



Cynthia Michaels

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Table of Contents

Page 4	Executive Summary
Page 5	Mission, Vision, and Culture
Pages 6-7	Start-Up Summary
Page 8	Market Segmentation
Page 9	Market research
Page 10	Strategy and Implementation
Pages 11-13	Sales Forecast
Page 13-15	Management Operations
Page 16	Financial Plan
Page 17	Break Even Analysis
Page 18-19	Profit and Loss
Pages 19-20	Funding Request/Exit Strategy
Page 20	Milestones
Page 21	List of Appendices
Pages 22-23	Appendices

1. Executive Summary

Digital Reverence Studios is an organization who understands that if you incorporate family values in the workplace, you will have success. We understand that there is an outside life after work. We also understand that a happy employee makes a great product. Digital Reverence Studios is a graphic design firm that also has a retail shop inside. This retail shop sells the designs of owner Cynthia Michaels through zazzle.com.

We offer T-shirts, Calendars, poster prints, hats, key chains, bumper stickers, bags, cards, magnets, mousepads, postage, and ties. Not only do Digital Reverence Studios offer its customers a chance to browse custom items, but they can also request other needs as well. If they need a logo design, website design, advertising or branding, this firm has it all under one roof. A specific team of designers trained in each field offers our customers a unique experience.

DR will bring the customization to the customer. For every item sold in the zazzle store, a portion of the profit will be awarded to the Utica community schools. This is a response that will hopefully bring the life back to four of the schools that were closed this year in the city of Sterling Heights, MI. Among those who purchase retail items average over \$20.00 when checking out from a retail store. The customers prefer to buy the posters offered at the zazzle store online more than any other product. They spend an average of \$20-\$250 for this single product.

Digital Reverence Studios startup will only cost \$25,000. This amount is for three years of startup costs. Our market analysis shows that the competition is slim for the Sterling Heights, MI area. We will be centrally located on Hall Road between Van Dyke and Schoenherr Road. Other locations we are currently seeking are just south of Hall Road/M59 on Schoenherr. There are over 100,000 customers and clients in the city of Sterling Heights. Throughout our research we have found that almost all of these potential customers will not only make one purchase.

DR's retail store can generate \$70,702.98 in the first six months by selling every item in the store. Six months is a great start because some months can be slower than others. The Graphic Design firm can generate \$30,000.00 its first year by getting solid clients who will be repeat customers.

1.1 Objectives

1. One fully operational graphic design/retail store within the first year
2. Have a sales rate of 35% by the second year.
3. A profit of 20% in sales from the zazzle store

1.2. Opportunity

The opportunity to seize this one of a kind experience is right now. The holidays are fast approaching and with the current location sites we have picked, we can open a whole new shopping experience to an overwhelming market of new customers.

2. Mission, Vision, Culture

The mission, vision and culture for Digital Reverence Studios are simple, plan to succeed. As an organization Digital Reverence Studios understands that if you incorporate family values in the workplace, you will have success. We understand that there is an outside life after work. We also understand that a happy employee makes a great product.

2.1. Mission Digital Reverence Studios' mission is to provide a great environment for not only its employees but for its customers as well.

Product Mission Take pride in ourselves in providing great customer service in our retail and professionalism in our design firm.

Community Mission Digital Reverence Studios will be active in community support that will involve not only customers but other citizens in the community.

Economic Mission Digital Reverence Studios will continue to grow and retain profit by using strong economic decision making.

2.2 Vision

Digital Reverence Studios will be a one of a kind one stop shop for retail accessories and graphic design.

2.3. Culture

Digital Reverence Studios is a fun but serious place to work. We understand the values of family, teamwork, customer relations, health, diversity, and a fast past environment.

3. Company Summary

Digital Reverence Studios is a graphic design firm that also includes a small retail shop. This retail shop sells the designs of owner Cynthia Michaels through zazzle.com. We offer T-shirts, Calendars, poster prints, hats, key chains, bumper stickers, bags, cards, magnets, mousepads, postage, and ties. Not only do Digital Reverence Studios offer its customers a chance to browse custom items, but they can also request other needs as well. If they need a logo design, website design, advertising or branding, this firm has it all under one roof. A specific team of designers trained in each field offers our customers a unique experience.

3.1 Company Ownership

Digital Reverence Studios is currently owned by Cynthia Michaels. It is a Limited Liability Company. Cynthia currently owns the name and 100% of the company shares. A portion of the shares will be used to raise capital. Cynthia and Brian will remain 52% of the ownership at all

times. This percent will be no less as other members are always welcome to purchase shares. This includes family, friends, employees, and Angel investors.

3.2 Start-Up Summary

Digital Reverence Studios startup expenses include inventory for the retail store and office supplies for the small design firm. This will include utility bills and advertising for the business. Other expenses include a kiosk, retail displays, Shelving units, hanger displays and 2 cash registers. These extra expenses total \$10,000.00. The grand start-up total is \$24, 456.17

Startup expenses

\$240.00 2 Adobe software licenses

\$3,000.00 for office furniture and retail fixtures

\$5,000 Office space for 5 months

Equipment/Furniture	\$3,000.00
Startup Expenses to fund	\$8,240.00
Total funding required	\$11, 240.00

Liability and Capital

Liabilities	\$10,000.00
Current Borrowing	\$0
Long Term Liabilities	\$0
Accounts Payable	\$0
Other current liabilities	\$0
Total Liabilities	\$10,000.00
Loss at Start-Up	\$11,240.00
Total Liabilities	\$10,000.00
Total funding	\$21,240.00

Digital Reverence Studios will focus on two special markets.

1. **The client for our Graphic Design Firm-** The client can be anyone who is interested in having professionals design their ideas.
2. **The customer for our zazzle store-** The customer we are looking for has an interest in our specialty designs for products such as T-shirts, key chains, magnets, etc.

4.1 Market Segmentation

Digital Reverence Studios is going to be focusing on the two different markets explained above. Advertising is the key to gain access to our target markets.

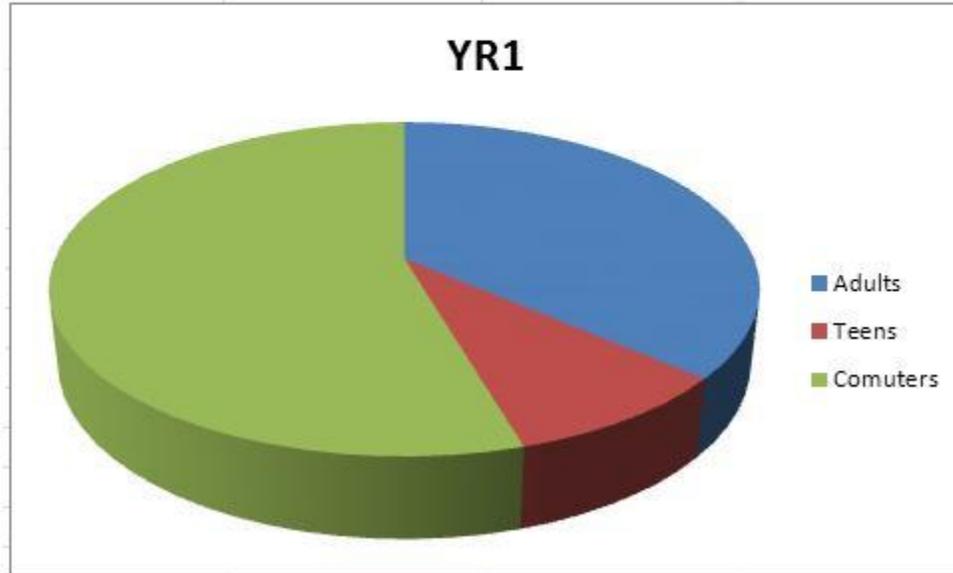
Customers for the zazzle store are defined as anyone who is interested in specialty customized items. The client is defined as someone who needs a firm to handle their new innovative ideas. For example, someone needs to advertise on a billboard, we would design the ad to fit on the billboard for them.

Market Analysis

Our market analysis shows that the competition is slim for the Sterling Heights, MI area. We will be centrally located on Hall road between Van Dyke and Schoenherr road. There are over 100,000 customers and clients in the city of Sterling Heights. Throughout our research we have found that almost all of these potential customers will not only make one purchase. If displayed right in the store, something else might catch their eye. This is a good time to start up a new, exciting company in this area.

Digital Reverence Studios Potential Customers

Market Analysis	Adults	Teens	Comuters
YR1	4%	1%	6%
YR2	5%	2%	8%
YR3	10%	4%	15%



4.2 Target Market Research

Digital Reverence Studios' target market is the individual who will shop for specialty, custom made retail items. The client is a company who will require a design firm to bring their new ideas to life by the way of graphic design. SS will bring the customization to the customer. For every item sold in the zazzle store, a portion of the profit will be awarded to the Utica community schools. This is a response that will hopefully bring the life back to four of the schools that were closed this year in the city.

4.3 Industry analysis

The retail/graphic design industries have been stagnating over the years. Retail has had it share of problems but with new competition on the horizon, this may bring retail back to life. Graphic Design however has also suffered the same fate. With a small firm of 500 employees closing last Christmas, a new firm may bring the industry back to life.

- Among those who purchase retail items average over \$20.00 when checking out from a retail store
- The customers prefer to buy the posters offered at the zazzle store online more than any other product. They spend an average of \$20-\$250 for this single product.
- Graphic design is preferred by companies such as Pepsi, Kellogg, Kroger, etc.

- Graphic Design can be only 15% of the business.
- The Retail shop will be expected to make 85% of the profits

4.3.1 Competition and buying patterns

Digital Reverence Studios has many competitors in the Sterling Heights area. The Graphic Design firm's competitors are Dynamic web studios, Innovative Media, Paw Graphics, Skidmore, and First Edition Graphics. Yankee candle company, Things Remembered, is the competition for the zazzle store.

If a customer is looking for a custom made card or t-shirt, they can browse our shop or they can specially order a design to be made. We can have the item shipped directly to their house, or they will be able to pick it up the next day. No other retail outlet offers this unique shopping experience.

5. Strategy and Implementation Summary

Digital Reverence Studios will embark on gaining customer trust by their professionalism and on time delivery of designs. The store front and design firm will be located in a convenient area. This idea is designed to have customers on a continuous basis. The customer will be able to either drop their ideas off to us and can shop our store while they wait, or they can come back at a later date when it is convenient for them.

Eventually we will provide a website service to where they can upload their ideas and we can carry them out so they will have more time to focus on other ideas. The design firm will be available to clients Monday-Friday 9:00 AM to 5:00 PM. The Zazzle store will be open for business Monday-Friday 9:00AM to 9:00 PM.

5.1. Products/Services

Digital Reverence Studios will provide our customer with the highest quality products. As stated in the start-up expenses report, they range from T-shirts to Ties. Our design firm will offer the client, Advertising design, Branding, Web design and more.

5.2. Competitive Edge

DR's competitiveness will be able to provide a high quality design or custom designed products at a very reasonable, competitive price.

5.3. Marketing Strategy

Our location will be the key to get the customer and clients into our place of business. The location we picked is in a high volume traffic area. This will also help us succeed at a faster rate because it will contain easy access in and out.

DR will advertise with facebook, twitter, circulars, television and radio.

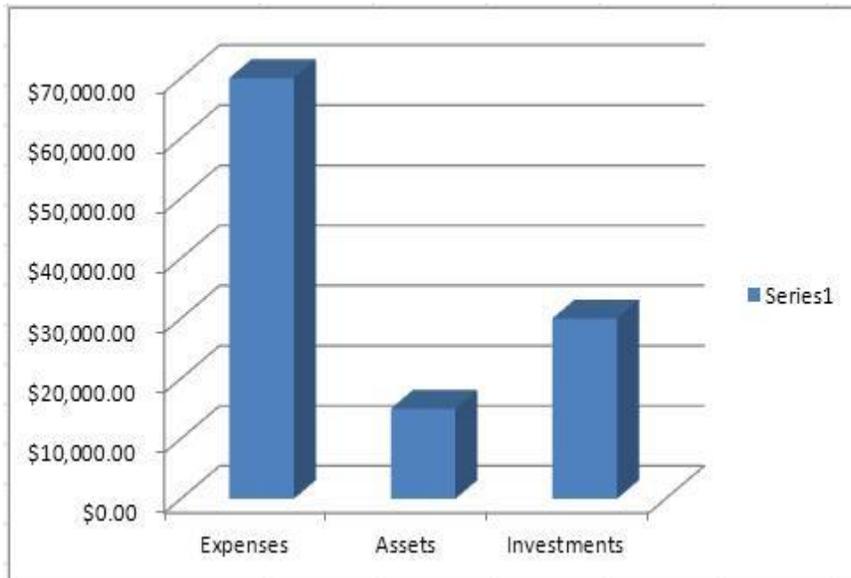
5.4. Sales Strategy

DR's sales strategy is simple. Give the customer/client the feeling they need to come in by giving coupons. Another source is word of mouth. This works best because it is a free type of strategy. There will also be posters hanging in the store windows giving details of what is on sale and special days for discounts etc.

5.4.1 Sales Forecast

DR's retail store can generate \$70,702.98 in the first six months by selling every item in the store. The sales forecast table below shows this. Six months is a great start because some months can be slower than others. The Graphic Design firm can generate \$30,000.00 or more its first year by getting solid clients who will be repeat customers.

Digital Reverence Studios – Sales Forecast



Zazzle Store Sales



Graphic Design Firm Sales

Unit Sales	FY1	FY2	FY3
Graphic Design Firm	\$48,000.00	\$50,000.00	\$67,200.00
Zazzle Retail store	\$70,702.98	\$141,405.96	\$153,189.79

The projected sale for the Graphic design firm is at a 2% increase for year two and year three.
 The zazzle store numbers are at a 2% increase per year.

Unit Prices	will stay the same for the first three years
Poster Prints	\$9.95
Poster Prints	\$13.95
Poster Prints	\$34.95
Custom Framing	Varies per frame design
Mousepads	\$6.95
Mousepads	\$9.95
Mousepads	\$13.15
T-Shirts	\$16.95

T-Shirts	\$17.95
T-Shirts	\$18.95
T-Shirts	\$19.95
Bags	\$20.95
Bumper Stickers	\$4.45
Calendars	\$20.95
Greeting Cards	\$2.95
Key chains	\$2.95
Hats	\$14.95
Mugs	\$20.95
Cups	\$15.95
Steins	\$20.95
Magnets (Round or Square)	\$3.45
Ties	\$29.95

Sales Zazzle Store	\$173,981.40	\$173,981.40	\$173,981.40
Design Firm Sales	\$104,000.00	\$105,000.00	\$106,000.00
Bulk Unit Costs	will remain the same for three years		

Cost of Sales	FY1	FY2	FY3
Zazzle Store	\$11,783.83	\$11,783.83	\$11,783.83
Design Firm	\$104,000.00	\$105,000.00	\$106,000.00

6. Management and Operations Summary

Digital Reverence Studios is a simple but unique place to work. Our one shop will require less overhead for our employees than other shops. We will remain a small firm/retail store. One

General Manager will run both operations. An assistant manager will also be needed for both operations. The Design team will consist of 2-4 people and the retail store will consists of 2-4 people as well.

Cynthia Michaels will bring 3 years of design experience and over 12 years of retail experience to this business. Her husband Brian also has over 5 years retail experience and 5 years of management experience. The three year plan of Digital Reverence Studios will most likely see Cynthia and Brian retired and will still own majority of the business. This majority will be 51% and will see increases in both the graphic design firm and retail store.

6.1 Personnel Plan

Again, with only having one location for the first three years, personal will be at a minimum. It will take only 14 people to run both places. We will need an accountant to manage the books that including but not limited to, a balance sheet and income sheet. Digital Reverence Studios will be a micro business and a Limited Liability Company. We will keep Digital Reverence Studios personnel as low as we can for our first three years. As stated in part 7 of this business plan, we hope to remain a small firm/retail store.

Digital Reverence Studios Personnel Three Year Plan

	FY1	FY2	FY3
Graphic Design Firm	\$156,000.00	\$156,000.00	\$156,000.00
Retail Store	\$48,384.00	\$53,760.00	\$53,760.00
Events	\$5,000.00	\$10,000.00	\$15,000.00
Total Personnel	4	4	4

6.2 Location

Digital Reverence Studios will be located in Sterling Heights, MI. On Schoenherr road just south of M-59. Or well have a site on Hayes road just south of M-59. Another choice is Hall Road and Van Dyke. We will determine the best location according to traffic volume and city demographics. The city of Sterling Heights is the choice for us because it is the second safest city to live in the United States. It also thrives on a competitive edge and has a large population over 120,000 citizens.

6.3 Inventory and Production

Digital Reverence Studios’ inventory will come straight from our online zazzle store. Zazzle is located in Redwood City, California. This is how our inventory for the retail store will be controlled. It will make our life easier by pre-ordering items. Then we will be able to determine what items we can keep permanently and what items we do not even need.

7. Financial Plan

Digital Reverence Studios financial plan is promising. SS will be operating under cash and credit. Our initial startup costs is lower than other retail stores because we are focusing on being a small shop. With having only one location to start, it drives our costs lower than most retailers in the area. As we make a sturdy financial investment in our employees, this will be one investment that will separate us from our competition. Our facility and equipment will be leased according to our needs. Inventory will be minimum inventory to start out then grow as the business grows.

SS anticipates that it will need a combination of investments to operate for long term. Once the business is in place and has a chance to grow, it will be financially sound because of customer need and requests.

7.1 Important Assumptions

As a business we need to focus on important assumptions. The following bulleted points explain each assumption.

- Digital Reverence Studios will assume a possible slow grow in the economy, hopefully without any recession.
- Digital Reverence Studios will assume that the public will have no change in their view of our products.
- Digital Reverence Studios will assume that it will be able to meet its client’s needs but its customer’s needs as well on a daily basis without incident.

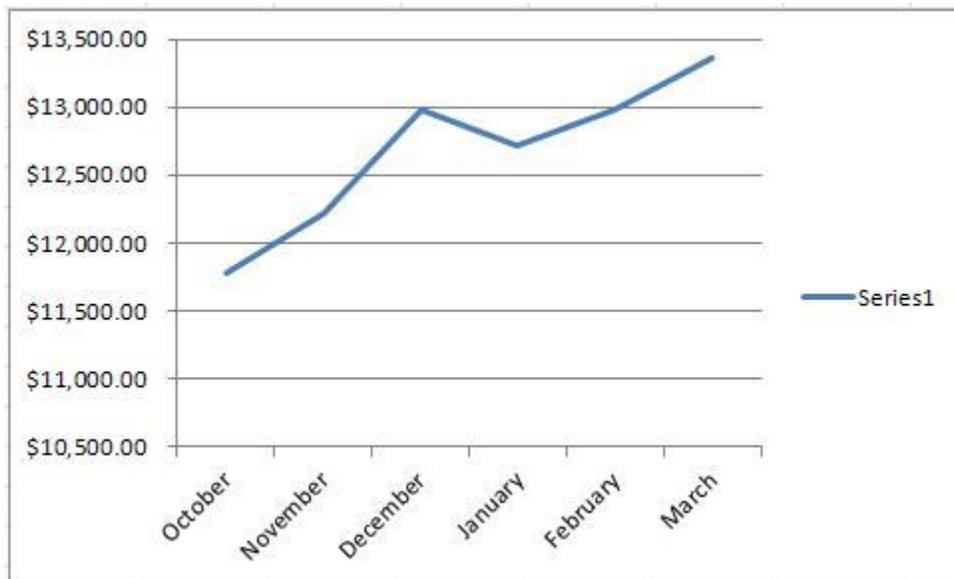
Digital Reverence Studios General Assumptions			
	FY1	FY2	FY3
Plan Month	1	2	3
Current Interest Rate	9.5%	9.5%	9.5%
Long Term Interest Rate	9.2%	9.2%	9.2%
Tax Rate	0.00%	0.00%	0.00%

Other 0 0 0

7.2 Break-even Analysis

Digital Reverence Studios average monthly fixed costs will be calculated by using the inventory from the retail store at the price per unit. Buying our inventory in bulk our first fixed costs is \$11,783.83. Then divide our fixed cost of the retail operation into the bulk price per unit MID estimates that it will need to sell its entire inventory at a price of \$10.72 to break even.

Digital Reverence Studios Break Even Analysis

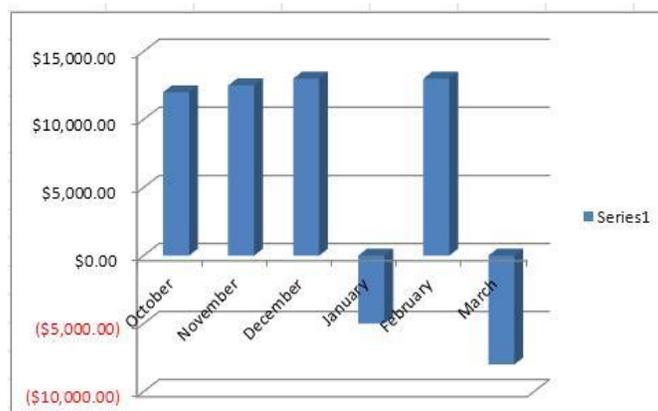


7.3 Profit and Loss

Digital Reverence Studios is hoping to gain some significant growth of business in the next three years. Reaching \$378,000 in sales and a 4.2% Gross Profit Margin by then end of its first year is our goal. Production costs are minimal as we only have one facility and 14 employees. Sales increase by 100% at the end of the first year due to advertising and spreading the word of this new exciting one of a kind shopping experience for customers. Operating costs will remain the same in all three years as we hope to be able to remain a small firm and small retail store.

Digital Reverence Studios will be able to break the mold of the normal retail chain within three years. Our equipment and leases will stay the same as stated before, we intend on shaving only one shop in the area of Sterling Heights, MI. Our web presence will be able to address outside sales and clients. We should not have to raise our operating expenses by a large amount. It will however increase gradually by giving increased raises and slight bonuses.

Digital Reverence Studios Profit and loss



Digital Reverence Studios-Pro Forma Profit and Loss

	FY1	FY2	FY3
Sales			
Costs of Goods	\$13,080.58	\$26,161.16	\$39,241.68
Costs of Goods Sold			
Gross Margin	\$14,780.00	\$30,322.26	\$40,282.26
Gross Margin%	25%	30%	40%
Expenses			
Payroll Retail	\$48,384.00	\$53,760.00	\$53,760.00
Payroll Graphic Design Firm	\$156,000.00	\$156,000.00	\$156,000.00
Marketing	\$15,000.00	\$10,000.00	\$8,000.00
Expenses			
Leased offices and Equipment	\$34,707.80	\$18,000.00	\$18,000.00
Utilities	\$4,428.00	\$4,428.00	\$4,428.00
Insurance	\$3,600.00	\$3,840.00	\$4,080.00
Payroll Taxes	\$10,944.00	\$11,232.00	\$11,520.00
Total Operating Expenses	\$53,479.80	\$33,660.00	\$38,028.00

Profit before Interest and Taxes	\$26,520.20	\$46,340.00	\$41,972.00
Taxes Incurred	25%	25%	25%
Net Profit	\$27,000.00	\$13,000.00	\$20,000.00
Net Profit/Sales	2.00%	3.5%	4.0%

8. Funding Request and Exit Strategy

8.1 Funding Request

Digital Reverence Studios will require \$25,000 for the start-up of our company. This funding will be one time only and DR does not for see the need to request any more funds for the plan. Cynthia Michaels will however retain her 100% ownership in the company. Angel investors, friends, family, and employees may purchase stock options at any time during this period. This will help raise more capital for the business.

8.2. Exit Strategy

Below are our three scenarios for our exit strategy. These are for our investors and owners.

Scenario One

DRS becomes successful and the growth of the business rises in the million dollar mark. DRS still retains only one store but will have more time to focus on its online store. Having more time for the online store will generate even more profits and will allow extra time to design more unique items.

Scenario Two

DRS takes a hit by the slower months and will focus more on advertising to get the word out. Once a steady clientele/customer base is in place, DRS' growth can only go up. The large growth and support from DRS surrounding communities could make the company a target concern for its competitors.

Scenario Three

If these concerns become hostile, DRS will still try and retain its rightful place in the community. DRS is prepared for this and will help the company stay strong and stable because the company knows these risks are involved. This will give us our driving force to stay above the rest. In case there becomes a hostile buyout after the third year, DRS will push for a cash/stock buyout. This is a scenario DRS would prefer.

Conclusion

Digital Reverence Studios prefers scenario one of the three strategies listed above. Knowing these scenarios will give DRS an advantage over their competitors. These scenarios also give us a plan of action if in case something goes wrong in three years. Planning out your success and what ifs will help make Digital Reverence Studios a unique place to invest in.

8.3 Milestones

Our milestones are reflected below in the table we have provided. The dates are according to a three year plan to show specific dates for our milestones we achieve. From our web site launch to our grand opening, we have listed each separately and the price of our current budget.

Milestone	Start/Date	Budget
Advertisements	January 11, 2016	\$0
Point of Sale system installed	March 28, 2016	\$18,000.00
Firm/Retail store opens	March 28, 2016	\$5,000.00
First Break-Even Month	April 28, 2016/YR1	\$0
Exit Strategy	March 28, 2019/YR4	\$132,000.00
Total		\$155,000.00

Appendices

Page 21

Page 22, 23

Web site address

about Cynthia Michaels, about Brian Michaels

Web site address

Digital Reverence Studios zazzle store: <http://www.zazzle.com/seveniadesignstudio>

Digital Reverence Studios website: <https://digitalreverence.wixsite.com/digitalreverence>

Digital Reverence Studios Facebook Page: <https://www.facebook.com/DigitalReverence>

Cynthia Michaels Founder/Lead Graphic Designer



Cynthia graduated from the International Academy of Design and Technology in Troy, MI with a bachelor's degree in Graphic Design. She brings over 10 years of experience in design and photography, Cynthia's unique creativity and professionalism is evident in everything she designs or photographs. Her exceptionally strong eye for design and detail is the backbone of DRS with this experience she can create enticing campaigns and designs for each of our clients.

Brian Michaels Vice President



Brian's extensive experience in customer relations and management will help guide the managing strategies here at Digital Reverence Studios. His fifteen years of experience qualifies him to lead our team. He is highly focused and knows how to bring a business from the ground up. Brian also has corporate structure experience with having run a dolly's pizzeria (mostly by himself). Through extensive advertising he brought that store into a thousand dollar company per week.



DIGITAL REVERENCE STUDIOS