff?
 - SAND!!!! Sand it everywhere, it's a pain to have money and credit cards, I worry about my keys and money while Im in the ocean or anywhere else, and I hate the seagulls pooping on my towel and bags and stuff
 - - **What about your gym towel?**
 - **I bring a little hand type towel, or I steal the gyms towels cuz theres usually a stack that is clean that I can steal from,**
 - **I want my gym towel to take the sweat off my face, and I wish it didn't smell so bad after I worked out cuz it smells so bad and I have to wash it that night or its so gross!**
 - **I want a thicker and fluffier towel, and maybe scented...that would be really nice, and maybe glow in the dark for nighttime so I can run with it**

Running Towel

-very tiny but could grow or something, water on it and it grows, and glow in the dark would be nice

-I want a biodegradable and disposable

Closing

- Finally, I'd like for you to come up with ideas on what can be better at the gym and at the beach in regards to comfort and convenience..
 - Something you can move a bunch of stuff to the beach without wheels, a sliding thing for bringin stuff,
 - **Dry really fast towel, or music coming from the towel-**
 - **Beer holder in the beach towel, or keep the sand out or keep it cool, maybe a flap to protect it, or a hoody for the beach to go over my head!!!, a hoody would be really sweet**
 -
- Don't worry whether it's a good or bad idea?
- Just call out anything to occurs to you- obvious, profound, serious, silly, whatever...
- **Explore and Refine**
- Thank the respondent and close the session.

Avi's Interview

Adam Seid

From: San Diego, CA

Gym

- go to the gym once a week.

- Likes to try to be a normal person and stay in shape, fails, but tries.
- Performs every exercise, depends on the day.
- Brings, towel, keys, and an ipod.
 - Uses the little mini locker for his keys.
 - Doesn't bring his phone in to the gym.
- Inconvenience at LA fitness- you get rid of your keys, but at the same time, you receive a new key- the locker key, never realized it. The new key is a great inconvenience, feels like it will more easily be lost anyways.

Beach

- Goes to the beach 4 times a year.
- Likes to lay out. Likes to definitely bring a Frisbee or a football to play around. Doesn't like going in the water so much. Maybe a little dip of the feet.
- Brings to the beach- Frisbee, towel, phone, keys, sun screen, book or magazine, ipod, sunglasses, sometimes food.
- How do you carry all this stuff? Sometimes with a backpack, sometimes just a plastic bag.
- Gets there, lays out towel, sits down. Puts stuff to the side, leaves phone and keys in backpack. Basically, leaves everything in the backpack and then takes it out as he uses it.
- Is deathly afraid of stuff being stolen.
- Uses towel to lay down, not really so much to dry off because usually doesn't get wet.
- Inconveniences at the beach is that sand gets everywhere. Is afraid of phone getting wet and sandy.

Towels

- Uses standard extra large beach towel size. For the gym, uses smaller face towel.
- In regards to towel designs, would definitely want a cooler looking towel with more stylish designs.
- Expects durability, trust, comfort. Soakability.
- Would you pay more for a better towel with solutions to some of your inconveniences? Yes
- What does he think of potential water proof pocket ideas? Thinks it's a great idea, would definitely purchase.
- What about gym towels? Doesn't use gym card, just keys, so if keys attached to the towel in a convenient way, he would definitely consider it. He likes the magnet idea.

Target Market Chart

Product	Target Buyers	End Users	Demographic	Other
Overall	Distributors, Department stores, specialty stores	Active Lifestyles	14-65 year old, Middle to High Income	Gym, beach, golf, hiking, pool...
Gym	Gyms, Health Clubs, Resorts, Hotel Chains, Cruise Liners, Athletic retail	Gym Goers "Fit Consumers"	18-29 year olds, middle to high income	49.7 Million "fit consumers" in the U.S.
Beach	Towel Wholesalers, Beachfront Retailers	Beach Goers	14-55 year olds, middle to high income	Sales focused on coastal cities and vacation "hot spots"
Pool	Hotels Chains, Cruise Liners	Vacation goers, families	12-65 years old, higher average income	48,062 properties 4,476,191 guestrooms
Golf	Golf clubs, resorts, specialty shops	Golfers	25-54 year old, males, higher income	31.7 million golfers in US 3,800 new courses since 1990 (growth)

Competitor Evaluation

General

- Strengths: Cheap business model (online), Innovative designs
- Weaknesses: Visibility of products, Distribution methods, Lack of diversity in product lines, Bulk order requirements
 - Twaya: Overall, we plan to incorporate and improve existing products strengths into our towels, while purging our towels of as many weaknesses as possible.
 - Retail store sales, innovative design, diverse line of towels, individual product sales, competitive luxury towel prices

Beach

Beach Hog (http://www.shadeusa.com/beach_towels.htm#BEACH%20HOG)

- Strengths: two pockets, corner stakes, pillow, strap attachment, water resistant bottom, 74x40, \$19.99
- Weaknesses: Only available in blue, corner pegs "dorky", single person design
 - Twaya: Retail store sales, Stylish designs, Water-resistant pockets, XXXL Size (2 ppl)

Zippered Pillow Towel and Tote (<http://www.cartom.virtual-space.com/bchthng.htm>)

- Strengths: large pocket, pillow, 84x64
- Weaknesses: \$49.95, Only available in brown, tote bag is separate (defeats purpose of pocket)
 - Twaya: Retail store sales, Competitive price (\$25), Fun colors/designs

Running

Chill Towel (<http://stores.floridakeys.com/chilltowels/>)

- Strengths: Attractive packaging, Unique cooling formula
- Weaknesses: One time use, Not easily carried, Wrapped (creates trash)
 - Twaya: Retail store sales, Multiple use, easily carried, utility pockets

CompetiTowel (<http://www.westcoastfitnessproducts.com/>)

- Strengths: Unique method to attach towel to runner, retractable string, \$12.00
- Weaknesses: Towel flops around, hard plastic clip

- Twaya: Retail store sales, Dual-clip attachment (minimize flopping), Safety reflectors, Medical ID Slot, Competitive price (\$12)

Gym

McArthur Bench Towel (<http://www.mcarthurtowels.com>)

- Strengths: Aegis Microbe Shield, Customizable
- Weaknesses: Large-size (bench towel-22x44), bulk-order only
 - Twaya: Retail store sales, single towel purchase option, Membership/ID card slot, Magnet to attach to workout equipment, Easily attachable to pants, Smaller size, Diverse color options

Hiking

Apparel Pizzazz Dew Rag (<http://www.apparelpizzazz.com/id65.htm>)

- Strengths: Many colors, Co-branding
- Weaknesses: Bulky/thick material, \$29.00, Leaves neck exposed
 - Twaya: Retail store sales, Classic styling, Thin nylon material for around head (allow hiker/biker to wear hat/helmet over easily), Absorbent cotton neck piece retains water to cool and shade neck, Competitive price (\$14)

Pool

Swim Outlet: Swim Towels (<http://www.swimtowels.com>)

- Strengths: Many colors, soft velour material, \$9-\$25 price range
- Weaknesses: Solid color or beach themed, no pockets/adaptations
 - Twaya: Upscale design, Quality materials, Keycard/ID card slot, Competitive price (\$18)

Golf

Golf Pride Ultimate Grip Towel (<http://www.bestvaluegolf.com/golf-pride-eaton-ultimate-towel.html>)

- Strengths: Terrysoft/Suedesoft Materials, Easy-clip, Water resistant, Brand equity, Five color choices
- Weaknesses: Non-customizable, \$17.00
- Twaya: Retail store sales, Groove cleaner, Abrasive ball cleaner, Easy attach/detach clip, Diverse color choices, Competitive price (\$15)

REVISED FINANCIALS RE-FORMATTED FOR WORD

Owl Towels: Medium Demand

Projected Balance Sheets (\$s)

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Current Assets					
Cash	535,518	246,234	117,890	545,818	1,991,986
Accounts Receivable	2,353	29,182	101,365	361,134	1,318,014
Inventory	1,793	7,595	25,585	88,788	287,862
Other	-	-	-	-	-
Total Current Assets	539,664	283,011	244,839	995,740	3,597,863
Property and Equipment	7,300	17,650	17,650	17,650	17,650
(less accumulated depreciation)	(1,197)	(3,981)	(6,900)	(9,818)	(12,737)
Net Property and Equipment	6,103	13,669	10,750	7,832	4,913
Other Assets	-	-	-	-	-
TOTAL ASSETS	545,767	296,680	255,589	1,003,572	3,602,776
LIABILITIES AND					
MEMBERS' CAPITAL					
Liabilities					
Current Liabilities					
Accounts Payable	2,720	19,590	66,119	229,009	786,704
Other Current Payables	-	-	-	-	-
Revolving Line of Credit	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-
Total Current Liabilities	2,720	19,590	66,119	229,009	786,704
Long-Term Debt	-	-	-	-	-
Total Liabilities	2,720	19,590	66,119	229,009	786,704
Members' Capital					
Members' Paid-In Capital	750,000	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(206,953)	(472,910)	(560,530)	24,563	2,066,072
Less: Members' Interest Repurchased	-	-	-	-	-
Total Members' Capital	543,047	277,090	189,470	774,563	2,816,072
TOTAL LIABILITIES AND					
MEMBERS' CAPITAL	545,767	296,680	255,589	1,003,572	3,602,776

**Owl Towels: Medium Demand
Projected Income Statements (\$s)**

	Year 1	Year 2	Year 3	Year 4	Year 5
SALES					
Gross Sales	8,973	168,117	636,770	2,246,473	8,135,712
Returns and Allowances	(162)	(3,026)	(11,462)	(40,437)	(146,443)
NET SALES	8,811	165,091	625,308	2,206,036	7,989,269
COST OF SALES					
Materials	4,173	75,669	278,249	953,292	3,353,393
Labor	427	7,462	28,617	101,967	372,184
Taxes and Benefits	43	746	2,862	10,197	37,218
Other	416	7,763	29,306	103,201	373,340
TOTAL COST OF SALES	5,059	91,640	339,034	1,168,658	4,136,136
GROSS MARGIN	3,752	73,451	286,274	1,037,378	3,853,134
OPERATING EXPENSES					
Salaries and wages	137,500	180,000	195,000	210,000	210,000
Payroll taxes	9,625	12,600	13,650	14,700	14,700
Employee benefits	30,875	33,000	39,750	46,500	52,500
Depreciation	1,197	2,784	2,919	2,919	2,919
Bad debt expense	200	3,749	14,200	50,096	181,426
Prototype Develop.	3,333	-	-	-	-
Product Design Fees	1,500	1,500	1,500	1,500	1,500
Liability Insurance	7,000	14,400	16,800	19,200	21,600
Warehouse Lease	-	60,000	60,000	60,000	60,000
Forklift	-	2,400	2,400	2,400	2,400
Additional Operating Expenses	19,475	28,975	27,675	33,675	39,675
TOTAL OPERATING EXPENSES	210,705	339,408	373,894	440,990	586,720
OPERATING PROFIT (LOSS) BEFORE INTEREST AND TAXES	(206,953)	(265,957)	(87,619)	596,388	3,266,414
INTEREST EXPENSE	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(206,953)	(265,957)	(87,619)	596,388	3,266,414
DISTRIBUTION FOR TAXES	-	-	-	(11,295)	(1,224,905)
NET PROFIT (LOSS)	(206,953)	(265,957)	(87,619)	585,093	2,041,509
EBITDA	(205,756)	(263,173)	(84,701)	599,307	3,269,332

**Owl Towels: Medium Demand
Projected Cash Flows (\$s)**

	Year 1	Year 2	Year 3	Year 4	Year 5
CASH FLOWS FROM OPERATIONS					
Net income	(206,953)	(265,957)	(87,619)	585,093	2,041,509
Adjustments to reconcile net income to cash flows from operations					
Depreciation	1,197	2,784	2,919	2,919	2,919
Changes in certain assets and liabilities					
Accounts receivable	(2,353)	(26,829)	(72,183)	(259,769)	(956,880)
Inventory	(1,793)	(5,801)	(17,990)	(63,204)	(199,074)
Other current assets	-	-	-	-	-
Accounts payable	2,720	16,870	46,529	162,890	557,696
Other current payables	-	-	-	-	-
Revolving line of credit	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(207,182)	(278,934)	(128,345)	427,928	1,446,169
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	(7,300)	(10,350)	-	-	-
Other Assets	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(7,300)	(10,350)	-	-	-
CASH FLOW BEFORE FINANCING	(214,482)	(289,284)	(128,345)	427,928	1,446,169
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing of long-term debt	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(214,482)	(289,284)	(128,345)	427,928	1,446,169
Members' Capital Contributions	750,000	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	750,000	-	-	-	-
NET CASH FLOWS	535,518	(289,284)	(128,345)	427,928	1,446,169
CASH, BEGINNING OF PERIOD	-	535,518	246,234	117,890	545,818
CASH, END OF PERIOD	535,518	246,234	117,890	545,818	1,991,986

FINANCIAL ASSUMPTIONS DATA SHEET

The initial financial assumptions for our Arizona-based, LLC were derived from industry information, advice from our mentor and finance teacher, and initial sales and start-up capital assumptions.

Capital Invested
<ul style="list-style-type: none"> In month 1, team members contribute \$200,000 In month 1, an outside party invests \$550,000
<ul style="list-style-type: none"> Each group member invests \$50,000 to show intent for success.

Collection Cycle	Purchasing Lead Time
<ul style="list-style-type: none"> 60% at time of sale 25% at 60 days 15% at 90 days 	<ul style="list-style-type: none"> 80% just in time 15% at 30 days 5% at 60 days
<ul style="list-style-type: none"> Bad Debts at 2.23% (based on benchmark analysis of DeVant Towels) Many customers will pay at time of sale, but larger institutions will look for later payment cycles especially on common, generic towels. 	<ul style="list-style-type: none"> Lead time relies heavily on the order size, as well as the location of manufacturing facilities we choose to partner with.

Sales Growth & Revenue Model*

Towel	Monthly Growth Rate	Cost to Manufacture	Markup	Cost to Retailer	Markup	Cost to Consumer
Beach	15%	7.28	72%	\$12.50	100%	\$25.00
Gym	15%	4.10	95%	\$8.00	100%	\$16.00
Running	10%	3.99	75%	\$7.00	100%	\$14.00
Hiking	10%	4.63	73%	\$8.00	100%	\$16.00
Pool	15%	5.51	81%	\$10.00	100%	\$20.00
Golf	12%	4.39	105%	\$9.00	100%	\$18.00

*Returns and Allowances is 3% which is based on industry averages. To calculate tentative unit sales for each year, divide annual revenues by the average towel wholesale price of \$9.03.

Growth Rate Assumptions	Cost Assumptions
<ul style="list-style-type: none"> Dependant upon industry growth as a whole Assuming constant growth within each product for years 1 and 2, growth rates decrease slightly in year three and beyond as products mature 	<ul style="list-style-type: none"> -0.25% monthly declining material cost (manufacturing economies of scale) \$0.05 labor charge to inspect and repackage Roughly a 10% import expense per towel

Salaries	Operating Expenses
<ul style="list-style-type: none"> Founding members will receive an annual salary of \$30,000 beginning in month 1. (28% average tax rate for owners, progresses as income increases) In year 3, hire a sales person for a salary of \$15,000 plus 10% commission. In year 4 we will hire a second sales person for a salary of \$15,000 plus 10% commission. 	<ul style="list-style-type: none"> Prototype Development \$4,000 in year 1. Product Design Fees \$1,500/yr. starting in month 1. Warehouse Lease \$60,000/yr. starting in month 13.

Other Expenses
<ul style="list-style-type: none"> Liability insurance costs - \$12,000/yr starting in month 6 Fixed and variable employee benefits are required to maintain retain good employees Additional expenses involving promotions and marketing are anticipated

Sales Breakdown: Medium Demand											
Product Line	Price/Unit	Year 1		Year 2		Year 3		Year 4		Year 5	
		Units	Sales (\$)	Units	Sales (\$)	Units	Sales (\$)	Units	Sales (\$)	Units	Sales (\$)
Beach	\$12.50	440	5,500	3,400	42,500	14,500	181,250	57,000	712,500	221,000	2,762,500
Gym	\$8.00	440	3,520	3,400	27,200	14,500	116,000	57,000	456,000	221,000	1,768,000
Running	\$7.00	0	0	2,600	18,200	7,000	49,000	18,000	126,000	44,500	311,500
Hiking	\$8.00	0	0	2,600	20,800	7,000	56,000	18,000	144,000	44,500	356,000
Golf	\$9.00	0	0	2,900	26,100	9,000	81,000	26,000	234,000	72,500	652,500
Pool	\$10.00	0	0	3,500	35,000	15,000	150,000	59,000	590,000	229,000	2,290,000
Total Sales		880	\$9,020	18,400	\$169,800	67,000	\$633,250	235,000	\$2,262,500	832,500	\$8,140,500
EBITDA		(205,000)		(247,000)		(53,000)		691,000		3,599,000	

Owl Towels: Medium Demand
Projected Balance Sheets (\$s)

Month	1	2	3	4	5	6
ASSETS						
Current Assets						
Cash	\$728,275	\$715,050	\$701,492	\$687,933	\$674,374	\$653,722
Accounts Receivable	-	-	-	-	-	-
Inventory	-	-	-	-	24	292
Other	1,100	1,000	900	800	700	600
Total Current Assets	729,375	716,050	702,392	688,733	675,098	654,614
Property and Equipment	7,300	7,300	7,300	7,300	7,300	7,300
(less accumulated depreciation)	-	(109)	(218)	(326)	(435)	(544)
Net Property and Equipment	7,300	7,191	7,082	6,974	6,865	6,756
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	736,675	723,241	709,474	695,707	681,963	661,370
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	-	-	-	-	23	272
Other Current Payables	-	-	-	-	-	-
Revolving Line of Credit	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	23	272
Long-Term Debt	-	-	-	-	-	-
Total Liabilities	-	-	-	-	23	272
Members' Capital						
Members' Paid-In Capital	750,000	750,000	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(13,325)	(26,759)	(40,526)	(54,293)	(68,060)	(88,902)
Less: Members' Interest Repurchased	-	-	-	-	-	-
Total Members' Capital	736,675	723,241	709,474	695,707	681,940	661,098
TOTAL LIABILITIES AND MEMBERS' CAPITAL	736,675	723,241	709,474	695,707	681,963	661,370

Owl Towels: Medium Demand
Projected Balance Sheets (\$s)

Month	7	8	9	10	11	12
ASSETS						
Current Assets						
Cash	\$635,497	\$617,725	\$597,585	\$573,010	\$555,504	\$535,518
Accounts Receivable	952	1,345	1,547	1,779	2,046	2,353
Inventory	335	384	440	505	673	1,793
Other	500	400	300	200	100	-
Total Current Assets	637,283	619,854	599,872	575,494	558,322	539,664
Property and Equipment	7,300	7,300	7,300	7,300	7,300	7,300
(less accumulated depreciation)	(653)	(762)	(870)	(979)	(1,088)	(1,197)
Net Property and Equipment	6,647	6,538	6,430	6,321	6,212	6,103
Other Assets	-	-	-	-	-	-
TOTAL ASSETS	643,931	626,392	606,302	581,815	564,534	545,767
LIABILITIES AND MEMBERS' CAPITAL						
Liabilities						
Current Liabilities						
Accounts Payable	698	962	1,104	1,267	1,541	2,720
Other Current Payables	-	-	-	-	-	-
Revolving Line of Credit	-	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-	-
Total Current Liabilities	698	962	1,104	1,267	1,541	2,720
Long-Term Debt	-	-	-	-	-	-
Total Liabilities	698	962	1,104	1,267	1,541	2,720
Members' Capital						
Members' Paid-In Capital	750,000	750,000	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(106,767)	(124,570)	(144,802)	(169,452)	(187,007)	(206,953)
Less: Members' Interest Repurchased	-	-	-	-	-	-
Total Members' Capital	643,233	625,430	605,198	580,548	562,993	543,047
TOTAL LIABILITIES AND MEMBERS' CAPITAL	643,931	626,392	606,302	581,815	564,534	545,767

Owl Towels: Medium Demand

Projected Income Statements (\$s)

Month	1	2	3	4	5	6
SALES						
Gross Sales	-	-	-	-	-	-
Returns and Allowances	-	-	-	-	-	-
NET SALES	-	-	-	-	-	-
COST OF SALES						
Materials	-	-	-	-	-	-
Labor	-	-	-	-	-	-
Taxes and Benefits	-	-	-	-	-	-
Other	-	-	-	-	-	-
TOTAL COST OF SALES	-	-	-	-	-	-
GROSS MARGIN	-	-	-	-	-	-
OPERATING EXPENSES						
Salaries and wages	10,000	10,000	10,000	10,000	10,000	12,500
Payroll taxes	700	700	700	700	700	875
Employee benefits	2,500	2,500	2,500	2,500	2,500	2,625
Depreciation	-	109	109	109	109	109
Bad debt expense	-	-	-	-	-	-
Prototype Develop.	-	-	333	333	333	333
Product Design Fees	125	125	125	125	125	125
Liability Insurance	-	-	-	-	-	1,000
Warehouse Lease	-	-	-	-	-	-
Forklift	-	-	-	-	-	-
Additional Operating Expenses	-	-	-	-	-	3,275
TOTAL OPERATING EXPENSES	13,325	13,434	13,767	13,767	13,767	20,842
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	(13,325)	(13,434)	(13,767)	(13,767)	(13,767)	(20,842)
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(13,325)	(13,434)	(13,767)	(13,767)	(13,767)	(20,842)
DISTRIBUTION FOR TAXES	-	-	-	-	-	-
NET PROFIT (LOSS)	(13,325)	(13,434)	(13,767)	(13,767)	(13,767)	(20,842)

Owl Towels: Medium Demand

Projected Income Statements (\$s)

Month	7	8	9	10	11	12
SALES						
Gross Sales	1,025	1,179	1,356	1,559	1,793	2,062
Returns and Allowances	(18)	(21)	(24)	(28)	(32)	(37)
NET SALES	1,007	1,158	1,331	1,531	1,760	2,025
COST OF SALES						
Materials	480	551	632	725	832	954
Labor	49	56	64	74	85	98
Taxes and Benefits	5	6	6	7	9	10
Other	48	55	63	72	83	96
TOTAL COST OF SALES	581	667	766	879	1,008	1,157
GROSS MARGIN	425	490	565	652	752	867
OPERATING EXPENSES						
Salaries and wages	12,500	12,500	12,500	12,500	12,500	12,500
Payroll taxes	875	875	875	875	875	875
Employee benefits	2,625	2,625	2,625	2,625	2,625	2,625
Depreciation	109	109	109	109	109	109
Bad debt expense	23	26	30	35	40	46
Prototype Develop.	333	333	333	333	333	333
Product Design Fees	125	125	125	125	125	125
Liability Insurance	1,000	1,000	1,000	1,000	1,000	1,000
Warehouse Lease	-	-	-	-	-	-
Forklift	-	-	-	-	-	-
Additional Operating Expenses	700	700	3,200	7,700	700	3,200
TOTAL OPERATING EXPENSES	18,290	18,293	20,797	25,302	18,307	20,813
OPERATING PROFIT (LOSS)						
BEFORE INTEREST AND TAXES	(17,865)	(17,803)	(20,232)	(24,650)	(17,555)	(19,946)
INTEREST EXPENSE	-	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(17,865)	(17,803)	(20,232)	(24,650)	(17,555)	(19,946)
DISTRIBUTION FOR TAXES	-	-	-	-	-	-
NET PROFIT (LOSS)	(17,865)	(17,803)	(20,232)	(24,650)	(17,555)	(19,946)

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

Month	1	2	3	4	5	6
CASH FLOWS FROM OPERATIONS						
Net income	(13,325)	(13,434)	(13,767)	(13,767)	(13,767)	(20,842)
Adjustments to reconcile net income to cash flows from operations						
Depreciation	-	109	109	109	109	109
Changes in certain assets and liabilities						
Accounts receivable	-	-	-	-	-	-
Inventory	-	-	-	-	(24)	(268)
Other current assets	(1,100)	100	100	100	100	100
Accounts payable	-	-	-	-	23	249
Other current payables	-	-	-	-	-	-
Revolving line of credit	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(14,425)	(13,225)	(13,558)	(13,558)	(13,560)	(20,652)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	(7,300)	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(7,300)	-	-	-	-	-
CASH FLOW BEFORE FINANCING	(21,725)	(13,225)	(13,558)	(13,558)	(13,560)	(20,652)
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(21,725)	(13,225)	(13,558)	(13,558)	(13,560)	(20,652)
Members' Capital Contributions	750,000	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	750,000	-	-	-	-	-
NET CASH FLOWS	728,275	(13,225)	(13,558)	(13,558)	(13,560)	(20,652)
CASH, BEGINNING OF PERIOD	-	728,275	715,050	701,492	687,933	674,374
CASH, END OF PERIOD	728,275	715,050	701,492	687,933	674,374	653,722

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

Month	7	8	9	10	11	12
CASH FLOWS FROM OPERATIONS						
Net income	(17,865)	(17,803)	(20,232)	(24,650)	(17,555)	(19,946)
Adjustments to reconcile net income to cash flows from operations						
Depreciation	109	109	109	109	109	109
Changes in certain assets and liabilities						
Accounts receivable	(952)	(393)	(202)	(232)	(267)	(307)
Inventory	(43)	(49)	(56)	(65)	(167)	(1,121)
Other current assets	100	100	100	100	100	100
Accounts payable	425	265	142	162	275	1,179
Other current payables	-	-	-	-	-	-
Revolving line of credit	-	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(18,225)	(17,772)	(20,140)	(24,575)	(17,506)	(19,986)
CASH FLOWS FROM INVESTING ACTIVITIES						
Purchase of equipment	-	-	-	-	-	-
Other Assets	-	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-	-	-
CASH FLOW BEFORE FINANCING	(18,225)	(17,772)	(20,140)	(24,575)	(17,506)	(19,986)
CASH FLOWS FROM FINANCING ACTIVITIES						
Borrowing of long-term debt	-	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(18,225)	(17,772)	(20,140)	(24,575)	(17,506)	(19,986)
Members' Capital Contributions	-	-	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-	-	-
NET CASH FLOWS	(18,225)	(17,772)	(20,140)	(24,575)	(17,506)	(19,986)
CASH, BEGINNING OF PERIOD	653,722	635,497	617,725	597,585	573,010	555,504
CASH, END OF PERIOD	635,497	617,725	597,585	573,010	555,504	535,518

Owl Towels: Medium Demand
Projected Balance Sheets (\$s)

	Year 1			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
ASSETS				
Current Assets				
Cash	701,492	653,722	597,585	535,518
Accounts Receivable	-	-	1,547	2,353
Inventory	-	292	440	1,793
Other	900	600	300	-
Total Current Assets	702,392	654,614	599,872	539,664
Property and Equipment				
(less accumulated depreciation)	(218)	(544)	(870)	(1,197)
Net Property and Equipment	7,082	6,756	6,430	6,103
Other Assets				
-	-	-	-	-
TOTAL ASSETS	709,474	661,370	606,302	545,767
LIABILITIES AND MEMBERS' CAPITAL				
Liabilities				
Current Liabilities				
Accounts Payable	-	272	1,104	2,720
Other Current Payables	-	-	-	-
Revolving Line of Credit	-	-	-	-
Current Portion of L-T Debt	-	-	-	-
Total Current Liabilities	-	272	1,104	2,720
Long-Term Debt				
-	-	-	-	-
Total Liabilities	-	272	1,104	2,720
Members' Capital				
Members' Paid-In Capital	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(40,526)	(88,902)	(144,802)	(206,953)
Less: Members' Interest Repurchased	-	-	-	-
Total Members' Capital	709,474	661,098	605,198	543,047
TOTAL LIABILITIES AND MEMBERS' CAPITAL	709,474	661,370	606,302	545,767

Owl Towels: Medium Demand
Projected Income Statements (\$s)

	Year 1			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
SALES				
Gross Sales	-	-	3,559	5,413
Returns and Allowances	-	-	(64)	(97)
NET SALES	-	-	3,495	5,316
COST OF SALES				
Materials	-	-	1,663	2,510
Labor	-	-	169	257
Taxes and Benefits	-	-	17	26
Other	-	-	165	251
TOTAL COST OF SALES	-	-	2,014	3,044
GROSS MARGIN	-	-	1,481	2,271
OPERATING EXPENSES				
Salaries and wages	30,000	32,500	37,500	37,500
Payroll taxes	2,100	2,275	2,625	2,625
Employee benefits	7,500	7,625	7,875	7,875
Depreciation	218	326	326	326
Bad debt expense	-	-	79	121
Prototype Develop.	333	1,000	1,000	1,000
Product Design Fees	375	375	375	375
Liability Insurance	-	1,000	3,000	3,000
Warehouse Lease	-	-	-	-
Forklift	-	-	-	-
Additional Operating Expenses	-	3,275	4,600	11,600
TOTAL OPERATING EXPENSES	40,526	48,376	57,381	64,422
OPERATING PROFIT (LOSS)				
BEFORE INTEREST AND TAXES	(40,526)	(48,376)	(55,900)	(62,151)
INTEREST EXPENSE	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(40,526)	(48,376)	(55,900)	(62,151)
DISTRIBUTION FOR TAXES	-	-	-	-
NET PROFIT (LOSS)	(40,526)	(48,376)	(55,900)	(62,151)

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

CASH FLOWS FROM OPERATIONS

	Year 1			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Net income	(40,526)	(48,376)	(55,900)	(62,151)
Adjustments to reconcile net income to cash flows from operations				
Depreciation	218	326	326	326
Changes in certain assets and liabilities				
Accounts receivable	-	-	(1,547)	(806)
Inventory	-	(292)	(149)	(1,353)
Other current assets	(900)	300	300	300
Accounts payable	-	272	832	1,616
Other current payables	-	-	-	-
Revolving line of credit	-	-	-	-

TOTAL CASH FLOWS FROM OPERATIONS

(41,208)	(47,769)	(56,137)	(62,067)
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	(7,300)	-	-	-
Other Assets	-	-	-	-

TOTAL CASH FLOWS FROM INVESTING ACTIVITIES

(7,300)	-	-	-
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CASH FLOW BEFORE FINANCING

(48,508)	(47,769)	(56,137)	(62,067)
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CASH FLOWS FROM FINANCING ACTIVITIES

Borrowing of long-term debt	-	-	-	-
Repayment of long-term debt	-	-	-	-

CASH FLOW BEFORE

MEMBERS' CONTRIBUTIONS	(48,508)	(47,769)	(56,137)	(62,067)
Members' Capital Contributions	750,000	-	-	-
Members' Interest Repurchased	-	-	-	-

TOTAL CASH FLOWS FROM FINANCING ACTIVITIES

750,000	-	-	-
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NET CASH FLOWS

701,492	(47,769)	(56,137)	(62,067)
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CASH, BEGINNING OF PERIOD

-	701,492	653,722	597,585
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CASH, END OF PERIOD

701,492	653,722	597,585	535,518
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Owl Towels: Medium Demand
Projected Balance Sheets (\$s)

ASSETS

Current Assets

Cash	\$445,266	\$371,873	\$304,894	\$246,234
Accounts Receivable	9,451	13,718	19,976	29,182
Inventory	2,577	3,716	5,377	7,595
Other	900	600	300	-

Total Current Assets 458,194 389,907 330,546 283,011

Property and Equipment

(less accumulated depreciation) 17,650 17,650 17,650 17,650

Net Property and Equipment (1,792) (2,522) (3,251) (3,981)

Other Assets 15,858 15,128 14,399 13,669

TOTAL ASSETS - - - -
474,052 405,035 344,945 296,680

LIABILITIES AND

MEMBERS' CAPITAL

Liabilities

Current Liabilities

Accounts Payable	6,553	9,439	13,644	19,590
Other Current Payables	-	-	-	-
Revolving Line of Credit	-	-	-	-
Current Portion of L-T Debt	-	-	-	-

Total Current Liabilities 6,553 9,439 13,644 19,590

Long-Term Debt - - - -

Total Liabilities 6,553 9,439 13,644 19,590

Members' Capital

Members' Paid-In Capital	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(282,500)	(354,404)	(418,699)	(472,910)
Less: Members' Interest Repurchased	-	-	-	-

Total Members' Capital 467,500 395,596 331,301 277,090

**TOTAL LIABILITIES AND
MEMBERS' CAPITAL**

474,052 405,035 344,945 296,680

Owl Towels: Medium Demand
Projected Income Statements (\$s)

	Year 2			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
SALES				
Gross Sales	22,002	31,909	46,430	67,776
Returns and Allowances	(396)	(574)	(836)	(1,220)
NET SALES	21,606	31,334	45,594	66,556
COST OF SALES				
Materials	10,058	14,470	20,888	30,254
Labor	969	1,411	2,061	3,020
Taxes and Benefits	97	141	206	302
Other	1,019	1,475	2,144	3,125
TOTAL COST OF SALES	12,143	17,497	25,299	36,701
GROSS MARGIN	9,464	13,837	20,295	29,855
OPERATING EXPENSES				
Salaries and wages	45,000	45,000	45,000	45,000
Payroll taxes	3,150	3,150	3,150	3,150
Employee benefits	8,250	8,250	8,250	8,250
Depreciation	595	730	730	730
Bad debt expense	491	712	1,035	1,511
Prototype Develop.	-	-	-	-
Product Design Fees	375	375	375	375
Liability Insurance	3,600	3,600	3,600	3,600
Warehouse Lease	15,000	15,000	15,000	15,000
Forklift	600	600	600	600
Additional Operating Expenses	7,950	8,325	6,850	5,850
TOTAL OPERATING EXPENSES	85,011	85,741	84,590	84,066
OPERATING PROFIT (LOSS)				
BEFORE INTEREST AND TAXES	(75,547)	(71,904)	(64,295)	(54,211)
INTEREST EXPENSE	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(75,547)	(71,904)	(64,295)	(54,211)
DISTRIBUTION FOR TAXES	-	-	-	-
NET PROFIT (LOSS)	(75,547)	(71,904)	(64,295)	(54,211)

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

	Year 2			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
CASH FLOWS FROM OPERATIONS				
Net income	(75,547)	(71,904)	(64,295)	(54,211)
Adjustments to reconcile net income to cash flows from operations				
Depreciation	595	730	730	730
Changes in certain assets and liabilities				
Accounts receivable	(7,098)	(4,267)	(6,258)	(9,206)
Inventory	(784)	(1,139)	(1,660)	(2,218)
Other current assets	(900)	300	300	300
Accounts payable	3,832	2,887	4,205	5,946
Other current payables	-	-	-	-
Revolving line of credit	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(79,901)	(73,393)	(66,980)	(58,659)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	(10,350)	-	-	-
Other Assets	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(10,350)	-	-	-
CASH FLOW BEFORE FINANCING	(90,251)	(73,393)	(66,980)	(58,659)
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing of long-term debt	-	-	-	-
Repayment of long-term debt	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(90,251)	(73,393)	(66,980)	(58,659)
Members' Capital Contributions	-	-	-	-
Members' Interest Repurchased	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
NET CASH FLOWS	(90,251)	(73,393)	(66,980)	(58,659)
CASH, BEGINNING OF PERIOD	535,518	445,266	371,873	304,894
CASH, END OF PERIOD	445,266	371,873	304,894	246,234

Owl Towels: Medium Demand
Projected Balance Sheets (\$s)

ASSETS

Current Assets

Cash	\$189,942	\$146,903	\$120,429	\$117,890
Accounts Receivable	39,855	54,292	74,111	101,365
Inventory	10,257	13,882	18,828	25,585
Other	900	600	300	-

Total Current Assets	240,954	215,678	213,668	244,839
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Property and Equipment

(less accumulated depreciation)	(4,711)	(5,440)	(6,170)	(6,900)
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Net Property and Equipment	12,939	12,210	11,480	10,750
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Other Assets

TOTAL ASSETS	253,893	227,888	225,148	255,589
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LIABILITIES AND

MEMBERS' CAPITAL

Liabilities

Current Liabilities

Accounts Payable	26,555	35,918	48,684	66,119
Other Current Payables	-	-	-	-
Revolving Line of Credit	-	-	-	-
Current Portion of L-T Debt	-	-	-	-

Total Current Liabilities	26,555	35,918	48,684	66,119
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Long-Term Debt

Total Liabilities	26,555	35,918	48,684	66,119
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Members' Capital

Members' Paid-In Capital	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(522,662)	(558,031)	(573,537)	(560,530)
Less: Members' Interest Repurchased	-	-	-	-

Total Members' Capital	227,338	191,969	176,463	189,470
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**TOTAL LIABILITIES AND
MEMBERS' CAPITAL**

	Year 3			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
TOTAL ASSETS	253,893	227,888	225,148	255,589
LIABILITIES AND MEMBERS' CAPITAL				
Liabilities				
Current Liabilities				
Accounts Payable	26,555	35,918	48,684	66,119
Other Current Payables	-	-	-	-
Revolving Line of Credit	-	-	-	-
Current Portion of L-T Debt	-	-	-	-
Total Current Liabilities	26,555	35,918	48,684	66,119
Long-Term Debt	-	-	-	-
Total Liabilities	26,555	35,918	48,684	66,119
Members' Capital				
Members' Paid-In Capital	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(522,662)	(558,031)	(573,537)	(560,530)
Less: Members' Interest Repurchased	-	-	-	-
Total Members' Capital	227,338	191,969	176,463	189,470
TOTAL LIABILITIES AND MEMBERS' CAPITAL	253,893	227,888	225,148	255,589

Owl Towels: Medium Demand
Projected Income Statements (\$s)

	Year 3			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
SALES				
Gross Sales	94,216	128,277	175,016	239,261
Returns and Allowances	(1,696)	(2,309)	(3,150)	(4,307)
NET SALES	92,520	125,968	171,865	234,954
COST OF SALES				
Materials	41,742	56,414	76,405	103,688
Labor	4,212	5,751	7,869	10,786
Taxes and Benefits	421	575	787	1,079
Other	4,341	5,906	8,054	11,005
TOTAL COST OF SALES	50,716	68,647	93,114	126,557
GROSS MARGIN	41,804	57,321	78,751	108,397
OPERATING EXPENSES				
Salaries and wages	48,750	48,750	48,750	48,750
Payroll taxes	3,413	3,413	3,413	3,413
Employee benefits	9,938	9,938	9,938	9,938
Depreciation	730	730	730	730
Bad debt expense	2,101	2,861	3,903	5,336
Prototype Develop.	-	-	-	-
Product Design Fees	375	375	375	375
Liability Insurance	4,200	4,200	4,200	4,200
Warehouse Lease	15,000	15,000	15,000	15,000
Forklift	600	600	600	600
Additional Operating Expenses	6,450	6,825	7,350	7,050
TOTAL OPERATING EXPENSES	91,556	92,690	94,257	95,390
OPERATING PROFIT (LOSS)				
BEFORE INTEREST AND TAXES	(49,751)	(35,369)	(15,506)	13,007
INTEREST EXPENSE	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(49,751)	(35,369)	(15,506)	13,007
DISTRIBUTION FOR TAXES	-	-	-	-
NET PROFIT (LOSS)	(49,751)	(35,369)	(15,506)	13,007

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

CASH FLOWS FROM OPERATIONS

	Year 3			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
Net income	(49,751)	(35,369)	(15,506)	13,007
Adjustments to reconcile net income to cash flows from operations				
Depreciation	730	730	730	730
Changes in certain assets and liabilities				
Accounts receivable	(10,673)	(14,437)	(19,819)	(27,254)
Inventory	(2,662)	(3,625)	(4,945)	(6,757)
Other current assets	(900)	300	300	300
Accounts payable	6,965	9,363	12,766	17,434
Other current payables	-	-	-	-
Revolving line of credit	-	-	-	-

TOTAL CASH FLOWS FROM OPERATIONS

(56,293)	(43,038)	(26,475)	(2,539)
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CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of equipment	-	-	-	-
Other Assets	-	-	-	-

TOTAL CASH FLOWS FROM INVESTING ACTIVITIES

-	-	-	-
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CASH FLOW BEFORE FINANCING

(56,293)	(43,038)	(26,475)	(2,539)
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CASH FLOWS FROM FINANCING ACTIVITIES

Borrowing of long-term debt	-	-	-	-
Repayment of long-term debt	-	-	-	-

CASH FLOW BEFORE

MEMBERS' CONTRIBUTIONS	(56,293)	(43,038)	(26,475)	(2,539)
Members' Capital Contributions	-	-	-	-
Members' Interest Repurchased	-	-	-	-

TOTAL CASH FLOWS FROM FINANCING ACTIVITIES

-	-	-	-
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NET CASH FLOWS

(56,293)	(43,038)	(26,475)	(2,539)
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CASH, BEGINNING OF PERIOD

246,234	189,942	146,903	120,429
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CASH, END OF PERIOD

189,942	146,903	120,429	117,890
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Owl Towels: Medium Demand Projected Balance Sheets (\$s)

	Year 4			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
ASSETS				
Current Assets				
Cash	138,792	207,145	338,082	545,818
Accounts Receivable	138,902	190,681	262,205	361,134
Inventory	34,831	47,503	64,893	88,788
Other	1,800	1,200	600	-
Total Current Assets	314,325	446,528	665,779	995,740
Property and Equipment	17,650	17,650	17,650	17,650
(less accumulated depreciation)	(7,629)	(8,359)	(9,089)	(9,818)
Net Property and Equipment	10,021	9,291	8,561	7,832
Other Assets	-	-	-	-
TOTAL ASSETS	324,346	455,819	674,341	1,003,572
LIABILITIES AND				
MEMBERS' CAPITAL				
Liabilities				
Current Liabilities				
Accounts Payable	89,967	122,636	167,451	229,009
Other Current Payables	-	-	-	-
Revolving Line of Credit	-	-	-	-
Current Portion of L-T Debt	-	-	-	-
Total Current Liabilities	89,967	122,636	167,451	229,009
Long-Term Debt	-	-	-	-
Total Liabilities	89,967	122,636	167,451	229,009
Members' Capital				
Members' Paid-In Capital	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(515,621)	(416,817)	(243,110)	24,563
Less: Members' Interest Repurchased	-	-	-	-
Total Members' Capital	234,379	333,183	506,890	774,563
TOTAL LIABILITIES AND				
MEMBERS' CAPITAL	324,346	455,819	674,341	1,003,572

Owl Towels: Medium Demand
Projected Income Statements (\$s)

	Year 4			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
SALES				
Gross Sales	327,714	449,680	618,100	850,979
Returns and Allowances	(5,899)	(8,094)	(11,126)	(15,318)
NET SALES	321,815	441,586	606,974	835,661
COST OF SALES				
Materials	140,986	192,051	262,066	358,190
Labor	14,810	20,371	28,065	38,721
Taxes and Benefits	1,481	2,037	2,806	3,872
Other	15,066	20,664	28,393	39,078
TOTAL COST OF SALES	172,343	235,124	321,330	439,861
GROSS MARGIN	149,471	206,462	285,644	395,800
OPERATING EXPENSES				
Salaries and wages	52,500	52,500	52,500	52,500
Payroll taxes	3,675	3,675	3,675	3,675
Employee benefits	11,625	11,625	11,625	11,625
Depreciation	730	730	730	730
Bad debt expense	7,308	10,028	13,784	18,977
Prototype Develop.	-	-	-	-
Product Design Fees	375	375	375	375
Liability Insurance	4,800	4,800	4,800	4,800
Warehouse Lease	15,000	15,000	15,000	15,000
Forklift	600	600	600	600
Additional Operating Expenses	7,950	8,325	8,850	8,550
TOTAL OPERATING EXPENSES	104,563	107,658	111,938	116,831
OPERATING PROFIT (LOSS)				
BEFORE INTEREST AND TAXES	44,909	98,804	173,706	278,969
INTEREST EXPENSE	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	44,909	98,804	173,706	278,969
DISTRIBUTION FOR TAXES	-	-	-	(11,295)
NET PROFIT (LOSS)	44,909	98,804	173,706	267,674

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

	Year 4			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
CASH FLOWS FROM OPERATIONS				
Net income	44,909	98,804	173,706	267,674
Adjustments to reconcile net income to cash flows from operations				
Depreciation	730	730	730	730
Changes in certain assets and liabilities				
Accounts receivable	(37,537)	(51,779)	(71,524)	(98,929)
Inventory	(9,246)	(12,672)	(17,390)	(23,895)
Other current assets	(1,800)	600	600	600
Accounts payable	23,848	32,669	44,815	61,558
Other current payables	-	-	-	-
Revolving line of credit	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	20,903	68,353	130,937	207,736
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	-	-	-	-
Other Assets	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-
CASH FLOW BEFORE FINANCING	20,903	68,353	130,937	207,736
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing of long-term debt	-	-	-	-
Repayment of long-term debt	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	20,903	68,353	130,937	207,736
Members' Capital Contributions	-	-	-	-
Members' Interest Repurchased	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
NET CASH FLOWS	20,903	68,353	130,937	207,736
CASH, BEGINNING OF PERIOD	117,890	138,792	207,145	338,082
CASH, END OF PERIOD	138,792	207,145	338,082	545,818

Owl Towels: Medium Demand
Projected Balance Sheets (\$s)

	Year 5			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
ASSETS				
Current Assets				
Cash	575,508	777,743	1,217,488	1,991,986
Accounts Receivable	498,138	688,089	951,731	1,318,014
Inventory	121,662	166,936	229,353	287,862
Other	1,800	1,200	600	-
Total Current Assets	1,197,107	1,633,968	2,399,172	3,597,863
Property and Equipment				
(less accumulated depreciation)	17,650	17,650	17,650	17,650
	(10,548)	(11,278)	(12,007)	(12,737)
Net Property and Equipment	7,102	6,373	5,643	4,913
Other Assets				
	-	-	-	-
TOTAL ASSETS	1,204,210	1,640,341	2,404,815	3,602,776
LIABILITIES AND MEMBERS' CAPITAL				
Liabilities				
Current Liabilities				
Accounts Payable	313,666	430,222	590,864	786,704
Other Current Payables	-	-	-	-
Revolving Line of Credit	-	-	-	-
Current Portion of L-T Debt	-	-	-	-
Total Current Liabilities	313,666	430,222	590,864	786,704
Long-Term Debt				
	-	-	-	-
Total Liabilities	313,666	430,222	590,864	786,704
Members' Capital				
Members' Paid-In Capital	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	140,544	460,119	1,063,951	2,066,072
Less: Members' Interest Repurchased	-	-	-	-
Total Members' Capital	890,544	1,210,119	1,813,951	2,816,072
TOTAL LIABILITIES AND MEMBERS' CAPITAL	1,204,210	1,640,341	2,404,815	3,602,776

Owl Towels: Medium Demand
Projected Income Statements (\$s)

	Year 5			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
SALES				
Gross Sales	1,173,390	1,620,276	2,240,371	3,101,675
Returns and Allowances	(21,121)	(29,165)	(40,327)	(55,830)
NET SALES	1,152,269	1,591,111	2,200,044	3,045,845
COST OF SALES				
Materials	490,324	672,170	922,700	1,268,199
Labor	53,498	74,011	102,516	142,159
Taxes and Benefits	5,350	7,401	10,252	14,216
Other	53,868	74,366	102,804	142,302
TOTAL COST OF SALES	603,040	827,948	1,138,271	1,566,876
GROSS MARGIN	549,228	763,163	1,061,773	1,478,969
OPERATING EXPENSES				
Salaries and wages	52,500	52,500	52,500	52,500
Payroll taxes	3,675	3,675	3,675	3,675
Employee benefits	13,125	13,125	13,125	13,125
Depreciation	730	730	730	730
Bad debt expense	26,167	36,132	49,960	69,167
Prototype Develop.	-	-	-	-
Product Design Fees	375	375	375	375
Liability Insurance	5,400	5,400	5,400	5,400
Warehouse Lease	15,000	15,000	15,000	15,000
Forklift	600	600	600	600
Additional Operating Expenses	9,450	9,825	10,350	10,050
TOTAL OPERATING EXPENSES	127,021	137,362	151,715	170,622
OPERATING PROFIT (LOSS)				
BEFORE INTEREST AND TAXES	422,207	625,801	910,058	1,308,347
INTEREST EXPENSE	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	422,207	625,801	910,058	1,308,347
DISTRIBUTION FOR TAXES	(306,226)	(306,226)	(306,226)	(306,226)
NET PROFIT (LOSS)	115,981	319,575	603,832	1,002,121

Owl Towels: Medium Demand
Projected Cash Flows (\$s)

	Year 5			
	Qtr 1	Qtr 2	Qtr 3	Qtr 4
CASH FLOWS FROM OPERATIONS				
Net income	115,981	319,575	603,832	1,002,121
Adjustments to reconcile net income to cash flows from operations				
Depreciation	730	730	730	730
Changes in certain assets and liabilities				
Accounts receivable	(137,004)	(189,951)	(263,642)	(366,283)
Inventory	(32,873)	(45,274)	(62,417)	(58,510)
Other current assets	(1,800)	600	600	600
Accounts payable	84,657	116,556	160,642	195,840
Other current payables	-	-	-	-
Revolving line of credit	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	29,690	202,235	439,745	774,498
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of equipment	-	-	-	-
Other Assets	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	-	-	-	-
CASH FLOW BEFORE FINANCING	29,690	202,235	439,745	774,498
CASH FLOWS FROM FINANCING ACTIVITIES				
Borrowing of long-term debt	-	-	-	-
Repayment of long-term debt	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	29,690	202,235	439,745	774,498
Members' Capital Contributions	-	-	-	-
Members' Interest Repurchased	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	-	-	-	-
NET CASH FLOWS	29,690	202,235	439,745	774,498
CASH, BEGINNING OF PERIOD	545,818	575,508	777,743	1,217,488
CASH, END OF PERIOD	575,508	777,743	1,217,488	1,991,986

Projected Balance Sheets (\$s): High Demand

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Current Assets					
Cash	536,886	295,550	709,568	3,337,806	16,692,978
Accounts Receivable	4,396	93,707	484,746	2,508,777	13,112,675
Inventory	2,515	25,796	128,038	644,127	3,419,768
Other	-	-	-	-	-
Total Current Assets	543,797	415,054	1,322,352	6,490,711	33,225,421
Property and Equipment	7,300	17,650	17,650	17,650	17,650
(less accumulated depreciation)	(1,197)	(3,981)	(6,900)	(9,818)	(12,737)
Net Property and Equipment	6,103	13,669	10,750	7,832	4,913
Other Assets	-	-	-	-	-
TOTAL ASSETS	549,900	428,723	1,333,102	6,498,542	33,230,334
LIABILITIES AND					
MEMBERS' CAPITAL					
Liabilities					
Current Liabilities					
Accounts Payable	4,290	64,154	321,954	1,618,342	8,353,206
Other Current Payables	-	-	-	-	-
Revolving Line of Credit	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-
Total Current Liabilities	4,290	64,154	321,954	1,618,342	8,353,206
Long-Term Debt	-	-	-	-	-
Total Liabilities	4,290	64,154	321,954	1,618,342	8,353,206
Members' Capital					
Members' Paid-In Capital	750,000	750,000	750,000	750,000	750,000
Undistributed Members' Earnings	(204,389)	(385,431)	261,148	4,130,201	24,127,127
Less: Members' Interest Repurchased	-	-	-	-	-
Total Members' Capital	545,611	364,569	1,011,148	4,880,201	24,877,127
TOTAL LIABILITIES AND					
MEMBERS' CAPITAL	549,900	428,723	1,333,102	6,498,542	33,230,334

Owl Towels: High Demand
Projected Income Statements (\$s)

	Year 1	Year 2	Year 3	Year 4	Year 5
SALES					
Gross Sales	15,450	408,845	2,683,601	13,833,075	72,097,177
Returns and Allowances	(278)	(7,359)	(48,305)	(248,995)	(1,297,749)
NET SALES	15,172	401,485	2,635,296	13,584,080	70,799,428
COST OF SALES					
Materials	7,187	184,400	1,177,421	5,892,065	29,812,979
Labor	735	18,717	124,090	642,597	3,360,763
Taxes and Benefits	73	1,347	9,403	49,759	264,085
Other	716	18,887	123,776	637,635	3,322,257
TOTAL COST OF SALES	8,712	223,350	1,434,690	7,222,056	36,760,084
GROSS MARGIN	6,461	178,135	1,200,606	6,362,023	34,039,343
OPERATING EXPENSES					
Salaries and wages	137,500	200,000	215,000	230,000	245,000
Payroll taxes	9,625	14,000	15,050	16,100	17,150
Employee benefits	30,875	34,000	40,750	47,500	54,250
Depreciation	1,197	2,784	2,919	2,919	2,919
Bad debt expense	345	9,117	59,844	308,478	1,607,767
Prototype Develop.	3,333	4,000	4,000	4,000	4,000
Product Design Fees	1,500	1,500	1,500	1,500	1,500
Liability Insurance	7,000	14,400	16,800	19,200	21,600
Warehouse Lease	-	60,000	60,000	60,000	60,000
Forklift	-	2,400	2,400	2,400	2,400
Additional Operating Expenses	19,475	16,975	15,675	21,675	27,675
TOTAL OPERATING EXPENSES	210,850	359,176	433,938	713,771	2,044,261
OPERATING PROFIT (LOSS)					
BEFORE INTEREST AND TAXES	(204,389)	(181,042)	766,668	5,648,252	31,995,083
INTEREST EXPENSE	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(204,389)	(181,042)	766,668	5,648,252	31,995,083
DISTRIBUTION FOR TAXES	-	-	(120,090)	(1,779,199)	(11,998,156)
NET PROFIT (LOSS)	(204,389)	(181,042)	646,579	3,869,053	19,996,927
EBITDA	(203,192)	(178,257)	769,587	5,651,171	31,998,001

Owl Towels: High Demand

Projected Cash Flows (\$s)

	Year 1	Year 2	Year 3	Year 4	Year 5
CASH FLOWS FROM OPERATIONS					
Net income	(204,389)	(181,042)	646,579	3,869,053	19,996,927
Adjustments to reconcile net income to cash flows from operations					
Depreciation	1,197	2,784	2,919	2,919	2,919
Changes in certain assets and liabilities					
Accounts receivable	(4,396)	89,311	(391,038)	(2,024,031)	(10,603,897)
Inventory	(2,515)	(23,281)	(102,242)	(516,089)	(2,775,641)
Other current assets	-	-	-	-	-
Accounts payable	4,290	59,864	257,801	1,296,387	6,734,865
Other current payables	-	-	-	-	-
Revolving line of credit	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(205,814)	(230,986)	414,018	2,628,238	13,355,171
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	(7,300)	(10,350)	-	-	-
Other Assets	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(7,300)	(10,350)	-	-	-
CASH FLOW BEFORE FINANCING	(213,114)	(241,336)	414,018	2,628,238	13,355,171
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing of long-term debt	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(213,114)	(241,336)	414,018	2,628,238	13,355,171
Members' Capital Contributions	750,000	-	-	-	-
Members' Interest Repurchased	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	750,000	-	-	-	-
NET CASH FLOWS	536,886	(241,336)	414,018	2,628,238	13,355,171
CASH, BEGINNING OF PERIOD	-	536,886	295,550	709,568	3,337,806
CASH, END OF PERIOD	536,886	295,550	709,568	3,337,806	16,692,978

Projected Balance Sheets (\$s): Low Demand

	Year 1	Year 2	Year 3	Year 4	Year 5
ASSETS					
Current Assets					
Cash	555,566	373,467	153,307	80,203	386,093
Accounts Receivable	2,090	18,315	42,186	98,319	232,235
Inventory	1,683	4,559	10,207	23,186	43,920
Other	-	-	-	-	-
Total Current Assets	559,340	396,341	205,700	201,707	662,248
Property and Equipment	7,300	17,650	17,650	17,650	17,650
(less accumulated depreciation)	(1,197)	(3,981)	(6,900)	(9,818)	(12,737)
Net Property and Equipment	6,103	13,669	10,750	7,832	4,913
Other Assets	-	-	-	-	-
TOTAL ASSETS	565,443	410,009	216,450	209,539	667,161
LIABILITIES AND					
MEMBERS' CAPITAL					
Liabilities					
Current Liabilities					
Accounts Payable	2,504	12,118	27,196	61,716	133,042
Other Current Payables	-	-	-	-	-
Revolving Line of Credit	-	-	-	-	-
Current Portion of L-T Debt	-	-	-	-	-
Total Current Liabilities	2,504	12,118	27,196	61,716	133,042
Long-Term Debt	-	-	-	-	-
Total Liabilities	2,504	12,118	27,196	61,716	133,042
Members' Capital					
Members' Paid-In Capital	750,000	850,000	850,000	850,000	850,000
Undistributed Members' Earnings	(187,061)	(452,109)	(660,746)	(702,177)	(315,881)
Less: Members' Interest Repurchased	-	-	-	-	-
Total Members' Capital	562,939	397,891	189,254	147,823	534,119
TOTAL LIABILITIES AND					
MEMBERS' CAPITAL	565,443	410,009	216,450	209,539	667,161

Owl Towels: Low Demand
Projected Income Statements (\$s)

	Year 1	Year 2	Year 3	Year 4	Year 5
SALES					
Gross Sales	9,724	123,241	307,249	712,053	1,673,825
Returns and Allowances	(175)	(2,218)	(5,530)	(12,817)	(30,129)
NET SALES	9,549	121,022	301,718	699,236	1,643,696
COST OF SALES					
Materials	4,529	55,493	134,537	303,545	694,090
Labor	462	5,413	13,596	31,754	75,156
Taxes and Benefits	46	260	681	1,651	4,029
Other	451	5,696	14,196	32,946	77,505
TOTAL COST OF SALES	5,488	66,863	163,010	369,895	850,780
GROSS MARGIN	4,061	54,160	138,708	329,341	792,916
OPERATING EXPENSES					
Salaries and wages	120,000	170,000	185,000	185,000	185,000
Payroll taxes	8,400	11,900	12,950	12,950	12,950
Employee benefits	30,000	32,500	39,250	45,250	51,250
Depreciation	1,197	2,784	2,919	2,919	2,919
Bad debt expense	217	2,748	6,852	15,879	37,326
Prototype Develop.	3,333	4,000	4,000	4,000	4,000
Product Design Fees	1,500	1,500	1,500	1,500	1,500
Liability Insurance	7,000	14,400	16,800	19,200	21,600
Warehouse Lease	-	60,000	60,000	60,000	60,000
Forklift	-	2,400	2,400	2,400	2,400
Additional Operating Expenses	19,475	16,975	15,675	21,675	27,675
TOTAL OPERATING EXPENSES	191,122	319,207	347,345	370,772	406,620
OPERATING PROFIT (LOSS)					
BEFORE INTEREST AND TAXES	(187,061)	(265,048)	(208,637)	(41,431)	386,296
INTEREST EXPENSE	-	-	-	-	-
PROFIT (LOSS) BEFORE TAXES	(187,061)	(265,048)	(208,637)	(41,431)	386,296
DISTRIBUTION FOR TAXES	-	-	-	-	-
NET PROFIT (LOSS)	(187,061)	(265,048)	(208,637)	(41,431)	386,296
EBITDA	(185,864)	(262,264)	(205,719)	(38,513)	389,215

Owl Towels: Low Demand
Projected Cash Flows (\$s)

	Year 1	Year 2	Year 3	Year 4	Year 5
CASH FLOWS FROM OPERATIONS					
Net income	(187,061)	(265,048)	(208,637)	(41,431)	386,296
Adjustments to reconcile net income to cash flows from operations					
Depreciation	1,197	2,784	2,919	2,919	2,919
Changes in certain assets and liabilities					
Accounts receivable	(2,090)	(16,225)	(23,871)	(56,133)	(133,916)
Inventory	(1,683)	(2,875)	(5,648)	(12,979)	(20,734)
Other current assets	-	-	-	-	-
Accounts payable	2,504	9,615	15,078	34,520	71,326
Other current payables	-	-	-	-	-
Revolving line of credit	-	-	-	-	-
TOTAL CASH FLOWS FROM OPERATIONS	(187,134)	(271,749)	(220,160)	(73,104)	305,891
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of equipment	(7,300)	(10,350)	-	-	-
Other Assets	-	-	-	-	-
TOTAL CASH FLOWS FROM INVESTING ACTIVITIES	(7,300)	(10,350)	-	-	-
CASH FLOW BEFORE FINANCING	(194,434)	(282,099)	(220,160)	(73,104)	305,891
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowing of long-term debt	-	-	-	-	-
Repayment of long-term debt	-	-	-	-	-
CASH FLOW BEFORE MEMBERS' CONTRIBUTIONS	(194,434)	(282,099)	(220,160)	(73,104)	305,891
Members' Capital Contributions	750,000	100,000	-	-	-
Members' Interest Repurchased	-	-	-	-	-
TOTAL CASH FLOWS FROM FINANCING ACTIVITIES	750,000	100,000	-	-	-
NET CASH FLOWS	555,566	(182,099)	(220,160)	(73,104)	305,891
CASH, BEGINNING OF PERIOD	-	555,566	373,467	153,307	80,203
CASH, END OF PERIOD	555,566	373,467	153,307	80,203	386,093

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