



Audio Production Service

BUSINESS PLAN

JACK CORNWALL PRODUCTIONS

58305 South 20th St.
Kellogg, ID 83837

March 31, 1995

Jack Cornwall Productions is a business founded and run using the latest high-tech sound and recording equipment. By taking advantage of the latest equipment, Cornwall can maximize quality and profits, while decreasing the amount of time spent per project. Cornwall's business plan describes how the business will take advantage of the latest and greatest in technology to grow the business and become a leader, both regionally and nationally.

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EXECUTIVE SUMMARY

Jack Cornwall has been doing freelance audio production in the Northwest since the mid-1970s, usually while involved with specific broadcast stations. Jack has also had a high interest in consumer and professional electronics since the early '60s. The two areas have interwoven well over the years...and now it's time to take that interaction to a higher level.

Area One: Productions & Narrations

- Radio & television commercial audio
- Sales, training & industrial narrations

Area Two: Business Holding Message Services

- Custom production of message-on-hold messages, with possible expansion into message system hardware

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Area Three: Audio Archiving

- Transfer of irreplaceable audio from analog media (cassette and open-reel) to compact disc (CD).

HISTORY

Jack Cornwall Productions is an audio production service business, providing audio for radio and television commercials with both industrial and sales narrations, audio and/or video training tapes and telephone holding message services.

Jack Cornwall Productions operated as an in-home, part-time venture for just under a year. Beginning with a minimum investment in selected new and used studio equipment (financed through personal credit), the operation recouped start-up costs within 9 months. Since February, 1995, Jack Cornwall Productions has become more formal, with the filing of an Assumed Business Name, acquisition of a Federal Employer Identification Number, a business banking account and Merchant Services Agreement with Bank of America to accept VISA and MasterCard for telephone/mail orders. Jack Cornwall Productions has also been granted a Home Occupation Certificate by the city of Kellogg. The business is operated as a sole proprietorship.

PRODUCT & SERVICE DESCRIPTIONS

There are three basic areas Jack Cornwall Productions intends to expand upon and/or venture into:

Productions and Narrations

Although radio & television stations, advertising agencies, video production houses and individual businesses have contacted Jack Cornwall Productions to provide voice-overs and narrations, so far Jack Cornwall Productions has never committed time or funds to promote these services to others. If word-of-mouth is good (\$3000-\$4000 per year in gross income), an active promotional effort, targeted to specific users in underserved markets, should be great (\$15,000-\$18,000 per year).

Growth opportunities exist in providing quality voice-over services to small and medium market producers. This is simply an expansion of present operations, combined with identifying and contacting new users of produced audio and selling them on the idea of major-market quality with fast turnaround and efficient delivery.

Prior experience indicates atypical radio or television voice-over production job requires about two hours work and bills \$75.00 in total charges at present rates.

Normal radio-television production experiences some seasonal swings. They are mostly oriented toward holidays and are not a major factor here.

A sample of the Jack Cornwall Productions brochure and demo cassette are available upon request.

Holding Message Service

Study shows there is very little organized marketing to the small businesses around the country that have the capability of using Holding Messages. Jack Cornwall Productions has already begun reaching into that market.

A reader of Message or Techno-Speak magazines can order the Holding Messages Kit for \$7.95. The kit is shipped Priority Mail, and includes an audio cassette with music and voice samples, a self-help page detailing How to Develop a Message Script, a sample script and an order form. The \$7.95 is refundable on the first order and the charge for the message is \$50.00, plus shipping. VISA and MasterCard are accepted.

A typical Holding Message order will total \$65.00 and require about an hour to complete. The Holding



Message kit offers the customer a choice of three other voices. Message announcers are paid talent fees as needed.

It is expected that most Holding Message customers will want to seasonalize their messages. Because of this, after-sale marketing will focus on the April-May and October-November time frames. The Fall promotions will push new year images, while the Summer copy changes will remind customers about upcoming Fall holidays.

If sufficient demand is realized, Jack Cornwall Productions may offer Holding Message hardware. Distributorships are available. Samples of the Holding Message Kit are also available upon request.

Audio Archiving

Thousands of people have made family history recordings. In the '50s they were recorded on bulky tube-type open-reel tape recorders. In the '60s, many people switched to the smaller machines with the 3-inch reels. We sent tapes to loved ones in Vietnam, Korea and Europe, and they sent back their living letters. In the 70s and into the '90s, people are still recording their family history on audio cassette. While the cassette player is everywhere, most of those old open reel decks, if they still exist in the back corner of the basement, probably don't work anymore.

Today's emphasis is on digital and permanent recordings. The technology is available to transfer from the orphan format of analog open-reel and cassette tape to compact disc (CD).

Jack Cornwall Productions has access to machines that will still play many of the old orphan tape formats, as well as, the technical expertise to keep them running. Through using modern equalization software and a compact disc recorder Jack Cornwall Productions can transfer these recordings from tape to CD, and clean up the background hiss in the process.

Jack Cornwall Productions Audio Archive Service would:

- Market using 800 number advertisements in selected magazines.
- Charge a per-hour fee plus media costs.
- Return originals and new discs Mailspeed Next Day Service.

It's anticipated that there will be very little seasonality to this endeavor, except for the desire for holiday gifts. That, coupled with the natural seasonality of radio & TV production and Holding Message will make November and December very busy months at Jack Cornwall Productions.

Since this is a new endeavor, there is no definition of a "typical" job, but it is anticipated that an order for 4 hours of audio transfer, plus target media and shipping, should be approximately \$ 100.00 and would take about 5 hours.

To accomplish these three goals, Jack Cornwall Productions needs \$ 15,000.00, which will be used to finance working capital, equipment purchases, and the time and effort to fully market all three areas.

OBJECTIVES

Long Term

- Keep up-to-date on advances in audio and video production techniques in order to provide the best service to existing customers.
- Discover new uses for new and existing technologies.
- Expand facilities and staff as volume dictates.



Short Term

- Update studio tools to streamline production and decrease turnaround.
- Expand services offered - Real Estate/Travelers' Radio systems, etc.
- Expand marketing area.
- Use CD recorder for telephone Holding Messages to eliminate expensive hardware at end-user location.

MARKETING PLAN

Productions & Narrations

Jack Cornwall's ability to create straightforward audio production is well known to just a handful of advertising agencies, broadcast and cable operators, and businesses in the inland Northwest. Active marketing of Cornwall's capabilities and services throughout the region has been hampered by the need to work full time elsewhere.

A cursory check of the Phone Pages for Sand Point, Priest River, Wallace, St. Maries and Kellogg shows:

- 42 advertising agencies
- 49 video and cable production facilities
- 32 telephone system resellers

Dozens more in other small to medium Northwest markets.

An infusion of capital would allow Jack Cornwall Productions to:

- Actively contact these facilities to determine their audio needs.
- Produce and ship demo tapes to the decision-makers for presentation to their clients.

Holding Message Services

The marketing of this service has already begun. Depending on the results achieved with Phone Center and Connect, other areas may be explored. These may include other magazines, direct mail, participation in a card deck mailing, or other areas. Serious re-marketing to Holding Message customers for seasonal repeats is also planned.

Audio Archiving

This a brand new service. Sharing the concept with others has brought a favorable reaction. It's expected the first few months' jobs would be turned locally. Increasing to a regional or possibly national customer base would be accomplished by:

Placing classified ads in publications like *Parks in the NW*, *Outdoor Today*, *Modern Mankind* and *Trailer Expo*.

Evaluating the demographic and sociographic background of those leads and targeting the advertising appropriately.

OPERATIONS PLAN

Productions and Narrations

Modern high-quality, high-tech systems give Jack Cornwall Productions the capabilities to:

- receive a script by fax

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- consult on the script by telephone if necessary
- record the job
- preview the job with the customer by telephone
- deliver the finished product (tape) by courier (local, regional or national) the next business day.

Technology exists today to deliver finished audio productions on computer disk or by modem. However, many stations, agencies and production facilities are not yet equipped to support this type of transfer. Modem delivery would shift delivery costs from supplier to customer.

Holding Message Service

Holding Message marketing is targeted at the small-to-medium independent business.

- Potential customer responds to marketing with check or money order for \$7.95 and is shipped the Holding Messages kit.
- Customer information is entered in database for follow-up marketing.
- Customer sends script and order information.
- Script is produced as written and return-shipped ASAP by method chosen (Jack Cornwall Productions brochure is included in package)

Audio Archiving

A prospect responds to classified ad by calling for details. Determination is made as to whether transfer is possible:

- Source format
- Age and quality of source material
- Length of source material
- Non-binding estimate is given, based on above criteria. Charges include new media, hourly transfer charge and return shipment. Customer ships source materials (prepaid & insured) via U. S. Postal, Mailspeed, Quick D, etc.
- Material is transferred, with one-pass equalization to remove baseband hiss, to media chosen (CD, DAT, analog cassette)
- Call to customer to advise of outcome (play before/after sample if available)
- Return shipment by customer chosen method

COMPETITORS

Productions & Narrations

There are several audio production facilities in the inland Northwest. They are all part of a video service and do not employ full-time announcers.

The only competition at this time comes from radio announcers working as free-lance, using either their employers studio or working with one of the above independent production facilities.

Holding Message Services

This service is provided by one or two national telephone equipment manufacturers and by a few local telephone equipment resellers. Most businesses that want such service contact their local disk-jockey.

Recent issues of Dial It showed only two classified ads for this service, none mentioned price and only one



offered a demo tape.

Audio Archiving

There are no known organizations actively marketing such a service in this region.

COMPETITIVE ADVANTAGES

The distinctive competitive advantages which Jack Cornwall Productions brings to these enterprises are:

- Experience in this market. Jack Cornwall has over 20 years of hands-on experience in writing and producing radio and television voiceovers and narrations.
- Sophistication in distribution. Using today's (and tomorrow's) technologies to receive, produce and deliver finished product is a major advantage. This results in being the quick turnaround supplier in many time sensitive yet somewhat isolated markets.
- High quality, low price - Jack Cornwall Productions' rates are below others in the market, while the quality and service exceeds expectations.

By keeping overhead low, Jack Cornwall Productions will be able to funnel profits back into operations thus avoiding high debt or lost sales opportunities.

FINANCIAL DATA

Three Year Cash Flow Projection Assumptions

Cash Receipts	Percentages as indicated
Rent	In-home (tax deduction may be taken)
Utilities	Same as above
Telephone	Local, long distance fax and pager
Salaries	One
Announce Talent(MOH)	\$ 15.00 per script for about 40% of scripts
Audio duplication media	4.5% of total sales
Office Supplies	2% of total sales
Postage and shipping	5% of total sales
Marketing/Advertising	Trade, magazine, direct mail, etc. at 5%
Memberships/Licenses	Chamber of Commerce, etc.
Bank-VISA/MC charges	\$35.00 + 2.81% discount on bankcard sales
Accounting/Tax services	End of year and tax filing
Insurance	Riders on Homeowner's policy
Miscellaneous	1% of total sales
State Taxes	5% of cash receipts
Federal Taxes	25% of cash receipts
Terms to customers	Productions & narrations: Net 10, except Radio & television Net 60 Holding Messages: Check/Bankcard/C-0-D Audio Archiving: C-0-D

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Salaries	One
Announce Talent (MOH)	\$ 15.00 per script for about 40% of scripts
Audio duplication media	4.5% of total sales
Office Supplies	2% of total sales
Postage and shipping	5% of total sales
Marketing/Advertising	Trade, magazine, direct mail, etc. at 5%
Memberships/Licenses	Chamber of Commerce, etc.



Bank-VISA/MC charges	\$35.00 + 2.81% discount on bankcard sales
Accounting/Tax services	End of year and tax filing
Insurance	Riders on Homeowner's policy
Miscellaneous	1% of total sales
State Taxes	5% of cash receipts
Federal Taxes	25% of cash receipts
Terms to customers	Productions & narrations: Net 10, except Radio & television Net 60 Holding Messages: Check/Bankcard/C-0-D Audio Archiving: C-O-D

Our projections are for industries that have never been reached. Therefore they are based upon present real buying conditions and our own experience. Should sales not be up to projections, adjustments will be made in marketing, and long term commitments decreased or postponed.

EFFECTS OF LOAN

The money loaned to Jack Cornwall Productions will be used for the following purposes:

- Purchase of Simmons TX7D Portable DAT recorder for remote recording - (\$700.00)
- Working capital and initial marketing costs - (\$6,000)
- Purchase of Hollowitz Compact Disc Recorder - (est. \$4,500.00)
- Purchase of PC-Based audio editing and equalization workstation - (\$2,800)
- Misc. Startup costs - Accountant, technical consultant, misc. furnishings-(\$1,000)

These outlays will enable Jack Cornwall Productions to function as a full-time productions & narrations facility, continue marketing of Holding Messages and expand into Audio Archiving, and meet our conservative sales goals for the first year. This will also allow us to purchase these items rather than finance or lease them.

TARGETING NEW MARKETS

The world of audio and video is changing constantly. The spoken word alone, and spoken words with pictures will always be apart of life. Five years ago, few people were thinking of narrations on multimedia CD-ROM. Today, major companies are using pre-programmed "live" talent for on-hold system advisories. Tomorrow's audio applications might include interactive television or real-time audio transfer by internet. Jack Cornwall Productions wants to be poised for these coming technologies.