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# Business Plan



LEADERSHIP, COMMUNICATIONS, STRATEGY AND  
OPERATIONS TAUGHT BY PRACTITIONERS

[www.thoughtleadersllc.com](http://www.thoughtleadersllc.com)

This business plan is intended solely for informational purposes to assist in determining if you with a due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are of course not guaranteed. The contents of this plan are confidential and are not to be reproduced with express written consent.

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## EXECUTIVE SUMMARY

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*thoughLEADERS* mission is to advance the art of business management and leadership through instruction in leadership, communications, strategy and operations. We will do so by providing high-quality classroom instruction and training to managers, executives and employees with a focus on filling critical job-related skill gaps. The company will begin with a small group of practitioner/instructors who are subject-matter experts in our core offerings.

**PRODUCT DESCRIPTION:** *thoughLEADERS* offers both classroom and one-on-one instruction programs in critical business skills. Each course is designed to fill a specific skill gap. Courses will be conducted either at client locations or offsite from the client depending on facility availability. One-on-one instruction will occur in person, over the phone, or via email. Our initial set of course offerings (existing and planned) are:

- **Structured Thought and Communication: Foundation Course and Applied Concepts** are designed to improve peoples' abilities to structure their work, prioritize their efforts, gain support for their ideas and communicate their results clearly, compellingly and succinctly.
- **Strategic Planning** will teach basic business strategy frameworks and methods for assessing and capturing market opportunities.
- **Project Management and Risk Mitigation** teaches holistic project management methodologies and demonstrates frameworks and methods for reducing and mitigating execution risk.
- **Applied Leadership** explains both basic and advanced leadership techniques and skills for managers (and aspiring managers).
- **Goal Setting and People Development** covers methodologies for setting both individual and team goals as well as tools and techniques for performance improvement and development planning.

In addition to these course offerings, we will offer consulting services (both hourly-based and fee-based services) focused on specific client and participant needs.

**MARKETING AND SALES:** Our marketing strategy focuses on identifying unmet training needs in organizations and designing our course offerings on filling critical skill gaps. Each course offering is designed to teach participants concepts and skills to meet specific needs. While trial courses will generate initial interest and demand for our training, manager mandate, incorporation into formal client training programs and word of mouth/referrals will drive expanded demand for our services as they already have at a Fortune 200 corporation.

The quality of our instructors and our instruction materials are the strongest elements of our marketing plan. These referrals and manager mandates will drive demand for our initial courses and the quality of instructors and instruction will create ongoing demand for new course offerings as well as consulting services focused on applying the concepts of the course. Our target market consists of managers and leaders of organizations who are in roles that require them to create ideas/recommendations, support those initiatives and communicate their rationale in a clear and compelling manner (primarily junior executives, middle managers and individual team members in analytical or managerial roles). Additional requirements of their roles include leading and managing employees and/or managing projects. Each *thoughLEADERS* course offering is targeted at filling one or more of these critical skill gaps.

Sales calls will be performed by our Managing Director and the Director of Business Development. Not only will they be able to represent the products we offer and negotiate pricing and contracts, they are also the course facilitators. This sales model will enable our clients to understand the value proposition of our offerings as well as enable them to get a sense for how our instructors differ dramatically from instructors from “traditional” training organizations.

**DEVELOPMENT:** Although *thoughLEADERS* is in the early stages of growth, our offerings have been proven in the marketplace for several years. The majority of our initial focus will be on client development, course content creation and business planning. *thoughLEADERS* is a development-stage company. It does not currently have a client base nor is there an existing revenue stream at this time. Our current products consist of two classroom instruction courses and related consulting services. We are in the process of refining our content, defining and documenting new content and courses and identifying both additional instructors for the courses and target clients.

**OPERATIONS:** *thoughLEADERS*’ operational model consists of scheduling courses, delivering those courses and revising or creating course content based on client feedback. Many of these functions will be performed by *thoughLEADERS* employees given the skill requirements for developing training. Functions that are not a competitive advantage for us (e.g., printing materials or building websites and surveys) will be outsourced to vendors who can provide distinctive offerings in those areas.

**MANAGEMENT:** The management team members currently have two major sets of responsibilities: running the organization and creating/delivering our training as instructors. Organizationally, members of the management team will also be instructors and course creators. The growth of the team will be contingent upon *thoughLEADERS* achieving sufficient scale to support a larger organization or upon the need to add a specific area of expertise to our product offerings.

**FINANCIAL SUMMARY:** Based on our current assumptions, we expect *thoughLEADERS* will generate between \$X to \$Y in revenues by Year 5. Net Income After Tax (NIAT) corresponding to those Year 5 revenues is expected to be between \$X to \$Y. To launch this business we estimate we will require approximately \$X in new capital. Those funds will be used for initial salary/administrative costs, benefits costs, professional fees, business development and creation/procurement of our initial set of classroom materials.

The greatest financial risk we face is that we will be unable to generate enough client demand for our services to create a sustainable stream of net income. To mitigate that risk we will devote a substantial amount of our initial time and efforts toward business development since our efforts will not yet be required in classroom instruction.

Our preferred exit strategy is to operate and grow the business or to sell our stake in the company to new management or an external organization if the new owners find our offerings to be complementary to their offerings. If the business does not develop as planned and we find the model is not viable after a substantial period of trying to grow, we will cease operations, liquidate our assets and return any residual funds to our investors in an equitable distribution.

**OFFERING:** Due to the non-capital intensive nature of our business we require minimal investment to launch the company. Total investment required at start-up is approximately \$X. The timing of this initial investment will be over the course of our first 3-12 months of existence. Using an NPV methodology to discount future NIAT earnings, *thoughLEADERS* is worth between \$X (worst case) and \$Y (aggressive case). Our offering consists of a debt and equity structure whereby we would pay a

fixed return on a portion of our funding and offer a portion of the company's equity for the remaining funding.

Given a  $X\%$  equity stake for a  $\$X$  investment, equity holder ROI will be in the range of  $-X\%$  (worst case) to  $>Y\%$  (aggressive case). The exit strategies for equity investors range from selling their stake back to *though* **LEADERS** owners at a future predetermined point (using the valuation of the company at that point in time) to selling their stake to outside investors to selling their equity to a new owner in the event of a buyout.

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## COMPANY OVERVIEW

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*thoughLEADERS* mission is to advance the art of business management and leadership through instruction in leadership, communications, strategy and operations. We will do so by providing high-quality classroom instruction and training to managers, executives and employees with a focus on filling critical job-related skill gaps. The company will begin with a small group of practitioner/instructors who are subject-matter experts in our core offerings. Over time, we will expand both our course offerings and our instructor base as required by client demand and instructor candidate availability. We will be an LLC upon start-up.

## HISTORY AND CURRENT STATUS

*thoughLEADERS* origin stems from the very successful offering of our **Structured Thought and Communication: Foundation Course**. Well over 1,000 employees have been trained in this primary course and demand for the offering has been generated predominantly through word of mouth (i.e., the class is not mandated by any formalized program of instruction or existing job training curriculum).

Given the extremely strong demand for this offering and other related courses, *thoughLEADERS* seeks to serve a broader market need for such services and classes. *thoughLEADERS* is in its formative stages. We are refining our core offerings, creating new and related courses, defining our legal structure (an LLC) and conducting initial assessments of market demand for our products. These initial assessments will also serve as our initial business development activities whereby we establish our client base.

*thoughLEADERS* is a development-stage company. It does not currently have a client base nor is there an existing revenue stream at this time. Our current products consist of two classroom instruction courses and related consulting services.

- **Structured Thought and Communication: Foundation Course** is a one-day class that teaches participants how to define and analyze an idea as well as how to successfully communicate and gain support for their initiatives through the application of an efficient and effective analytical methodology.
- **Structured Thought and Communication: Applied Concepts** is a follow-on course that reviews the concepts taught in the **Foundation Course** and enables participants to apply these ideas to an initiative, project or communication document on which they're currently working.

## MARKETS AND PRODUCTS

*thoughLEADERS* course offerings are designed to meet specific market needs. Our content provides organizations with solid analytical, communication, strategy and operational skills and concepts. Our instructors will be our competitive advantage compared to other training delivery organizations because all our instructors have been practitioners of the concepts they teach (rather than simply being good facilitators or being well educated without any practical experience).

Our courses are designed (or will be designed) to fill critical managerial and employee skill gaps.

- **Structured Thought and Communication: Foundation Course** and **Applied Concepts** are designed to improve peoples' abilities to structure their work, prioritize their efforts, gain support for their ideas and communicate their results clearly, compellingly and succinctly.

- **Strategic Planning** (currently in development) will teach basic business strategy frameworks and methods for assessing and capturing market opportunities.
- **Project Management and Risk Mitigation** (currently in development) teaches holistic project management methodologies and demonstrates frameworks and methods for reducing and mitigating execution risk.
- **Applied Leadership** (currently in development) explains both basic and advanced leadership techniques and skills for managers (and aspiring managers).
- **Goal Setting and People Development** (currently in development) covers methodologies for setting both individual and team goals as well as tools and techniques for performance improvement and development planning.

In addition to these course offerings, we will offer consulting services (both hourly-based and fee-based services) focused on specific client and participant needs.

Initially our business will focus on large and mid-sized corporations in the mid-Atlantic region (although we will pursue clients outside that geography as those opportunities present themselves). The target audience for our courses will be analysts, project managers, sales representatives and mid/senior level managers in these organizations. A secondary focus will be courses targeted to business school programs (e.g., executive MBAs) with the goal of acquiring incremental clients through contacts with students in those programs.

## OBJECTIVES

*thoughLEADERS'* objective is to establish ourselves as preferred providers of training courses/services to leading organizations. Our goal is to establish a strong client base that regularly uses our services to train their employees (thus creating a stable and predictable stream of work and revenues). The company will remain small until the point at which we are unable to meet increased client demand on a regular basis. Upon achieving that level of demand, we will expand our instructor base as well as our geographical footprint to meet those client needs.

*thoughLEADERS* will remain a private company to prevent the pressure and risk of expansion at the expense of quality instruction and content. This approach will enable us to grow at a controlled rate which will allow us to hire only the most qualified instructors thereby maintaining and enhancing our brand and value proposition to our clients.

Our exit strategies could consist of the sale of our intellectual property and client relationships to another training organization or the sale of the corporation to a *thoughLEADERS* employee.

Exit strategies for our investors include the sale of their equity to another corporation upon the sale of *thoughLEADERS*, a return of capital upon the purchase of shareholder equity by a *thoughLEADERS* employee in the event of a buyout.

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## PRODUCT OR SERVICE DESCRIPTION

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*though***LEADERS** offers both classroom and one-on-one instruction programs in critical business skills. Each course is designed to fill a specific skill gap. Courses will be conducted either at client locations or offsite from the client depending on facility availability. One-on-one instruction will occur in person, over the phone, or via email.

### DESCRIPTION

Each *though***LEADERS** course is targeted to a different audience or skill-seeking group. The structure, target market and value proposition for each course follows.

- **Structured Thought and Communication: Foundation Course** is a one-day class that teaches participants how to define and analyze an idea as well as how to successfully communicate and gain support for their initiatives through the application of an efficient and effective analytical methodology. Participants will learn how to:
  - Create and define a “core idea” they want to get support for
  - Build logic to support that “core idea”
  - Define the analyses required to support that “core idea”
  - Draft and syndicate their “story” with key stakeholders
  - Package their “story” in a variety of communications mediums (presentations, business cases, emails, voicemails, etc.)

The course consists of instructor-introduced concepts, practical application exercises of those concepts and culminates in a business case study where participants apply the entire methodology.

The target market for this course consists of individuals in analytical or persuasive roles at mid- to senior levels of corporations (e.g., analysts, managers, junior executives). The value of this course to the participants and to the organization as a whole are:

- Clearer communications leading to more efficient and effective decision making and reduced decision making time
  - More efficient analysis and less re-work which leads to higher productivity
  - Crisper thinking which eliminates low-value work and prevents pursuit of low-value ideas
- **Structured Thought and Communication: Applied Concepts** is a follow-on course that reviews the concepts taught in the **Foundation Course** and enables participants to apply these ideas to an initiative, project or communication document on which they’re currently working. This can be either a half-day or full-day course depending on the number of participants and the complexity of the work they’re doing.

The course consists of a review of the core concepts taught in the **Foundation Course** (which is a prerequisite for participating in **Applied Concepts**) and the review of participant materials (presentations, business cases, emails, etc.). After review of participant materials, the instructor and the class apply the concepts of the **Foundation Course** to improve the quality of participant end-products.



The **Applied Concepts** course has the same target market as the **Foundation Course**. The incremental value of this course is:

- Increased familiarity with **Foundation Course** concepts leading to increased retention of these concepts and an improved ability to apply the concepts of the course to “real-world” situations
  - Application of those concepts to a problem they’re working on which will improve the quality and effectiveness of their end-product as well as aiding in retention and practical application of the **Foundation Course** concepts and methodologies
- **Strategic Planning** (currently in development) will teach basic business strategy frameworks and methods for assessing and capturing market opportunities. It will be a full-day course that combines instructor-led discussion of strategy frameworks and strategic planning, classroom exercises utilizing those frameworks and discussion on how those frameworks apply to a participant’s business area.

The target market for this course consists of individuals in roles at mid- to senior levels of corporations (e.g., analysts, managers, junior executives). The value of this course to the participants and to the organization as a whole are:

- A better understanding of strategic planning which leads to better resource deployment and identification of significant business improvement opportunities
  - A grasp of long range strategic planning which leads to pursuit of initiatives consistent with long-term strategic direction (and avoidance of initiatives that will run counter to that direction, sap resources and drive conflict)
- **Project Management and Risk Mitigation** (currently in development) teaches holistic project management methodologies and demonstrates frameworks and methods for reducing and mitigating execution risk.
  - **Applied Leadership** (currently in development) explains both basic and advanced leadership techniques and skills for managers (and aspiring managers). It will be a full-day course that combines instructor-led discussion of leadership frameworks and principles, classroom role-playing exercises utilizing those frameworks and principles and discussion on how those frameworks and principles apply to a participant’s business area.

The target market for this course consists of managers and leaders in roles at junior to mid-levels of corporations (e.g., managers, junior executives, initiative leaders). The value of this course to the participants and to the organization as a whole are:

- A better understanding of how to motivate and lead people which will lead to higher productivity, higher morale and improved satisfaction with managers (a key variable in retention/attrition decisions for employees)
  - A set of frameworks and approaches for dealing with everyday leadership issues, challenges and opportunities which leads to faster conflict/issue resolution and more rapid deployment of resources to seize opportunities
- **Goal Setting and People Development** (currently in development) covers methodologies for setting both individual and team goals as well as tools and techniques for performance improvement and development planning. This course will explain how to define goals for an organization and how to translate those organizational goals into individual goals. Such alignment drives behaviors consistent with the direction of the corporation and achieves those behaviors given their close link with individual success. The people development

portion of the course will introduce domains of expertise for individual performance, discuss how to assess performance relative to those domains as well as how to create personal development plans to improve individual skills through a rigorous methodology.

### **MARKET COMPARISON**

Our products are superior to those of our competition because our instructors are practitioners of the materials therefore they are better positioned to make the connections between frameworks and real life application of our concepts than “career instructors” or academicians. Each course we offer is focused on helping employees improve in a very specific set of skills that will be immediately applicable to their everyday jobs. The benefits of taking our courses include better on the job performance, higher efficiency and greater effectiveness leading to higher performance of the organization as a whole. We will price our products competitively in the marketplace to be on par or slightly higher in price than “comparable” offerings. This pricing will remain in effect until we achieve a significant level of demand from our client organizations at which time we will consider raising our rates.

### **PROPRIETARY RIGHTS**

*though***LEADERS** currently has no proprietary rights to our materials (copyrights). Our development plan calls for final production and creation of materials followed by consultation with intellectual property and copyright attorneys. We will copyright our materials as appropriate. While our instructor skills/backgrounds are not proprietary (ex-consultants, military officers and business unit managers), they do provide us a competitive advantage relative to traditional training organizations that are comprised of career trainers with little practical application experience or academicians who have spent their entire careers in study rather than practice.

To protect our products, we will copyright the materials and require our employees to enter into a non-compete agreement that, should they leave *though***LEADERS**, they will be precluded from offering similar training courses to either our clients or other organizations.

### **STAGE OF DEVELOPMENT**

Our initial course offerings (**Foundation Course and Applied Concepts**) are nearing completion and should be ready for a Q2 2004 launch. Prior to launch we will conduct a full legal review of our content to ensure we are in compliance with copyright and intellectual property law. We have recently begun our creation as a legal entity and should complete that work in time for our Q2 launch. We will begin creation/finalization of our second, third and fourth series of course offerings upon market testing and acceptance of our first two courses. Those courses will also undergo legal and copyright review processes.

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## MARKETING AND SALES

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### MARKET ANALYSIS

Our target market is full of individuals and managers/executives who are constantly trying to improve their skills and to improve the performance of their businesses. To improve those skills, they have several alternatives – read a book, learn on the job or enroll in a training class. *thoughLEADERS* seeks to meet the needs of these individuals by offering high-quality job-related training focused on the skills they most desperately need to learn.

**THE MARKET:** Our target market consists of large and mid-sized corporations and business school programs. Within those organizations we will target analysts, project managers, sales representatives and mid/senior level managers as they will benefit the most from our course offerings. We will also offer courses to business school program attendees (e.g., executive MBAs) to acquire additional business development contacts at potential client organizations. We are intentionally focusing on larger clients because they will have enough employees and enough employee turnover to create longer-term recurring revenue streams stemming from a need to train employees who have not yet been through our programs (thereby maximizing our return on our business development investments). We will opportunistically sell our products to smaller companies to increase utilization of our instructor pool and increase profits with an understanding that such small organizations offer fewer opportunities for long-term recurring revenues based on their smaller employee base.

**MARKET TRENDS:** The most important market trend for our business is the increased demands organizations are placing on their employees in terms of productivity and performance. To remain competitive, employees and organizations must continuously improve their skills in critical domains like leadership, communications, strategy and operations. *thoughLEADERS* will provide training on these critical skills to help employees continue to advance their careers and to help companies improve the skill sets of their employees.

**CUSTOMER ANALYSIS:** There are three major customer segments in our market: employees, managers/executives and training directors. Each segment requires our services for different reasons. Employees will demand and purchase our services because they will improve their own skills thereby improving their job performance and enhancing their careers. Managers/executives will require and purchase our services to improve their employees' skills thereby improving business unit productivity and profitability/performance. Training directors are typically required to seek out and deliver high quality training to their organizations. They will purchase our services to meet their goals of delivering great content to their business partners in a cost-effective manner.

### MARKETING STRATEGY

Our marketing strategy focuses on identifying unmet training needs in organizations and designing our course offerings on filling those skill gaps. The unmet training needs we've identified include:

- Instruction on how to structure work and communications
- Instruction on communicating ideas concisely and effectively
- Training on how to create strategic plans
- Instruction on how to create associate development plans and how to set goals for both employees and teams
- Training on how to lead and motivate teams and individuals in real-world scenarios
- Instruction on project management methodologies and risk mitigating strategies

Each of our course offerings is designed to teach participants concepts and skills to meet each of the above needs. While trial courses will generate initial interest and demand for our training, manager mandate, incorporation into formal client training programs and word of mouth/referrals will drive expanded demand for our services as they already have at a Fortune 500 corporation. The quality of our instructors and our instruction materials are the strongest elements of our marketing plan. These referrals and manager mandates will drive demand for our initial courses and the quality of instructors and instruction will create ongoing demand for new course offerings as well as consulting services focused on applying the concepts of the course in one-on-one or small group settings.

**TARGET MARKET:** Our target market consists of managers and leaders of organizations who are in roles that require them to create ideas/recommendations, support those initiatives and communicate their rationale in a clear and compelling manner (primarily junior executives, middle managers and individual team members in analytical or managerial roles). Additional requirements of their roles include leading and managing employees and/or managing projects. Each *thoughtLEADERS* course offering is targeted at filling one or more of these critical skill gaps.

We will target this market by clearly articulating the skills each course focuses on, identifying individuals within client organizations who require those skills and by encouraging those individuals to attend (either through peer/manager referral or peer/manager/subordinate recommendation). See the product description section of this plan for details on each course offering and the skills that course focuses on.

Our intent is to penetrate a small portion of this market and grow the business based on sustainable client demand for our services. Given our business model, scale is not required for us to be successful – quality instruction and recurring demand from an established client base is.

Based on our experiences teaching the **Foundation Course** and **Applied Concepts**, we are confident that a practitioner/instructor model combined with practical and high quality content is a winning formula. The facilitation skills of our instructors combined with their practical experience and application of our course materials and concepts in actual job settings will differentiate our services as compared to traditional training or academically-based programs of instruction. Below are a sample of student perspectives on our courses and the instructors:

#### **The Instructors – Dynamic Practitioners**

- He was a great facilitator. **He has the knowledge and experience to add that a trainer couldn't.** Great sense of humor.
- Great sense of humor and **applicable real world examples.**
- He is a compelling and interesting facilitator and he uses **excellent real world examples.**
- I liked his style of teaching - **fun, entertaining and kept everyone's attention.** I also **enjoyed his stories about his experiences** as a consultant.
- Instructor did a great job bringing **animation and energy** to what can easily be a dry topic. **Stories** from past consulting engagements **added detail and context to discussion.**
- **High energy.** Instructor did a good job of taking a traditionally dry topic and making it interesting and relevant. **Real world examples were helpful.**
- Personal examples were interesting and kept class **upbeat and fun.**
- Great job using stories to illustrate points. **The real life examples helped solidify learnings.** Great tidbits of personal knowledge.
- Very good pace with **great interjection of personal and relevant examples.**

- Great job keeping the class engaged; **material presented in a very "business-pragmatic" manner.**
- **Best instructor I've had since I've been at [this company].** I always complained that the instructor pace is too slow, but he actually treated us like we were intelligent human beings. Great pace, kept it fun.
- **Great pace** – interesting content and he held my attention.
- He has **great energy** and is an **excellent instructor**. I liked that he kept us on track.
- **Instructor had a very engaging and powerful executive presence.**
- He is a really good presenter, **dynamic** yet focused on the goal, flexible but in control.
- Great **energy** and ability to keeps things simple. **Excellent facilitation** skills.
- Facilitation was **entertaining** and **engaging**. Stories were helpful.
- Very **engaging** instructor. Helped make the course **interesting**.
- The instructor did a great job making it **interesting and clear** at the same time.
- Instructor was excellent. **Able to connect with and relate to audience.**
- Instructor kept the class pretty excited... **Very lively presentation.**
- Very engaging instructor – **made it fun!**

#### The Foundation Course – High Quality and Applicable Training

- **It was awesome!** This is **one of the best classes I have ever taken.** I will be able to utilize the information **to be better at my job.**
- This was a great course – **I can see where this will help me in my job.**
- The teach/show/practice/review method was clear and worked. **I feel like I can do this now!**
- **This was one of the best training sessions I've ever been to.** The course was structured very well and presented dynamically.
- Good pace, good content – **this will help me directly in some challenges that I currently have.**
- Excellent! **I really needed this.** Fast, **hands-on**, fun, appropriate level of detail.
- I think the class was a success since **I can leave after one day with some applicable learnings.**
- **Immediate take away value.** Good balance of coursework and exercises.
- Class was well-structured. Flows well and never seemed to bog down. **Good balance between lecture and exercise.**
- Good mixture of facilitation of case work.
- I think it is a **fantastic course.** Good length and content.
- This course was very enlightening **especially as you begin to deal with higher levels within the company.** Good mix of learning and **applying lessons learned.**
- At [this company], **if you don't take this course you will learn these concepts the hard way.**
- I loved the class and feel that it was a **great use of my time.**

#### The Foundation Course – Sustainable Reputation-Based Demand

- **Best training I've had at [this company] in 9 years!**
- **Best class I've had at [this company]!**
- The feedback I heard about the class made me attend – **it was even better than expected!**
- The class was great – **I will recommend to others!**

- You should **advertise** the availability of the course **so more people know it's available**.
- It is worth encouraging other groups to take this course.
- **Make [this class] mandatory** for all analyst new hires.

#### **The Applied Concepts Course – A Clear Unmet Demand**

- You should have participants bring in their own presentations and rework them during class.
- Allow some time for participants to work on their existing real issues.
- Ask attendees to bring in a presentation they worked on and rewrite it using the **[Foundation Course]** methodology.
- Follow up [the **Foundation Course**] with a specific team's own examples. I would have liked to practice [the **Foundation Course** concepts] with my own content.
- Have everyone bring a recent presentation they have done and have them review it at the end of the day based on learnings from [the **Foundation Course**].
- Offer a follow-up class which helps with particular presentations we are working on with feedback from the instructor and the class.
- Think about having attendees bring a presentation they are working on [to the **Foundation Course**] that they can critique and refine during the day.
- You should enable participants to apply [the **Foundation Course**] concepts to personal work under course instructor to get thoughts from instructors and peers.
- I would like to come to class and work on existing problems I'm trying to solve.
- You could add a section [to the **Foundation Course**] where people bring in presentations of their own and the class does a revision of one or two.
- I like the idea of bringing your own presentation to class and work on it during the session.
- Perhaps you should offer an advanced 2 day course where a work team can actually bring a real subject/topic and create an effective 10 page presentation.

#### **Ongoing Instructor Coaching and Feedback – Another Unmet Demand**

- Although [the **Foundation Course**] was a very helpful introductory course, I guess I need time and apply this (or try to) several times to reach to a point the structure comes naturally.
- Please offer a follow-up practice session with feedback from the instructor on my presentation.
- Perhaps offer a follow-up session a few weeks after [the **Foundation Course**] to discuss progress and presentations.

**PRODUCT:** Our primary products are our classroom instruction courses. Supplemental products currently include ongoing consulting services to supplement our classroom instruction. Future products could include computer-based training (CBTs) and instructional materials (workbooks, etc.). Our point of product differentiation is two-fold: first, our instructors are all practitioners of the methods and frameworks we teach and second, our materials reflect the practical application of the skills we are teaching. Some competitive offerings we have seen fall short on both of these elements. The instructors typically have little “real world” experience and their materials are not reflective of actual business environments (they are typically academic or overly-simplistic in nature). These two points of differentiation are our primary strengths. Our weaknesses include a lack of proprietary rights (there are many methodologies in existence which are similar to the ones we espouse) and our business model could be replicated by other practitioners who make the transition to the realm of instructors.

**PRICE:** Our product pricing for classroom instruction will be structured around a minimum cost per course (based on a minimum number of students required) with an incremental cost per additional student. This pricing structure is similar to many other training programs on the market. Our pricing will be very competitive at first to better enable us to gain entry to client organizations and build a base of support for our offerings. As our offerings take hold and as demand increases, we will consider moderate price increases. Our initial pricing schedule by course is as follows:

Course	Students (MIN)	Students (MAX)	Base Fee structure	Per add'l student cost	Total per class (MIN)	Total per class (MAX)	Cost/ student (min #)	Cost/ student (max #)
Structured Thought and Communication: Foundation Course	X	X	X	X	X	X	X	X
Structured Thought and Communication: Applied Concepts	X	X	X	X	X	X	X	X
Strategic Planning	X	X	X	X	X	X	X	X
Project Management and Risk Mitigation	X	X	X	X	X	X	X	X
Applied Leadership	X	X	X	X	X	X	X	X
Goal Setting and People Development	X	X	X	X	X	X	X	X

Our course prices are very reasonable on a per student basis for 8 hours of classroom instruction (\$X-\$Y per class per student). We have benchmarked this pricing compared to other similar programs of instruction and the per student and the per class rates are at or below the price ranges of similar offerings. We have also compared these rates to the rates paid by companies we are familiar with and those companies are paying similar or higher rates for similar or inferior services. We will continue to refine our pricing schedule based on market demand and client acceptance of our services and rates.

**PLACE:** Our courses will be delivered in person by one of our instructors. Most of our courses are one day in duration (some are half-day sessions and some could become two day sessions). We will deliver our instruction either at client training facilities (for easy of attendance for participants) or at offsite locations (e.g., hotel/conference centers) near the client's location. Consulting services will be delivered by phone, by email or in person if there is enough demand on the client side to warrant sending one of our instructors to the client location for those sessions.

**PROMOTION.** Our primary means of promotion will be in-person discussions and sales of our services. We will use our industry contacts and our professional networks to arrange initial discussions with prospective clients. Where necessary, we will offer a free trial course to prospective clients to demonstrate the value of our services and to build interest (and corresponding demand for services) with key managers in client organizations.

We will also produce printed promotional materials about our organization and our course offerings for distribution via direct mail to key managers and training directors at prospective client organizations. As our sales grow, we plan on attending training trade shows to perform additional client development activities. Once we have achieved sizeable enough revenues and our operations can handle the possible demand, we will potentially advertise our services in trade journals focused on training, leadership, communications and strategy.

## **SALES STRATEGY**

Sales calls will be performed by our Managing Director and the Director of Business Development. Not only will they be able to represent the products we offer and negotiate pricing and contracts, they are also the course facilitators. This sales model will enable our clients to understand the value proposition of our offerings as well as enable them to get a sense for how our instructors differ dramatically from instructors from “traditional” training organizations. If a client quickly understands the value of the offering, we can rapidly negotiate and arrange for training to occur. If the client is not yet ready to commit financial resources to purchase a course, we can negotiate a discounted trial where we can demonstrate the quality of our instruction and the value we can deliver to both employees and their employer. Upon completion of the trial class, we will attempt to arrange a follow-on full fee-based course for their organization.



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## DEVELOPMENT

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Although *thoughLEADERS* is in the early stages of development, our offerings have been proven in the marketplace for several years. The majority of our initial focus will be on client development, course content creation and business planning.

### CURRENT STATUS

*thoughLEADERS* is a development-stage company. It does not currently have a client base nor is there an existing revenue stream at this time. Our current products consist of two classroom instruction courses and related consulting services.

- **Structured Thought and Communication: Foundation Course** is a one-day class that teaches participants how to define and analyze an idea as well as how to successfully communicate and gain support for their initiatives through the application of an efficient and effective analytical methodology.
- **Structured Thought and Communication: Applied Concepts** is a follow-on course that reviews the concepts taught in the **Foundation Course** and enables participants to apply these ideas to an initiative, project or communication document on which they're currently working.

We are in the process of refining our content, defining and documenting new content and courses and identifying both additional instructors for the courses and target clients.

### DEVELOPMENT PLANS

Our current focus is on refining and improving our existing course offerings (above). Once those offerings are complete, we will begin our business development activities to generate client interest.

We are currently identifying prospective clients and making the offer to provide a free trial of **Structured Thought and Communication: Foundation Course**. Our intent is to demonstrate the quality and value of the content to key managers at client organizations. After the trial course, we intend to offer future classes at those client organizations on a fee-for-service basis.

If clients find our services valuable and have a favorable opinion of our **Foundation Course**, we will not only attempt to secure additional engagements to teach that course but will also offer our other classes (e.g., **Applied Concepts**). Because the concepts and frameworks we offer cannot be mastered in a single day of instruction, historical experience tells us that there is ongoing demand for additional courses on the subject as well as individual and group coaching sessions.

From previous experience we have found that participants in the **Foundation Course** recommend the session to peers, managers and team members. In several instances we have had senior executives make such coursework mandatory for their entire organization (which can generate substantial demand for services). Those dynamics have led us to focus our development activities on mid to large size organizations where we are likely to experience such demand.

From a logistical standpoint, our development activities are focused on establishing our legal and financial structure, identifying vendors for production of our materials and establishing any required

copyrights or trademarks. We have currently identified attorneys and accountants who can provide these services.

The key events that need to occur in the near future are formation of the legal entity, receipt of copyright for our materials and identification of our first set of clients. We are actively pursuing all of these requirements.

### DEVELOPMENT TIMETABLE

Q3 2004	Q4 2004	Q1 2005	Q2 2005	Q3 2005
Establish legal entity	Conduct first training session for fees	Conduct second set of offerings for fees	Achieve sustainable revenue stream with initial set of clients (target – 5)	Add new instructors as necessary
Complete initial course offerings	Complete second set of course offerings	Create third set of course offerings	Conduct fourth set of offerings for fees	
Get copyrights	Conduct initial sessions of new courses (free)	Conduct initial sessions of new courses (free)	Expand consulting services (possibly annual licenses)	
Conduct initial client development sessions (free)	Begin offering consulting services	Conduct third set of offerings for fees		
		Create fourth set of course offerings		

### DEVELOPMENT RISKS

There are several risks to our business in both the short and long term.

#### Short term risks

- There is the risk that we cannot establish a large enough client base with sizeable enough recurring revenues to become a viable entity. We will mitigate this risk through constant business development activities, creation of new course offerings to meet/create incremental demand and through offering high-quality instruction that is in constant demand at the client through employee turnover and definition of our content as the de facto standard for the organization.
- There is the risk that we could lose a key employee which would threaten our viability due to our small size and our reliance on a few key individuals who are both managers and deliverers of our products. We will mitigate this risk by documenting our products and methodologies so they can be transitioned to new employees. Additionally we will continue to add instructors (as required by client demand) to diversify and grow our pool of resources who can deliver our products.
- There is the risk that our product offerings could unknowingly infringe upon existing copyrights exposing us to legal action/shutdown. We will mitigate this risk through consultation with our attorneys and through rigorous understanding of similar offerings to ensure our products are differentiated compared to them.

#### Long term risks

- There is the risk that we saturate our local market or existing client base and demand for our offerings decreases after we have increased staff. We will mitigate this risk through geographic expansion, additional client development and rigorous growth planning to prevent excessive staff growth and costs.

- There is the risk that over time, our clients develop strong enough capabilities in the areas we instruct that they decide to build a similar instructor capability internally (and therefore no longer require our services). We will mitigate this risk by continuously creating new and innovative training offerings and by ensuring our instructors are the most highly skilled available which will make them preferred over client-trained instructors.
- There is the risk that competitors with similar offerings could file copyright infringement suits against us given potential similarities in content which could drain financial resources for litigation efforts or potentially force us to change or discontinue our content if a suit is found to have merit. We will mitigate this risk by retaining an intellectual property/copyright attorney and by continuously copyrighting our materials as well as understanding competitive offerings.

Because *though*LEADERS requires minimal capital investment (no technology or large scale operations to build given the intellectual product nature of its offerings) and low startup costs (classroom materials), there is minimal financial, technological and operational risk during the development stage. While there is some competitive risk in the form of existing training offerings available in the marketplace and through internal client training organizations, we believe our offerings are differentiated and distinctive enough to achieve initial market penetration and ongoing expansion.

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## OPERATIONS

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*thoughLEADERS* operational model consists of scheduling courses, delivering those courses and revising or creating course content based on client feedback. Many of these functions will be performed by *thoughLEADERS* employees given the skill requirements for developing training. Functions that are not a competitive advantage for us (e.g., printing materials or building websites and surveys) will be outsourced to vendors who can provide distinctive offerings in those arenas.

### COMPETING WITH OPERATIONS

Our operational model is relatively simple: clients will arrange a date for a class, we will assign an instructor and prepare the materials for the course and the instructor will travel to the client site or chosen location and deliver the training. Our focus will be on the quality of our logistics and instruction, the timeliness of our delivery of product and our flexibility in arranging schedules that work for our clients' training needs. While we will be cost-conscious, a competitive cost structure will not be a major focus for us given the gross margins generated by our business model.

The critical operational functions we must deliver on to fulfill our marketing promises are getting well-prepared instructors to the required location on time and in a flexible enough manner to meet our clients' scheduling needs. This requires solid calendar/demand management, good forward planning for production of course materials and rigorous travel arrangement scheduling (all of which are achievable relatively easily). Our flexibility in scheduling courses as well as ongoing consulting services will add value for our clients in that more employees will be able to attend the training at times that does not conflict with their everyday business demands.

### SCOPE OF OPERATIONS

Given that *thoughLEADERS* competitive advantage is in the creation, tailoring and delivery of high-impact management training, those functions will be performed by internal staff. That staff will also play key leadership and business development roles in the organization. Some administrative functions will be performed internally (scheduling of classes, travel arrangements, course logistics, financial management, etc.) because the relatively small size of the operation does not yet require sufficient scale to warrant outsourcing that work.

All other functions will be handled through vendor relationships (e.g., using a printing service to create our classroom materials, scheduling offsite courses at local area hotels or training facilities, etc.). Our relationships with these vendors will initially consist of fee-for-service arrangements. As *thoughLEADERS* grows, we will potentially enter longer term contracts to reduce our overall cost structure (although given our gross margins before salary expense, even substantial improvement in our cost structure will not drive significantly higher earnings). Some administrative functions (e.g., accounting, HR management, legal) will require identifying and retaining professional service firms. These arrangements will be fee-for-service until such a time that *thoughLEADERS* achieves sufficient scale to warrant a closer relationship. We currently have no plans to hire such professional staff as *thoughLEADERS* employees.

During early-stage development, *thoughLEADERS* associates will assume responsibility for several roles. The team will serve as management team members, primary course instructors, course content creators/editors and business developers. As the courses gain traction and as the client base grows, we will need to hire additional instructors and operations/logistics associates (primarily clerical and

administrative roles). As *thoughLEADERS* grows, we will add new trainers and course creators as required by our client base (e.g., if there is strong demand for training on risk management, we will hire individuals with risk management expertise who can create and deliver the training product). All our trainers will be required to have deep subject matter expertise in the areas they train as well as a substantial amount of practical application of those skills. Such a skill set ensures we will be able to deliver quality products through instructors who not only know the material – they’ve lived it.

## ONGOING OPERATIONS

*thoughLEADERS*’ ongoing operational model is very straightforward: schedule client engagements (either courses or consulting sessions), arrange for instructors to deliver the training (travel, production of materials and arrange for a training facility), conduct the training and gather feedback on how to improve our products. As needed, we will revise our content or create new content/courses based on client feedback. We will hire additional instructors/trainers/logistical support as required by either client demand growth or market demand for a product (e.g., risk management) where our existing trainers do not have the expertise to create or deliver that course (in which case we would seek out an individual who had that skill/experience set or forgo the market opportunity).

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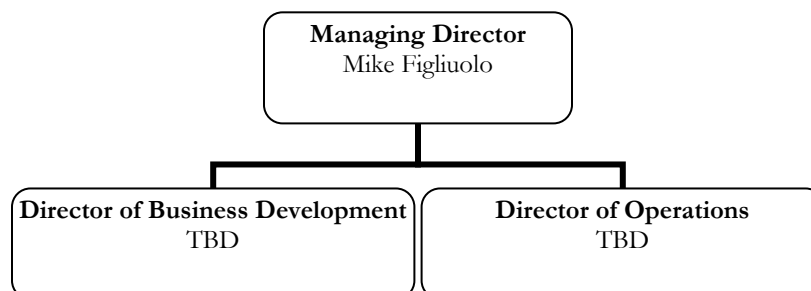
## MANAGEMENT

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The management team members currently have two major sets of responsibilities: running the organization and creating/delivering our training as instructors. The growth of the team will be contingent upon *thoughLEADERS* achieving sufficient scale to support a larger organization or upon the need to add a specific area of expertise to our product offerings.

### COMPANY ORGANIZATION

*thoughLEADERS* will be structured as an LLC. Organizationally, members of the management team will also be instructors and course creators. All equity in the company will initially be controlled by our Managing Director. Distribution of that equity or issuance of new equity will be at the discretion of the Managing Director until such time as *thoughLEADERS* creates a new equity structure or distribution plan.



### MANAGEMENT TEAM

#### Managing Director: Mike Figliuolo

Mike's responsibilities include setting/executing corporate strategy, creating training courses, conducting business development discussions, training classes and execution of the business plan.

Mike is a 1993 graduate of the United States Military Academy at West Point where he was an honor graduate (top 5% of class). He served in the U.S. Army as an officer for five years including assignments as a Platoon Leader and an Assistant Professor of Military Science at Duke University. After the Army, Mike worked at McKinsey & Company for three years. He performed roles as a Business Analyst, Senior Business Analyst, Senior Associate and Engagement Manager. His performance at McKinsey led him to be promoted "direct to associate" without having to attend an advanced degree program. In 2001, he joined Capital One as a group manager in Risk Strategy & Analysis. He currently directs Capital One's Specialty Collections businesses (responsible for >\$900MM collected, >\$120MM in direct costs, >100 internal FTE and >1000 external FTE). While at Capital One, Mike taught a course in logic in thinking and writing that was attended by over 1000 employees. Demand for the course was so great that he taught additional instructors to meet that demand.

Mike brings a strong background in leadership (both taught and applied), strategic thinking and methodical thought processes. His platform and instructor skills have made him a highly sought-after teacher.

**Director of Business Development: TBD**

The Director of Business Development's responsibilities include managing operations, identifying and opening discussions with prospective clients, negotiating engagements and training classes.

**Director of Operations:**

TBD

**Additions to the team:** There are currently no planned additions to the team in the near term. We will make additions as our client base expands and as the organization requires (likely in the form of additional instructors with expertise in a particular functional area). Until that time, existing members of the team will either assume those responsibilities or outsource them as appropriate.

**BOARD OF DIRECTORS**

*though* **LEADERS** does not currently plan to have a board of directors for several reasons. Given that the Managing Director has been selected, that there are minimal capital requirements and therefore likely a small investor base and that the organization is in early-stage development, a board of directors is not currently required. Upon achievement of a significant revenue stream and organizational size (>10 FTE) we will reconsider our governance structure.

Absent a board of directors, *though* **LEADERS** does plan to have an informal Advisory Board consisting of business leaders who can act as counselors, advisors and contacts for possible business development activities.

**MANAGEMENT COMPENSATION**

Management compensation will be in the form of salary and bonus contingent upon company performance. Pay will be based upon contribution (number of courses taught/created, number and size of client income generated). Bonus levels will be established based on the company's earnings (i.e., an individual who generates 25% of the company's earnings will receive 25% of the earnings designated for distribution as employee bonuses). This compensation plan is likely to change as we add new employees/instructors. Salaried employees (clerical/administrative) will receive a negotiated wage. New instructors will likely receive a base salary plus an incentive based on income generated.

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## SUMMARY OF FINANCIALS

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Based on our current assumptions, we expect *thoughLEADERS* will generate between \$X to \$Y in revenues by Year 5. Net Income After Tax (NIAT) corresponding to those Year 5 revenues is expected to be between \$X to \$Y. To launch this business we estimate we will require approximately \$X in new capital. Those funds will be used for initial salary/administrative costs, benefits costs, professional fees, business development and creation/procurement of our initial set of classroom materials.

The greatest financial risk we face is that we will be unable to generate enough client demand for our services to create a sustainable stream of net income. To mitigate that risk we will devote a substantial amount of our initial time and efforts toward business development since our efforts will not yet be required in classroom instruction.

Our preferred exit strategy is to operate and grow the business or to sell our stake in the company to new management or an external organization if the new owners find our offerings to be complementary to their offerings. If the business does not develop as planned and we find the model is not viable after a substantial period of trying to grow, we will cease operations, liquidate our assets and return any residual funds to our investors in an equitable distribution.

### FINANCIAL ASSUMPTIONS

Core financial assumptions have been made about:

- The pricing schedule (whether the market will bear our prices)
- The number of courses per quarter we will be able to “sell” and deliver
- Benefits costs
- Selling, general and administrative costs
- Professional fee costs (legal, website design, etc.)
- Tax rates

These assumptions are documented in our financial projections appendices.

### FINANCIAL FORECASTS

Given that our business model is not capital intensive and that we expect the timing of revenue realization to coincide quite closely with expenditures, our income statements and cash flow statements are close enough to identical to warrant providing one set of statements. Based on our current assumptions, we expect *thoughLEADERS* will generate between \$X to \$Y in revenues by Year 5. Net Income After Tax (NIAT) corresponding to those Year 5 revenues is expected to be between \$X to \$Y. Summary forecast graphs for Worst Case, Base Case, Moderate Case and Aggressive Case demonstrate substantial revenue, income and margin growth over a relatively short period of time.

For full financial projections, see the Financial Statement appendices.

### CAPITAL REQUIREMENTS

We estimate we will require approximately \$X in new capital to successfully launch *thoughLEADERS*. Those funds will be used for initial salary/administrative costs, benefits costs, professional fees (legal, etc.), business development (travel & entertainment) and creation/procurement of our initial set of classroom materials (course notebooks, projectors, laptops, etc.). Timing of this investment will be



spread out over Q2-Q4 2004. A small portion of those funds will be used in Q2 to establish our legal entity and procure any necessary copyrights and contract counsel. A larger portion of those funds will be required in Q3 to fund increased business development and salary expense. Beyond Q2 2005 we expect *though*LEADERS to be cash flow positive and we currently do not foresee the need for additional capital contributions beyond what we will be generating in net income.

### **FINANCIAL RISKS**

The greatest financial risk we face is that we will be unable to generate enough client demand for our services to create a sustainable stream of net income. To mitigate that risk we will devote a substantial amount of our initial time and efforts toward business development since our efforts will not yet be required in classroom instruction. The second largest financial risk we face is the loss of clients over time. We will mitigate that risk by consistently offering high quality products that generate ongoing demand at client sites, constant business development efforts (both at new and existing clients) and by maintaining a lean cost structure and strong balance sheet which will enable us to withstand short term fluctuations in revenues. The worst case scenario includes a recession during which our clients scale back or terminate our training programs for a prolonged period of time. Should that scenario occur, we will embark on new client development efforts, sustain the business at reduced expense levels funded by our assets and develop new products and services during that period of decreased utilization.

### **EXIT STRATEGIES**

Our preferred exit strategy is to operate and grow the business or to sell our stake in the company to new management or an external organization if the new owners find our offerings to be complementary to their offerings. If the business does not develop as planned and we find the model is not viable after a substantial period of trying to grow, we will cease operations, liquidate our assets and return any residual funds to our investors in an equitable distribution. This could potentially mean a loss of capital for those investors if our remaining assets are worth less than the amount originally invested. Given that there is minimal capital equipment and that the *though*LEADERS staff will initially be quite small, we do not anticipate there would be difficulties in terminating our operations and returning remaining assets to investors in a relatively short period of time.

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## OFFERING

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Due to the non-capital intensive nature of our business we require minimal investment to launch the company. Total investment required at start-up is approximately \$X. The timing of this initial investment will be over the course of our first 3-12 months of existence. Using an NPV methodology to discount future NIAT earnings, *thoughLEADERS* is worth between \$X (worst case) and \$Y (aggressive case). Our offering consists of a debt and equity structure whereby we would pay a fixed return on a portion of our funding and offer a portion of the company's equity for the remaining funding.

Given an X% equity stake for a \$X investment, equity holder ROI will be in the range of -X% (worst case) to >X% (aggressive case). The exit strategies for equity investors range from selling their stake back to *thoughLEADERS* owners at a future predetermined point (using the valuation of the company at that point in time) to selling their stake to outside investors to selling their equity to a new owner in the event of a buyout.

## INVESTMENT REQUIREMENTS

We require minimal capital at inception and during our initial growth phase. Initial capital outlays will be required for legal and accounting fees, production of our initial set of materials (both course and marketing materials) and administrative costs (financial software, office supplies, etc.). Our operations will initially be run from home offices which will require minimal investment (Internet access, phone/voicemail, etc.). Salary expense will be minimal at first because management will only receive sustenance income. Management salaries will increase as sales revenues and net income grow. Total investment required at start-up is approximately \$X. The timing of this initial investment will be over the course of our first 3-12 months of existence.

As *thoughLEADERS* grows, additional funding for new course content generation and production will first come from revenues from existing courses. Should additional investment be required for office space (most likely a leased facility), *thoughLEADERS* will fund those expenditures either through borrowing or additional equity offerings. We anticipate such investments would possibly occur between months 12 and 36 of our existence.

## VALUATION OF BUSINESS

Using an NPV methodology to discount future NIAT earnings (through year 2019) at an X% discount rate, *thoughLEADERS* is worth between \$X (worst case) and \$X (aggressive case). Valuation calculations for each case are as follows:

NPV of NIAT Method	
Case	NPV
Worst	\$X
Base	\$X
Moderate	\$X
Aggressive	\$X

## OFFER

Our offering consists of a debt and equity structure whereby we would pay a fixed return on a portion of our funding and offer a portion of the company's equity for the remaining funding. We are seeking a \$X loan on which we will pay an X% APR. We expect to begin making payments on this loan approximately 18 months after the company's launch and we plan to pay off this loan in 12-18 months after payments begin. In exchange for \$X in equity funding, we will grant an X% ownership stake in *thoughLEADERS* based on the above valuation calculations (essentially offering the equity at a rate commensurate with a valuation of \$X which is between the worst and base case given the early stage nature of the company and the corresponding startup risk).

Collateral for the loan will come in the form of equity investments of the owners and management team (equity return will be subordinate to debt return). For equity investors, we expect a substantial return on investment given the risks they are bearing and our expected financial performance. Given an X% equity stake for a \$X investment, equity holder ROI will be in the range of -X% (worst case) to >X% (aggressive case).

Equity ROI			
Case	NPV	Value of X% equity stake	ROI
Worst	\$X	\$X	-X%
Base	\$X	\$X	X%
Moderate	\$X	\$X	X%
Aggressive	\$X	\$X	X%

The exit strategies for equity investors range from selling their stake back to *thoughLEADERS* owners at a future predetermined point (using the valuation of the company at that point in time) to selling their stake to outside investors to selling their equity to a new owner in the event of a buyout.

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## APPENDICES

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### TABLE OF APPENDICES

Support for Product/Service Description (e.g., diagrams, pictures, etc.)

Support for Marketing and Sales Plan

Support for Development Plan

Support for Operations Plan

Resumes of Management Team

- Mike Figliuolo

Financial Statements

- Financial Assumptions
- Income Statements (Worst, Base, Moderate and Aggressive Cases)
- Balance Sheets (Worst, Base, Moderate and Aggressive Cases)