

Enviro-Friendly Products

Business Plan

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1.0 Executive Summary

The Company

Enviro-Friendly Products.com is the most comprehensive site for any type of product that benefits the environment or promotes sustainable living. These products consist of energy efficient items, alternative energy, water conservation, recycled materials, organic alternatives, building materials, etc. When one thinks of these products, Enviro-Friendly Products.com is the site they encounter when using a search engine. We will take a 12.5 percent commission for any orders processed on our website, we take the money and pass it on to the manufacturer or distributor who then ships the item or items to the customer. The customer is provided a link to track their order with the manufacturer.

The company is only in the planning phase, and needs to design its logo and website, as well as purchase its domain name. The minimum initial capital necessary to start will be about \$15,000 to cover basic expenses for the first year of business. Bob intends to raise the capital from mortgage broker deals, as well as a couple of credit cards. Additional capital will be raised as required through debt, mortgage broker deals, and bringing on new partners or investors by offering them equity. At this stage, Bob Weston is the owner and sole employee. The company will be incorporated before the website is launched.

The Market

As energy prices continue to rise, and global warming and the environment continue to receive attention in the press, the market for environmental or sustainable solutions will grow. This is an inevitable trend, and it would be imperative to be an early mover in this market. From Roper's Green Gauge Report, it appears that at least 15 percent of the U.S. population consider themselves "green" and 31 percent of the U.S. population considers themselves "somewhat green," meaning they will take the environment into consideration on some issues, but on others they will not. According to the *Wall Street Journal*, over 15 percent of appliances sold now have energy star ratings. Many consumers are interested in saving money with investing in renewable or longer lasting, more efficient resources, but may not consider themselves "green." These customers who want to get away from fossil fuels, grid dependency because of costs will also be a big target market.

Marketing Strategy

Sales are generated primarily through search engines that lead people to our website, but we hope to have people hear about us through other avenues as we build up our site. The idea is to cater to the American public's desire for one-stop shopping or informational finding on any subject that relates to the environment, sustainability, green living, or energy.

Products and Services

We will focus primarily on products that can be shipped, that consumers do not need to go to an actual retail location to buy. There is definitely crossover, as some products will be sold primarily through retail locations. We hope to capture a certain percentage of the online customer, which continues to grow as the Internet spreads and makes life more convenient for the typical American who is always on the go juggling their career, family, friends, and various other pursuits.

The products will be broken down into several categories: lighting, water heating, heating, solar, wind, biochemical, water conservation, building materials, etc.

Management

The management consists of Bob Weston, but Enviro-Friendly Products.com hopes to bring aboard some industry veterans to help it grow.

Financial Status

Bob Weston will fund the company primarily through income from his ongoing part-time mortgage business, as well as with debt if necessary with credit cards. Bob hopes to bring on investors or partners with some capital to invest.

Use of Funds

The company plans on paying the basic Web hosting fees, as well as search engine optimization consulting fees in order to keep the website up and running and attracting new customers. The company plans to spend any additional capital possible on advertising to attract new customers from around the U.S. and eventually the rest of the English-speaking globe. The company will have to pay for additional staff as it becomes more profitable.

Financial Data and Exit Strategy

Enviro-Friendly Products.com intends to be acquired within three to five years by one of the giant Internet firms such as Amazon or eBay. This acquisition will settle any debts the company has and hopefully provide a nice return for any investors involved.

1.1 Goals and Objectives

1. Achieve profitability within the first six months.
2. Become the primary website that people go to when thinking of any product or building material that benefits the environment, promotes sustainability, or is "green."

3. Operate an efficient website that pays its manufacturers on time and coordinates shipments on time.
4. Provide an exit strategy for all stakeholders by 2009.
5. Continue to develop relationships with new manufacturers and distributors so that new products can continuously be listed.
6. Achieve a gross profit margin of 20 percent or greater.
7. Achieve projected milestones as outlined in this plan.
8. Create a business that practices what it preaches when it comes to the environment.
9. Create new jobs in the local economy.

1.2 Mission, Vision, and Values

Mission Statement

Enviro-Friendly Products.com aims to provide consumers with the most comprehensive collection of environmental products in the world. We seek to create a work environment that is fun, diverse, and open-minded, as well as honest and fair.

Vision Statement

Enviro-Friendly Products.com strives to promote a sustainable future for our environment and hopes to bring as many new customers to the realization of what role they can play with their own consumption and involvement. We will provide the best quality products we can find and the most cost effective solutions out there for a wide range of clients and consumers. This will help us achieve a successful triple bottom line of economic prosperity, environmental quality, and social justice.

1.3 Keys to Success

1. Staying on top of all the products out there, and being able to translate the return on investment on each product into some sort of energy savings or environmental footprint.
2. Maintaining a decent margin with each manufacturer and a relationship where they will ship for us if we bring them the orders.
3. Developing our name brand into a national household name so that people will think of us if they need to look up an environmental product of any sort.
4. Easy yet attractive user interfaces on our website to retain traffic and bring in more traffic.

Risks

1. We might not be able to get ourselves at the top of all the applicable search engine lists without a lot of capital, and may not be able to develop a good enough relationship with enough manufacturers to have useful referral fee negotiations or margins.
2. A bigger company with bigger pockets may decide to jump into this environmental niche as it grows and smother us in our infancy.
3. The use of advertising on our site might detract from the overall mission of encouraging customers to purchase our products or recommended products.

Contingency Plans

1. We should be able to design our site and pay our top-notch consultants enough money to get to the top of the most common search engine requests such as energy efficiency or low energy or environmental products, to offset our inability to get into all top ten lists where we show up on the first page of the search.
2. We could sell out to the bigger company, or focus resources more on a certain niche that is profitable.
3. We could remove or minimize advertising in the expectation that our revenues will grow from product sales and referrals.

1.4 Use of Proceeds

Year 1:

Legal	\$2,000
Consultants	\$3,000
Insurance	\$2,400
Graphic design	\$5,000
Internet hosting	\$1,500
Website software	\$1,000
Misc. cash requirements	\$1,000
Domain name purchase	\$1,000

Basic Startup Expense: \$16,900

These proceeds will cover the basic requirements to stay in business for the first year. Additional funds will be used primarily for marketing and advertising as the company starts to bring in revenue.

2.0 Company Summary

Enviro-Friendly Products.com not only sells the products, but also provides information on them. Information on environmental products is hard to obtain and no standards are placed on environmental companies to verify claims and make comparable data. It's also hard to find environmental products. The industry is extremely fragmented and it takes a good deal of effort to find out what is out there, and this is the main problem we intend to

solve. Consumers benefit from environmental products in two main ways: direct economic savings and environmental benefits.

Direct Economic Savings

A consumer purchasing compact fluorescent bulbs as a replacement to incandescent can expect to save on both replacement and energy costs over the lifetime of the bulb. These types of economic savings through conservation are common in environmentally aware products.

Environmental Benefits

Environmentally sound products are, by definition, champions of environmental betterment. The amount of carbon dioxide you are keeping out of the atmosphere by purchasing wind-generated power, however, is often less clear and measurements of the environmental benefit are seldom provided with environmental products.

Enviro-Friendly Products.com plans to create an Internet portal that sells environmental products, but also provides information on their economic and environmental benefits.

2.1 Company History

The company was created in March of 2006 by Bob Weston.

2.2 Company Locations and Facilities

Enviro-Friendly Products.com plans to start as a home-office based business. As the business expands, increased space and equipment needs will necessitate the expansion of the business from the home office.

3.0 Products and Services

Enviro-Friendly Products.com will provide products that benefit the environment and promote a sustainable solution through conservation, efficiency, or use of alternative energy or substances.

3.1 Product and Service Description

The number of products and services that can and will be listed on our website are unlimited. The following will provide a brief description of some of the products or services.

Portable Solar

Portable solar chargers for small devices such as a cell phone or iPod from manufacturers such as Solio; portable solar panels from such manufacturers as Brunton that can power devices such as stereo systems with larger speakers; backpacks, laptop bags, coolers, tackle boxes, etc., that have solar panels incorporated into the shell from Eclipse Solar Gear and Voltaic Systems

Infrastructure Solar

Solar powered attic fans from Natural Light Energy Systems; solar powered sensor lights; basic water heating systems, and home energy systems

Infrastructure Lighting

Occupancy sensors, especially for rooms that are rarely used except for storage; compact fluorescent bulbs; T8 ballasts for four-foot fluorescent bulbs; skylighting materials; LED lights

Biochemical

Typically from corn or soy, there are thousands of applications for personal beauty, cleaning, protective coatings, paints, BioDiesel fuel, Ethanol fuels, herbicides, and solvents

Water Conservation

Washers, low flow faucets, showers, toilets, composting toilets

Water Heating

Tankless water heaters, pipe insulation, cold water detergents

Building Materials

Fly ash stone siding; fly ash concrete; formaldehyde-free particle board/fiber board made of agricultural waste fiber, post-consumer waste fiber, and recovered wood fiber; bamboo floors; double paned windows; sustainable forest certified wood

Wind Power

Basic wind generators, as well as referrals for larger ones of commercial interest

Organic Foods/Beverages

This is a huge and growing segment, and we do not see any reason to not include this.

Sustainable Fisheries

This is a rapidly growing industry as our oceans run out of fish, and there are several sustainable fisheries out there who can sell through our website, then ship their products.

Miscellaneous

Water-powered calculators and clocks

Information

Return on investments, environmental impacts, where it comes from, and basic info of how to use the product

Advertising

We will provide buttons, columns, and interactive ads for the appropriate advertisers that fit in with our message of environmental responsibility.

4.0 Market Analysis Summary

Seventy percent of Americans are homeowners. These along with homebuilders are our primary market. Our secondary market consists of portable products that do not relate to making one's infrastructure more energy efficient or environmentally friendly. A recent study sponsored by Google concluded that 37 percent of consumers who conduct online searches for various products actually bought them online.

4.1 Market Segmentation

Fifteen percent of the U.S. population will definitely buy green or environmental products according to Roper ASW. This equates to 45 million potential customers, assuming a population of 300 million people in the U.S. If 70 percent of these people are homeowners, then that provides a potential market of 31.5 million people. Assuming that 75 percent of these people have consistent Internet access, and that 37 percent of them will buy online, then you have a market segment of 8,741,250 premier customers.

Thirty-one percent of the U.S. market will sometimes buy environmentally sound products, so this provides a potential market of 46.5 million if you assume that half these people may buy a product based on its environmental impact. Taking that 70 percent of these people are homeowners, you have a market of 32.55 million people. Once you break down those with Internet access who buy online after searching for something, your actual potential market consists of 8,430,450 sometime customers.

Of the remaining U.S. population of 54 percent of 300 million, we can safely assume that at least half of these people will be looking to save money on their utility bills in the coming years as natural gas and electricity prices continue to rise as their supply cannot rise at the rate of growing worldwide demand. If you take the homeowners with Internet who are likely to make an Internet purchase then you can extrapolate a market segment of 15,734,250 occasional customers.

4.2 Target Market Segment Strategy

Provide the "green" consumer with a one-stop shop for all their environmental products. Chase after the marginal consumer who maybe does not really care about the environment but is concerned with saving money on their utility bills.

4.3 Market Trends and Growth

Japan, South Korea, and Europe have very strong environmental tendencies, more than double the level of awareness it seems than U.S. consumers. These marketplaces could provide potential business in the very near future. The English-speaking market worldwide will be served with higher shipping fees initially, and once the revenue streams can justify it, conversions into several languages will be available on the website.

The market of environmentally conscious consumers continues to grow in the U.S., and Enviro-Friendly Products.com will benefit from this early stage growth cycle that will continue to grow for at least the next twenty to forty years in the foreseeable future.

4.4 Competitors

There are no competitors that offer half the products we intend to have on our website, but our biggest and closest competitor at this point is RealGoods.com. RealGoods.com only offers about half the products we intend to sell. GreenFeet.com, GreenProductsAlliance.com, and GreenHome.com sell home products primarily geared to female homemakers. AltEnergyStore.com sells only alternative energy products.

There are several listing websites with links to various manufacturers, of which we hope to put our link on these websites. Some of these websites are GrinningPlanet.com, EcoBusinessLinks.com, EcoMall.com, and GreenPages.com.

There are also several nonprofits and organizations sponsored by government and various donors that have websites that link to various environmental products manufacturers. Some of these include GreenSeal.org, World.org/weo/energy, SolarLiving.org, NRDC.org, GreenBiz.com, and GreenerBuildings.com. We also hope to link to these sites, but these sites do provide a small amount of competition in that they provide ways for the consumer to link directly to the manufacturers or distributor rather than through our site.

5.0 Strategy and Implementation Summary

Our strategy is to line up as many partner manufacturers and distributors as possible, then launch the website. Our revenue streams from purchases and a little advertising will slowly grow, then more rapidly as the public gains exposure to our website through increased advertising and promotion.

5.1 Strategy

Enviro-Friendly Products.com's strategy is to be the biggest provider of environmentally conscious products on the Internet. We aim to do this by focusing on the following practices.

1. Emphasize benefits to consumers

Emphasizing the benefits that consumers will see by purchasing the environmental products we review allows them to make more informed purchases that will conserve the planet's scarce resources for the future.

2. Build strong relationships with manufacturers

Good relationships with the manufacturers of the environmental products are key to the success of Enviro-Friendly Products.com. Providing these manufacturers with fair reviews, quality referrals, and high levels of service will allow us to maintain profitable long-term relationships.

3. Differentiate our service from the competition

The environmental products industry is fragmented and diverse. In order to establish itself as the industry leader, Enviro-Friendly Products.com must provide the highest level of service to both consumers and manufacturers.

4. Provide large quantities of unique information

In order to maintain a competitive advantage over other start-ups, Enviro-Friendly Products.com must provide large quantities of information on its site that is not available elsewhere and is difficult to duplicate.

5.2 Value Proposition

Unique Selling Advantage

Enviro-Friendly Products.com is the only comprehensive site on the Web where consumers can go and quickly access a wide variety of products that benefit the environment in some way. This will lead to more traffic on our site as people become aware of how convenient it is to look up a product that saves them money or makes the environment more sustainable for the immediate future. Also, many people are trying to escape their dependence on fossil fuels, and as this escalates with the coming rise in fossil fuel prices, we will be positioned to capitalize on it.

Value Proposition

We believe that many people have a desire to make environmentally responsible purchases; however, they are not properly educated on the benefits of making these decisions. By making information on these products available and accessible, both consumers and the environment will benefit.

The consumer will be given free reviews and information as we build up our knowledge base. They will also be able to find products that fill their needs in a central location without the effort it currently takes.

Manufacturers will sell more of their products and have to worry less about the obscurity of their products. They will also have a good place to advertise their products—an area heavily visited by those interested in environmentally conscious products or utilizing more efficient or alternative energy.

5.3 Competitive Edge

Currently, the market for environmental products is fragmented and information on available products is difficult to find. By being the first to consolidate the available information and create a portal to all products environmental, we will become the name that is associated with the idea—much like eBay is associated with online auction houses.

By having the most information and the relationships with manufacturers of environmental products, we plan to maintain a competitive advantage that will be hard to reproduce. Much as Consumer Reports maintains a large knowledge bank of product comparisons that is almost irreproducible, we will have a comparisons of products' environmental and economic impacts that will be incredibly difficult to imitate.

5.4 Marketing Strategy

Marketing is central to the overall business strategy. Our success hinges on a few critical behaviors:

- Provide neutral, fact-filled reviews
- Create a Search Engine Optimized (SEO) site that will rank near the top of search results on all search engines
- Build good relationships with suppliers of environmental products

The strategy is to create a site that will drive a good deal of quality traffic and measure the impact that the site is having on suppliers' sales. This information is incredibly valuable for approaching new manufacturers and having them agree to participate in our referral program.

Enviro-Friendly Products.com will also spend money once it has it available on every possible traditional media channel that targets our intended audience to increase awareness of our site.

5.4.1 Pricing Strategy

Advertising

We plan for the pricing of advertisement space on the initial site to be within industry norms. The following table schedules the rates on the different types of ads. We plan to offer discounts to advertisers as they commit to longer advertising contracts.

Cost per Thousand Rate	Open Rate	6 Months	12 Months
Tower	\$15.00	\$10.00	\$7.50
Button	\$7.50	\$5.00	\$3.75
Interactive Box	\$15.00	\$10.00	\$7.50

Sales Commissions

Our target pricing for sales through our website will be 12.5 percent of the end purchase price. This assumption is taken from the 20 to 25 percent margins that we found in contacting several potential manufacturers and distributors who were even willing to drop ship for us. The 12.5 percent price of sales commissions would be negotiable on some products.

5.4.2 Promotion Strategy

As an Internet company funded by sales and advertisements, it is imperative that our site has a good deal of traffic. Studies show at least 70 percent of all Internet traffic comes from search engine referrals, so the most important method of promotion for our business model is search engine optimization. We also plan to spend time and money on traditional methods of promotion.

Search Engine Optimization

Optimizing a site for search engines means that you take the HyperText Markup Language (HTML) that makes up the page and make it more accessible to the nongraphic browsers that search engines use to index your site. Search engine spiders are the text-only browsers that search engines use to make their indexes of the World Wide Web. Optimizing the site would be to take an image that said "Products" and put an alternate "tag" in the page so that while the search engine spider can't see the image, it knows that the image says "Products." This makes it easier to determine what the site is about and make it relevant for searches.

Reciprocal Links

Because the services we provide create a good deal of value for the suppliers of environmental products, we plan on leveraging the goodwill created for our promotion. As reviews are written for products, the suppliers of these products will be asked to provide links to our home page on their websites. These links help search engines to know what sites are relevant to ours and boost our ranking in search engine results. Simple link exchanges like this drive traffic to our site, creating revenues.

Traditional Advertising

We plan to place advertisements in magazines whose target market includes consumers of environmental products. These advertisements would help raise the awareness of the site among our targeted audience. We also plan to target radio and TV programs that discuss energy concerns, or environmental concerns.

5.4.3 Marketing Programs

Enviro-Friendly Products.com will take an active role in promoting its services to manufacturers throughout the world. We plan on partnering with 10x Marketing to help us fill our Internet marketing needs. 10x Marketing is an Internet marketing firm that specializes in search engine and other forms of online marketing. 10x Marketing has helped companies of all sizes and in all industries benefit from the Internet.

5.5 Sales Strategy

Initially our sales strategy is to drive eyeballs to our website and entice them to actually click through and purchase our products. The more people that visit our site, the more potential sales we generate.

Sales forecasts are on the last two pages of this plan.

5.6 Strategic Alliances

Enviro-Friendly Products.com will have strategic alliances with any website that is willing to provide links to it, specifically those geared toward the environment, energy efficiency, or organic foods.

5.7 Milestones

July 2006: achieve \$1,000 in total sales

May 2007: achieve \$100,000 in total sales

June 2010: achieve over \$500,000 in sales for the year

Enviro-Friendly Products.com is hoping to expand at an exponential rate that ramps up four to ten times faster than the above milestones, but this is the bare minimum it hopes to make.

6.0 Management Summary

6.1 Organizational Structure

Bob Weston is the owner and sole employee.

6.2 Management Team

Bob Weston is currently a first-year student in the MBA program at the University of Texas. He will be looking to add additional people to the management team in the near future.

6.3 Management Team Gaps

Bob Weston does not have any real experience working in the dot-com world other than helping set up his own website for his mortgage business. He will need to bring aboard someone with some technical experience and overall dot-com marketing and logistics experience. In the meantime, he plans on using consultants to help him with the basics.

6.4 Personnel Plan

Eventually we will need a Web administrator and an inside sales person to develop more relationships with manufacturers, distributors, and potential advertisers. A full-time marketing manager will be required to help get the name out there once the inside sales person starts to become overwhelmed. Much of the work initially can be outsourced to Internet consultants, Web designers, attorneys, and marketing firms.

7.0 Financial Plan

The break-even point for Enviro-Friendly Products.com is forecast for October 2006 to recover the total minimum costs of \$16,900 as outlined in the use of proceeds section earlier. If more money is required to launch and maintain the site, then it could break even in the end of 2006 or beginning of 2007.

Since the only personnel will consist of Bob Weston for the foreseeable future, profit and loss statements are not included since this is a relatively simple one-man operation. Please see the sales forecasts, as well as the breakdown of startup costs if more capital is available.

In the year 2007, the plan will be reevaluated, and if it looks like a successful venture, more capital will be invested or the plug will be pulled altogether.