



BUSINESS PROPOSAL

THE CORNER OFFICE

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EXECUTIVE SUMMARY

The Corner Office is an online website where artists and crafters can list their good for sale at low prices. Created by a small team from the University of North Texas, our company is located in Denton Texas. With over **11 billion** dollars in sales last year, art is being sold quicker than ever in history, and we want to make that market accessible to artists who haven't made their mark yet.

Our team will build our website to suit the needs of the artistic community, based on the principles of understanding the needs of the artists. Low costs allow everyone to sell, while being able to list local art shows will increase visibility. Our company will connect artist and crafters, who may historically found difficulty contacting potential buyers, with a global market for their goods. The site will also provide the service of social website for buyers and sellers to read up on relevant news, list services, and contact each other.

Our Mission

The mission of The Corner Office is to provide an easily accessible service to small artists and crafters for selling their products, as well provide a central site for current events and news in the art world. A portion of our profits will be donated to art museums, schools, shows, and other artistic fairs.

Keys to Success

- Becoming involved in the art and crafting communities.
- Providing an easy to use experience
- Keeping prices low so selling is accessible to all interested parties
- Safe and secure online payment options, such as PayPal

OUR COMPANY

- Ownership:
 - The Corner Office is a limited liability company split evenly between the founding members for ownership, and strategic decisions. By allowing all members to have equal input our company can continue to grow while closely following it's original vision and mission.
- Our facilities:
 - The Corner office will be begin it's setup in a small office in Denton Texas. Cheap real-estate, locality to a large school with an well respected visual design program, and being in the DFW metropolitan area will help grow our company. Our first expansion goals will be to migrate local servers in our office, to an connected or offsite area to allow for more effective security, and increase our office space.

OUR SERVICE

The Corner Office is an online website where artists and crafter can list their goods for sale at a low price, keep on an online portfolio where they can provide details of any upcoming events they will be attending, and read about current news in the arts and crafts fields.

Our easy to navigate site, keyword search and low cost will align with our artist focus and user friendly mission. Keeping our costs low will allow for any artist or crafter with online access to list their goods for sale without breaking the bank. A seller will just need to create a basic profile, then they can begin listing. Listing fees will initially be \$.10 as well as a commission fee of 3% of any item sold.

An artist or crafter wouldn't be who they are without their portfolio. By allowing sellers to customize their profile with information such as location, events, favorite art and more, the seller can build an online presentation to promote themselves.

Our current events and news blog will feature news in the art world from around the world. From great heists in history, or submitted local art shows by sellers, it will be the go to source for our users.

Our investment in the art and crafting community will go beyond just middle man. A portion of our proceeds will be donated to various art and crafting charities, museums, and other art promoters in the art community. Our news blog will also feature submitted art showings, galleries and promotions.

Technology:

By providing an online source for selling arts and crafts our site will allow artists from around the world to connect with potential buyers at a cheap cost. The use of an universal medium will both increase our sales, and provide a solid base for artist to begin sales and creating following.

Future Products:

In the future we plan to expand beyond the middle man role in the art community. We hope to host an annual art showing in the DFW area after a few years, where approved artists will be able to show their wares in the physical medium.

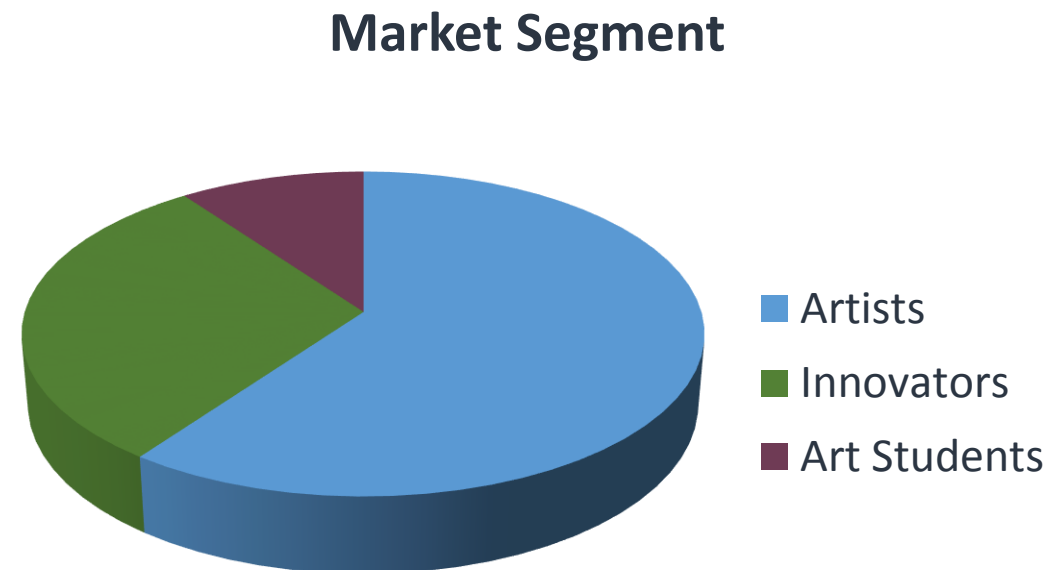
We will also be examining the possibility of “funding” artists and crafters to create specifically for our site, moving closer to a direct sales position.

Listings will be another area we are exploring for growth in. By offering a “yellow pages” like function of sellers on our website we can increase income through listing fees.

MARKET ANALYSIS

MARKET SEGMENTATION

- The Corner Office segmentation will be divided into three different groups. The first and primary group is the traditional artists that want to sell their paintings to a larger audience than just the local community where most of their work is on display. The second customer base is the innovators, or the ones that have developed a new and distinct style of art form that they want exposure to and ultimately want to profit from. The last group would be the art students that are just trying to pay their way through art college and want everyone to see their ever evolving and developing abilities and want to know if there is value in their work.



TARGET MARKET SEGMENTATION STRATEGY

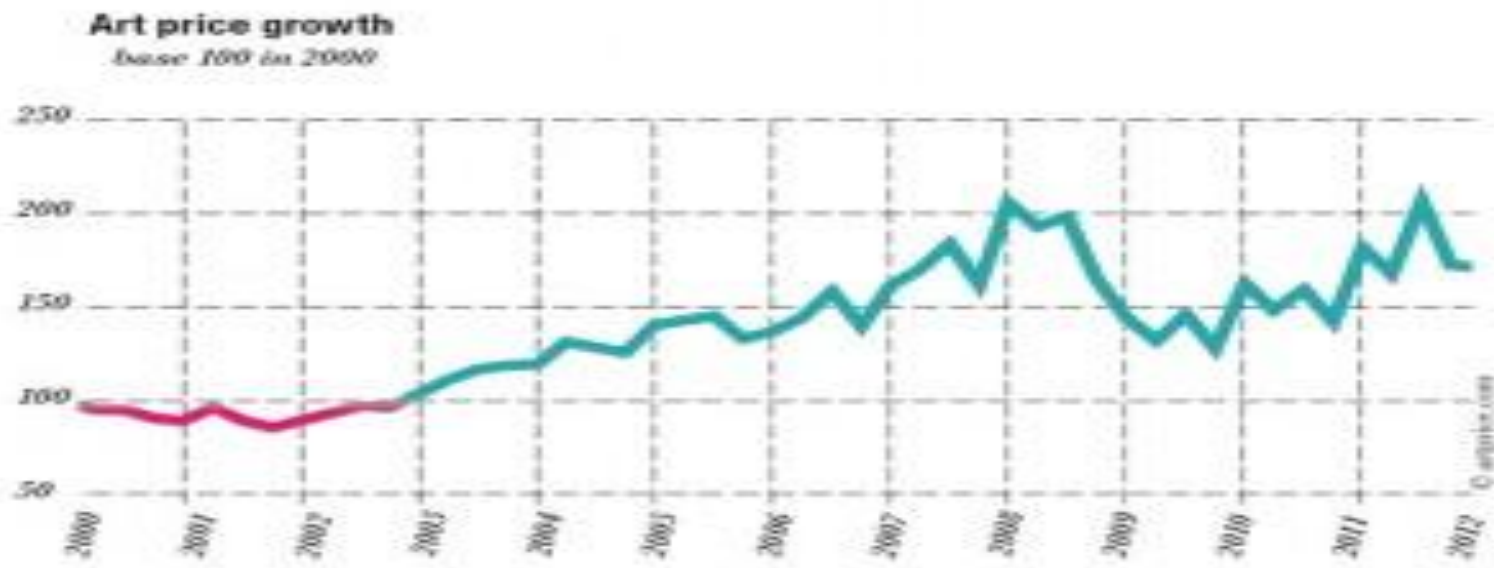
Market Needs

With the every expanding forms of media and with the increasing number of artist many will use different means of distributing their work to a potential buyer. With the a slow recovering economy many “starving artist”, that enjoy their craft, can’t function financially due to lack of consistent art sells in their local area so the need for these artist to distribute their work by other means is crucial to their livelihood.

Market Trends

So in spite of the slow recovery of the American economy, art in fact sold better in 2012 than at any other time in history with \$11.57 billion in total global annual revenue, up \$2 billion versus 2011, which already produced the best performance of the decade. This increase was not solely generated by the Chinese market’s 49% growth compared with 2011; it represented **overall growth**... including European.

MARKET GROWTH



The cost of art world wide has risen to a little over 100% based on 100 units sold within the past 12 years, and the need for artist to distribute their work to a larger audience has given increasing incentives to sell their work online. Art has no real tangible value its based on the value that the artist thinks its worth, but the potential of their global sales has far reaching advantages then to just distribute locally.

INDUSTRY ANALYSIS

Participants

There is around 6000 art dealers world wide with roughly 2% of them having an online outlet for sales. Art being mostly sold locally at auctions and city event, most dealers will only deal personally to the public. Online sales have only recently become the alternative to direct sales.

Distribution Patterns

Since we are an online intermediary between artist and art buyer are only purpose is to host and display the art for the consumer. The distribution will come direct from the artist in which they would be responsible for the packaging and shipping of the art. Our responsibly lies in customer support and a liaison for consumers that need to return the product and negotiate a refund if necessary.

COMPETITION

Factors of Competition

Pricing: We will have some of the lowest listing prices available to our customers.

Promotions: Specials like having one free listing after every 10 sales.

Reliability: Surety that our site will stay up and running and no loss of listing time will occur.

Main Competitors

<http://en.artists.de/>

<http://www.degreeart.com/>

<http://www.saffronart.com/>

<http://www.ugallery.com/>

<http://www.etsy.com>

STRATEGY AND IMPLEMENTATION

OUR STRATEGY

Value Proposition

1. **How we create revenue:**
 1. **Corner Office will provide a social experience for the selling and buying of artistic goods, designed to connect small artists and crafters will buys. Low costs and startup promotions will encourage a large seller base.**
2. **Our Price:**
 1. **Our largest percent of revenue will be generated by the \$.10 listing fee, and the 3% commission on sales. Supplemental revenue will be generated with artists being able to purchase spots on our “featured artists” page, and advertising.**
3. **Why choose us:**
 1. **Our website will offer below average listing and sales fees, as well as take part in the art community. By donating to and having representation at schools, museums and shows, buyers and sellers will use our service knowing it’s a service that cares about the community.**



MARKETING STRATEGY

Positioning Strategy

Incorporating the values of the art and crafting community into our company will allow us to identify with the sellers. Making our site easy to access, easy to personalize, and easy to contribute to will encourage use by sellers outside of just listing their goods.

Promotion Strategy

Taking from the often used retail strategy of “there is always a sale,” we intend to run many specials and promotions.

Prolific members will earn a free listing and sale for every eleventh item sold (up to the value of the average of previous items sold).

During our first year we will allow artists to skip listing fees if they list a value of goods over \$100 for an extra .5% of all sales on those goods.

Pricing Strategy

Low costs will allow us to market to artists who would not normally be able to list goods, or who may be initially skeptical of success. With a low barrier of entry to sell, not just their goods but their image, on our site our low costs will be supplemented by high volumes of sales.

Marketing Programs

Our marketing will mostly be done through the art community. Contacting and supporting local colleges to access upcoming and recent graduates, attending showings and fairs such as Maker’s fair, and contacting art charity organizations.

SALES STRATEGY

MILESTONES

Because we are providing a middleman service, instead of a physical good, our sales strategy will act as a sales strategy not just for ourselves, but for our clients as well.

Profile:

The profile is an integral part of an artist or crafter. Customization of the profile goes beyond that of just listed goods and incorporates aspects of social media to promote the seller.

Presentation:

The Corner Office will not just promote itself as a middleman for arts and crafts sales, but as a member of the creative community. This style of presentation will increase our listings from first time users.

User growth

Continual measuring of new users, with respect to cyclical times and promotions will be constantly monitored

30,000th Sale

Our breakeven sales for each quarter will be the first step into profitability

Site Expansion

Our largest commitment to the continuation of this company will be the expansion from an one office to a multi-site company



MANAGEMENT SUMMARY

OUR MANAGEMENT TEAM

Shawn Borden
CIO, The Corner Office

Shawn's background in IT stems from starting in a desktop support role, experience with personal, school, and professional programming projects, as well as experience as a business analyst gives a strong background for this position. Currently pursuing a B.S. in Business Computer Information Systems at the University of North Texas.

Mike Hodges
CEO, The Corner Office

Michael brings his management experience from his sole proprietorship. His understanding of client needs and his responsiveness makes him a capable leader for this organization. Currently pursuing Bachelor degree of Business Computer Information Systems at the University of North Texas. Completed Associate's Degree in Applied Science from Richland College. Was self employed for several years in his own restoration business and returned to North Texas to finish his undergraduate.

Julia Pham
CFO, The Corner Office

Currently studying Business Computer Information Systems at University of North Texas with a finance background. Responsible for managing the financial risks of the business and all other financial decision of the company. Also experienced with web designing, Java, C#, and is a member of the AIS.

Management Gaps:

While our team is inexperienced in running a startup company, we will use our knowledge of the business world, and contacts from our university experience to help fill in any potential issues.

FINANCIAL PLAN

KEY ASSUMPTIONS AND FINANCIAL INDICATORS

- We provide services for art students and innovators that can list their one-of-a-kind items for sale and market ourselves as a trendy online e-commerce site for those who love art. In order to start up our sales, we will promote specials like having one free listing after every 10 sales. It cost \$.10 to list their products but once a sale is made, a transaction fee of 3% of the item price will be charged. There will be more premium options that will come with listings like being able to advertise themselves and their products on our homepage.
- Our major costs can be broken into two categories, startup and yearly. Our startup costs will include equipment, for thing such as servers, phones, cables, software, computers and office equipment, as well as down payments for office space. Our yearly costs include salaries for the three founders and initial employees, energy expenses, office rent, marketing costs, and services such as internet and phone.

BREAKEVEN ANALYSIS

The average price of an artwork will be \$25.00. Our start-up expense and yearly expense will be \$300,400. We hope to become profitable as a business and break even when we meet our 30,000th sales and that will give us an income of \$25,500.

Monthly

| Number of sales | 15,000 | 25,000 | 50,000 | 75,000 | 100,000 |
|-----------------|------------|-----------|----------|----------|----------|
| Income | \$12,750 | \$21,250 | \$42,500 | \$63,750 | \$85,000 |
| Fix expense | \$25,100 | \$25,100 | \$25,100 | \$25,100 | \$25,100 |
| Profit/Loss | - \$12,350 | - \$3,850 | \$17,000 | \$38,650 | \$59,900 |

PROJECTED INCOME

The number of sales will determine how much income we will receive. Each listings cost \$.10 but with every sale, we will receive 3% of it. In order to make profit and cover our expense, the amount of sales cannot be less than 30,000. As our business is starting out, we will focus on marketing and introducing our online store in creative ways in our first two quarters. These are forecasted sales and we are hoping to breakeven on the third quarter.

First Annual Profit/Loss by Quarterly

| | Q1 | Q2 | Q3 | Q4 |
|---------------------------|-----------|----------|----------|----------|
| Income from #sales | \$9,000 | \$18,000 | \$25,500 | \$35,000 |
| Expense | \$25,100 | \$25,100 | \$25,100 | \$25,100 |
| Total | -\$16,100 | -\$7,100 | \$400 | \$9,900 |

PROJECTED EXPENSES

To start our business, we plan to make an investment of about \$40,000 and that includes \$11,400 for computers, internet, hardware and software. Our monthly fix expense of \$25,100 per month includes salaries, utilities, office rent, server equipment, hosting fees, marketing, and services.

Ongoing Yearly Expense

| | |
|-------------------------------|------------------|
| Salaries: | \$340,000 |
| Utilities: | \$7,200 |
| Office Rent: | \$9,600 |
| Server Equipment: | \$3,600 |
| Hosting Fees: | \$1,800 |
| Marketing: | \$10,200 |
| Services: | \$18,000 |
| Yearly Total: | \$300,400 |
| Fix Expense per Month: | \$25,100 |

Start-Up Expense

| | |
|-----------------------------------|-----------------|
| Computers: | \$8,400 |
| Software/Internet Service: | \$3,000 |
| Total: | \$11,400 |

PROJECTED BALANCE SHEET

| Balance Sheet Dec 31 2013 | |
|------------------------------|----------------|
| ASSETS | |
| Current Assets | |
| Cash | |
| Short Term Investments | 10,000 |
| Accounts Receivable - net | 320,000 |
| Inventory | 10,000 |
| | |
| Total Current Assets | 340,000 |
| | |
| Investments | 10,000 |
| Property and Equipment | 25,000 |
| | |
| Total Fixed Assets | 375,000 |

| | |
|---------------------------------------|----------------|
| LIABILITIES AND OWNER'S EQUITY | |
| Current Liabilities | |
| Accounts Payable | 35,900 |
| Taxes Payable | 6,100 |
| | |
| Total Current Liabilities | 42,000 |
| | |
| Long-term Liabilities | |
| Mortgage Payable | 20,000 |
| Loan Payable | 200,000 |
| | |
| Total Long-term Liabilities | 220,000 |
| Total Liabilities | 262,000 |
| Total Owner's Equity | 112,000 |

LONG TERM PLAN

Our company goal is to grow from a business on a small scale to a large well-known trendy online e-commerce site. Once our business become even more successful, we would like to expand our business and reinvest money into future ventures. Consumers would be able to purchase artwork, crafts, or any other type of graphics they see on any other online sites by linking it to our website. Social networking sites, social news, and entertainment sites that have high volume of visitors will allow consumers to purchase any graphics and artwork shown on their website from our merchandiser.