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Management Consulting Firm

BUSINESS PLAN

SALMON & SALMON

38260 Lake Superior Dr., Ste. 222
Philadelphia, PA 35008

This business plan is for a management consulting firm which intends to operate as a "virtual corporation." This will allow the firm to engage independent contractors with various skills and experience to meet the changing needs of their clientele.

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EXECUTIVE SUMMARY

Salmon & Salmon (S&S) is a privately owned for profit management consulting business, and a sole proprietorship. Consulting services are concentrated primarily in the services industry focusing on industrial, commercial, and governmental products in the Washington, D.C. metropolitan area.

Mission

Salmon & Salmon formulate strategies and facilitate change to clarify client objectives and goals. They provide a quantitative measurement of change based upon analysis integrity and special expertise.

Long Range Vision

Our primary service in five years will continue to be management consulting services. Our primary market will include industrial, commercial, trade, professional associations, political organizations and advocacy groups. Our competitive position will be as a niche specialist and virtual corporation that can easily adapt to rapid changes in the marketplace. Total sales will exceed $100,000 and administrative services will be out-sourced.

Core Values

Salmon & Salmon believe:

- Integrity and honesty guide all phases of the client and consultant relationship from the exploratory meeting to final delivery.
- Special expertise insures our clients attain cost effective, results oriented solutions.
- Excellence is the hallmark in all of our business associations with suppliers, independent consultants and most importantly our clients.

Management

Salmon & Salmon is a member in good standing with the American Consultants League and subscribes to their Code of Ethics. Our management team consists of the principal and owner, Pinky L. Salmon.

OBJECTIVES

The primary objectives of our organization are:

- To satisfy a market need to offer a full-time consulting product.
- To develop a client base requiring a team effort, versus a sole practitioner, to satisfy client requirements.

Business Goals

Compared to past performance offering strategy formulation and business planning in the consulting industry, we intend to form a virtual corporation whereby skilled consultants will match performance expectations to industry realities. As a virtual corporation, other sole practitioners can be brought onto a project as independent contractors, thereby preserving the consultant's desire to maintain independence.

Rationale

Considering our experience within the marketplace, we believe our clients demand more diverse services, especially small to medium size businesses. These companies typically do not have the financial resources to hire full-time professional staffs. They frequently look to "out-sourcing" or contracting for services focused on short-term task specific projects or on-going, less than full-time professional services.

All of our consultants come from environments where they managed large organizations, conducted comprehensive consultations in a variety of industries, and have proven records of obtaining results for their clients.

Position for Growth

Our position for growth is to understand our customers, competition, and industry. We intend to employ ethical and results driven consultants who are willing to remain independent and intent upon expanding their business development efforts.

We will jointly (principal and independent consultant) focus our business development efforts on companies with revenues exceeding $1.0 million, companies who are prime contractors to the federal government, national and international trade associations, and other businesses in the service sector.

The marketplace in Southern Pennsylvania is undergoing changes because of downsizing within the federal government. Currently, services to the federal government are concentrated within the telecommunications, computer and other high technology businesses.

PRESENT SITUATION

Market Environment

The second level of service is to those companies who are the prime contractors on government contracts or companies other than those providing government services. This secondary level is where Salmon & Salmon has focused its efforts.

Services

The present stage of services is in the test market stage.

Customers

Clients using our services are small businesses obtaining financing, negotiating leases, purchasing other businesses or starting a new enterprise. They have requested an expansion of our services to include a full-service package of consulting services.

Management

Most of our management is in place, however, we require a Human Resource, Marketing and Technology, and Computer consultant to complete our team.

Financial Resources

Financial resources are based upon the personal assets of Pinky L. Salmon. Current cash available is $8000.00.

MANAGEMENT

Pinky L. Salmon is a certified professional consultant. For more than 20 years, she has provided management consulting services to private and public sector clients. Ms. Salmon's expertise includes: strategic formulation, business planning, system analysis and operational audits. Ms. Salmon was a Senior Analyst for a management and engineering firm in Washington, D.C. subsequent to establishing Salmon & Salmon. She frequently contributes articles to local business publications and magazines.

Ms. Salmon is also a public speaker for a variety of business associations such as Rotary Clubs, the Association of Part Time Professionals, Tennessee Women in Business, etc.

She holds a B. A. degree in Business Administration from Northwestern University in Chicago, IL. She is certified in Total Quality Management principles. Ms. Salmon is a member of the American Consultants League, Sarasota, Florida and is an Executive Director the Business Advisory Council of Southern Pennsylvania.

In August 1993, Salmon & Salmon became licensed to do business in Pennsylvania. Salmon & Salmon conducted its market research throughout 1994 while simultaneously setting up operations. In January 1995, Salmon & Salmon positioned itself to offer management consulting services to medium size companies and trade associations.

Management Team

Pinky L. Salmon is the principal and owner of the company. She is responsible for daily operations and performing the client's requirements within the scope of individual contracts. She is also responsible for business development including planning, advertising, public relations and identifying new markets.

Outside Support

The services of an outside certified public accountant is required for income tax returns and financial statement preparation. A marketing professional assists the principal to make appropriate decisions related to marketing strategy. A transition management consultant assists the principal to make appropriate decisions related to the company's goals and vision.

People/Talent We Require

Pinky L. Salmon recognized that additional project support professionals are required to properly support clients' expanding requirements. Initial negotiations are underway with established consultants to market and collaborate on joint projects.

SERVICE DESCRIPTION

Salmon & Salmon's consulting service consists of strategic formulation and business planning. The service is used by enterprises (clients) who need to identify long term goals, get a new idea or venture "off the ground" or expand, acquire or refinance a project.

Development of other services is in progress and future services are planned using a network of other consultants. For example, when developing a business plan or strategy with a client, emerging requirements and/or deficiencies are often identified. Having the capability to offer services such as human resources, marketing and telecommunications will be a unique feature of Salmon & Salmon.

Useful Purpose and Benefits

Benefits that Salmon & Salmon offers are:

- A fresh perspective on a problem or business - an unbiased point of view.
- An objective assessment of the situation and help to define possible problems.
- A critique on how well a business is doing in such areas as strategy, executive compensation, marketing, production, point of sale effectiveness, and customer satisfaction.
- A project done faster and more skillfully at a lower cost (up to 40%) than in-house staff.

Outside management advisors provide tremendous support for management decisions and creativity. Outside advisors are:

- Tory Littman, C.P.A.
- Judith Walker, Livingston Communications, Marketing Consultant
- Caroline Smith, Transition Management Consultant
- Marcus Douglas, Attorney and Counselor at Law

Marketing

The fundamental thrust of our marketing strategy consists of attracting executives and business owners by personal contact and through conducting one hour seminars. We intend to reach management and business owners by conducting seminars on business planning strategies, and publishing "How To" reports at no cost to

the prospective client. Advertising will be placed in the classified ads of leading business publications and through earned media.

Finance

Financial expectations for 1996 and 1997 are very conservative. By 1998, we expect to collect a return on investment.

Conclusion

Salmon& Salmon enjoys an established track record for excellent service for our customers. Their expressions of satisfaction and encouragement are numerous. We intend to continue our advances in the marketplace with a more comprehensive package of consulting services.

MARKET ANALYSIS

Major Market Segments

Key points in defining market segment for consulting services is based on 1989-1994 Statistical Summary Areas of Business concentration in Northern Tennessee. Listed in order of priority, these segments are as follows:

- Government services, especially technical services and research and development.
- National and international trade and professional associations.
- Other business services, such as financial, personnel, office supply, public relations, etc.

Note: Businesses with 5-99 employees represent 39% of the small businesses in the state of Pennsylvania. Micro businesses with 0-4 employees represent 59%.

Technical Services and R&D Segment

The stability of the first market segment is uncertain. Government downsizing and reductions planned for the next two years will have a direct impact on the ability of this segment to remain viable. Industry has been in a downsizing trend since 1985 and government has been slow to implement similar changes. Consequently, the need for technology to replace personnel should remain constant for firms providing R&D and technical services.

National and International Trade Associations

This segment of the market should remain fairly stable in spite of government downsizing. The proximity to Washington, D.C. and the rapid transmission of information relating to public policy and legislation is essential to this market segment.

Other Business Services

The market potential for consulting services for small businesses and start up enterprises is infinite. Two years of market research has revealed that this market segment has limitations. Unless the particular enterprise generates revenues of at least $1.0 million, the company typically is not in a financial position to pay consulting fees. Start ups, as a rule, are under financed and considered high risk clients.

Strengths

In terms of consulting services provided by Salmon & Salmon, the company has several distinct advantages over the competition. First, all independent consultants have established reputations in a variety of industries including telecommunications, trade associations and government services. Consultants are computer literate and continually update their skills.

The breadth of options offered to clients is different from the competition. Salmon & Salmon is set up as a virtual corporation and can readily draw upon the resources of other independent consultants without maintaining a full-time staff of consultants.

In marketing, our most powerful assets are awareness, image and pricing. All independent consultants are well versed in business development techniques and fully understand the expertise of the other independent consultants. Should a client signal a need for services not directly related to the consultant's skills, the requirement will be passed on to the owner who in turn will take appropriate action.

Integrity, personal presentation skills and communicating product knowledge are paramount to carrying across quality and reliability to the client. Consultant's working under Salmon & Salmon's contract, exemplify these characteristics.

Pricing is far more competitive than larger consulting firms, simply because overhead is minimal and no full-time staff consultants will be used. Independent consultants will be subcontracted on a per project basis. Consultants will be responsible for preparing their reports and deliverables using criteria set down by Salmon & Salmon.

Vulnerabilities

There are two limitations inherent in our service. First, if an independent consultant does not complete a project because of unforeseen circumstances, Salmon & Salmon will have to develop a contingency plan acceptable to the client. A termination clause in the contract or letter of agreement will address such situations and should alleviate this problem and minimize the risk to the client.

Secondly, retaining a consultant who does not share the company's vision and method of operation is a weakness. Salmon & Salmon will employ only those independent consultants that have previously been contracted with S&S, or those who have a close personal relationship with S&S thereby reducing this potential weakness.

Unexploited Opportunities

An altogether new application for this service would be "spreading a wider net" when developing new business and tapping into new markets to identify opportunities for other consultants. Little risk is incurred by any consultant.

MARKETING STRATEGY

Salmon & Salmon's marketing strategy is to enhance, promote and support the fact that our services increase our clients' productivity and profit margins. Our consultants have the necessary "hands-on" expertise required to perform and in-depth, logical, practical and critical analysis of a client's needs, business strategies, goals, and short and long-term objectives at each stage of development and implementation.

To prove the value of our service, we involve the client in the entire consulting process from the conceptual stage to the finished product. Getting the client involved in every functional area of the business, is necessary so he/she will understand that these areas must be given equal attention in formulating short and long-term goals and objectives. The measurable benefit of this approach is a definite competitive edge and improvement

of the client's chances of a prospective lender or investor funding the venture. It also ensures continued success, viability, profitability and growth.

Pricing and Profitability

Fees are set high enough to give Salmon & Salmon credibility in the eyes of the prospective client. Fees are charged on an hourly or daily rate, fixed fee, or on a retainer basis depending upon the client's needs. The hourly or daily fee applies to very short-term assignments - a few days or one week at most. Fixed fees are preferred by clients, because they serve to establish a total dollar commitment risk on the part of Salmon & Salmon. This makes the marketing task of Salmon & Salmon easier. Annual retainer fees are acceptable when a client, who has used our services frequently want consultants "on-tap" which can be called upon whenever the need arises without paying the hourly or daily fee. Salmon & Salmon will not accept contingency fees.

Selling Tactics

Current selling tactics include advertising, seminars, direct calling, mail and networking through professional and business associations.

Advertising and Promotion

The company advertises in Market Monthly, a business magazine with over 2,000 subscribers. Pinky Salmon is a frequent featured writer for this publication.

The primary objectives are to increase Salmon & Salmon awareness and name recognition among business managers and generate qualified sales leads.

In 1994, the company participated in one Chamber of Commerce trade show. No sales were generated.

Research indicates that the best way to reach potential clients is to conduct one hour "How To" seminars and publish a "How To" booklet at no cost to prospective clients on topics of specific interest. Salmon & Salmon conducted seminars and presentations in the area of total customer service and effective business planning. The purpose was to establish company image and generate leads.

Advertising is costly and has not been successful in generating revenues. Referral business and direct contact with executives and centers of influence has been the primary source of business for Salmon & Salmon.

The company will arrange for interviews on business talk radio and local cable programs.

Direct Mail

The company has no plans for using direct mail.

Sales Support Collateral Materials

Sales support materials consist of a company portfolio, which includes magazine article reprints. Business cards, presentations, proposals and stationery are coordinated to reflect the company's message and image.

Investment in Advertising and Promotion

In 1994, advertising expenses represented 34% of revenues. In 1995, advertising expenses represented 10% of revenues. Revenues increased 54% in 1995.

Salmon & Salmon is investing in promoting more seminars and publishing "How To" pamphlets. Local banks and Chambers of Commerce have expressed interest in sponsoring "How To" seminars charging a minimal fee.

Business Relationships

Salmon & Salmon has formed valuable business relationships with management, computer and marketing consultants. Built upon this foundation, the company is moving forward with its virtual corporation concept. Forming strategic alliances and collaborating with established consultants will produce stable revenues, credibility, and increase market presence.

The company is pursuing a marketing strategic alliance with consultants in Human Resources, Marketing and Computer specialists. Our plans include those consultants marketing our services within their product line. In turn, Salmon & Salmon will offer the independent consultants' services to augment S&S' product lines.

FINANCIAL INFORMATION

1996 Budget

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Sales												
Consulting Services	0	0	0	1000	1000	2500	2500	3000	1500	1500	1000	1000
Total Sales	0	0	0	1000	1000	2500	2500	3000	1500	1500	1000	1000
Cost of Goods Sold (n/a)	0	0	0	0	0	0	0	0	0	0	0	0
Gross Profit												
Operating Expenses												
Sales & Marketing												
Advertising	0	0	100	0	0	100	0	0	0	100	100	100
Commissions	0	0	0	0	0	0	0	0	0	0	0	0
Entertainment	100	100	100	100	100	100	100	100	100	100	100	100
Literature	50	50	50	50	50	50	50	50	50	50	50	50
Promotions	0	0	0	0	0	0	0	0	0	0	0	0
Salaries	0	0	0	0	0	0	0	0	0	0	0	0
Trade Shows	0	0	0	0	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales & Marketing Costs	150	150	250	150	150	250	150	150	150	250	250	250

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
Sales												
Consulting Services	0	0	0	1000	1000	2500	2500	3000	1500	1500	1000	1000
Total Sales	0	0	0	1000	1000	2500	2500	3000	1500	1500	1000	1000
Cost of Goods Sold (n/a)	0	0	0	0	0	0	0	0	0	0	0	0
Gross Profit												
Operating Expenses												
Sales & Marketing Advertising	0	0	100	0	0	100	0	0	0	100	100	100
Commissions	0	0	0	0	0	0	0	0	0	0	0	0
Entertainment	100	100	100	100	100	100	100	100	100	100	100	100
Literature	50	50	50	50	50	50	50	50	50	50	50	50
Promotions	0	0	0	0	0	0	0	0	0	0	0	0
Salaries	0	0	0	0	0	0	0	0	0	0	0	0
Trade Shows	0	0	0	0	0	0	0	0	0	0	0	0
Travel	0	0	0	0	0	0	0	0	0	0	0	0
Total Sales & Marketing Costs	150	150	250	150	150	250	150	150	150	250	250	250

Accounting	0	0	0	0	0	0	0	0	0	0	0	0
Admin Salaries	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Education	100	100	100	100	100	100	100	100	100	100	100	100
Equipment Lease	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	300	0	0	0	0
Legal Fees	300	150	150	150	150	150	150	150	150	150	150	150
Licenses and Permits	25	0	0	0	0	0	0	0	0	0	0	0
Office Expenses	25	100	100	100	100	100	100	100	100	100	100	100
Office Rental or Lease:	0	0	0	0	0	0	0	0	0	0	0	0
Taxes (non-income)	0	0	0	0	0	0	0	0	0	0	0	0
Telephone	150	150	150	150	150	150	150	150	150	150	150	150
Utilities	0	0	0	0	0	0	0	0	0	0	0	0
Total G&ACost	675	500	500	500	500	500	500	800	500	500	500	500
Total Opr Expenses	825	650	750	650	650	750	650	950	650	750	750	750
Operations Income	-825	-650	-750	350	350	1750	1850	2050	850	750	250	250
Taxes on Income	0	0	0	120	120	603	638	705	293	603	86	86
Net Inc After Taxes	-825	-650	-750	230	230	1147	1212	1343	557	147	164	164

Research & Development (n/a)

General & Administrative

Accounting	0	0	0	0	0	0	0	0	0	0	0	0
Admin Salaries	0	0	0	0	0	0	0	0	0	0	0	0
Bad Debts	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0
Education	100	100	100	100	100	100	100	100	100	100	100	100
Equipment Lease	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	300	0	0	0	0
Legal Fees	300	150	150	150	150	150	150	150	150	150	150	150
Licenses and Permits	25	0	0	0	0	0	0	0	0	0	0	0
Office Expenses	25	100	100	100	100	100	100	100	100	100	100	100
Office Rental or Lease	0	0	0	0	0	0	0	0	0	0	0	0
Taxes (non-income)	0	0	0	0	0	0	0	0	0	0	0	0
Telephone	150	150	150	150	150	150	150	150	150	150	150	150
Utilities	0	0	0	0	0	0	0	0	0	0	0	0
Total G&ACost	675	500	500	500	500	500	500	800	500	500	500	500
Total Opr Expenses	825	650	750	650	650	750	650	950	650	750	750	750
Operations Income	−825	−650	−750	350	350	1750	1850	2050	850	750	250	250
Taxes on Income	0	0	0	120	120	603	638	705	293	603	86	86
Net Inc After Taxes	−825	−650	−750	230	230	1147	1212	1343	557	147	164	164

Cash Flow Forecast

	Last Year 1995	This Year 1996	Next Year 1997
Beginning Cash Balance	2,500	7,131	9,602
Cash Receipts	8,500	15,000	21,000
Collection of Receivables			
Interest Income	0	0	0
Total Cash Receipts	11,000	22,131	30,602
Cash Disbursements			
Accounts	2,264	6,475	12,000
Payments of Other Expenses	1,867	2,300	3,200
Income Tax Payments	0	3,254	7,200
Total Cash Disbursements	4,131	12,029	22,400
Net Cash from (Used for Operations)	1,131	10,102	8,202
Sale of Stock	N/A	N/A	N/A
Purchase of Equipment	0	500	0
Decrease (Increase in Funds Invested)	0	0	0
Short-term Borrowings (Repayments)	0	0	0
Ending Cash Balance	7,131	9,602	8,202

	Last Year 1995	This Year 1996	Next Year 1997
Beginning Cash Balance	2,500	7,131	9,602
Cash Receipts	8,500	15,000	21,000
Collection of Receivables			
Interest Income	0	0	0
Total Cash Receipts	11,000	22,131	30,602
Cash Disbursements			
Accounts	2,264	6,475	12,000
Payments of Other Expenses	1,867	2,300	3,200
Income Tax Payments	0	3,254	7,200
Total Cash Disbursements	4,131	12,029	22,400
Net Cash from (Used for Operations)	1,131	10,102	8,202
Sale of Stock	N/A	N/A	N/A
Purchase of Equipment	0	500	0
Decrease (Increase in Funds Invested)	0	0	0
Short-term Borrowings (Repayments) 0		0	0
Ending Cash Balance	7,131	9,602	8,202

Cash	2500
Business License & Permit	51
Education (books, tapes, courses)	1200
Initial Accounts Receivable	0
Inventory	0
Equipment	7500
Fixtures	N/A
Insurance (liability)	300

Start-Up Costs

Cash	2500
Business License & Permit	51
Education (books, tapes, courses)	1200
Initial Accounts Receivable	0
Inventory	0
Equipment	7500
Fixtures	N/A
Insurance (liability)	300

Rent Deposits	N/A
Remodeling	N/A
Utilities (telephones, fax)	750
Legal & Professional Fees	1200
Miscellaneous	500
Office Supplies	1100
Opening Advertising & Promotion	3000
TOTAL	**18,101**

Rent Deposits	N/A
Remodeling	N/A
Utilities (telephones, fax)	750
Legal & Professional Fees	1200
Miscellaneous	500
Office Supplies	1100
Opening Advertising & Promotion	3000

TOTAL	**18,101**

Start-up cost were financed from personal assets of Pinky L. Salmon. Salmon & Salmon conducts business from a home office appropriately equipped for business activity. Therefore, rent deposits, fixtures and remodeling costs are not applicable. S&S plans to move from a home office to a commercial office in 1997, as part of a business "incubation" arrangement.

AMERICAN CONSULTANTS LEAGUE CODE OF ETHICS

I, Pinky L. Salmon hereby certify that:
I am a member in good standing of the ACL.
I am competent in my field.
I will always make every attempt to identify the client's real problem.
I will always specify my role in the client's project or assignment.
I will adapt to the individuality of my client's problems.
My recommendations will be feasible.
I will at all times avoid a conflict of interest.
I will never deceive my client.
I will never fail to perform my services.
I will never be negligent.
I will always inform my client of the risks of any undertaking.
I will always inform my client of my basic approach to his problem.
The matter of my fee will always be presented forthrightly so that my client will always know what his or her money will buy.
I will maintain total confidentiality with regard to my client's business.
I will always work to the best of my ability to insure the quick success of my client's project.
Charges for expenses over and above my regular fee will always be fair and accurate.
I will never accept fees or commissions from others for recommending equipment, supplies or services to my client.
I understand that proven infraction to any of the above rules will cause immediate revocation of my CC accreditation as well as loss of membership in The American Consultants League.