

# Global Wholesale

Global Wholesale LLC  
1452 North Foxglove Road  
St. Louis, Missouri. 84025  
801-673-3529  
ryanJamison@comcast.net

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## 1. Executive Summary

Global Wholesale LLC, in St. Louis, Missouri, is a start-up company created for the purpose of selling items online for us and for small businesses that are unable to do it for themselves.

Our service focuses on giving small local businesses the opportunity to reach millions of customers instead of only thousands. It gives them a storefront that is a lot less expensive than one they have to rent. They have no employees to pay to sit around and wait for sales to happen. We only get paid when the products sell and we take care of delivering them to the customers. We know that our service is good, because we are successfully using it to financially support the start of Global Wholesale. Other small businesses will certainly find it profitable as well.

There are many small businesses that need our service. Currently there is almost no competition in this industry. Because of our first mover advantage we feel that we can secure this segment of the market in this area.

### 1.1. Objectives

1. Get one of the partners working full time on Global Wholesale LLC. This will allow us to grow faster. We will be able to hire employees and turn over our inventory at our target rate.
2. Move into a warehouse and have six part-time employees listing inventory on eBay, Amazon, Overstock, and our own personal website.
3. Have over \$25,000 of our own inventory.
4. Have ten business clients who use us to sell online for them.

### 1.2. Mission

Global Wholesale LLC will enable our clients to have a reasonable online selling environment. We will have flexible work hours and a profit sharing system that rewards employees for their own personal results. We believe that both working smart and working hard are critical for our clients and ourselves.

### 1.3. Keys to Success

1. Appropriately pricing and managing our service, allowing us to gain more customers
2. Keep costs as low as possible so that our profit margins are maximized

## 2. Company Summary

Global Wholesale LLC has been resurrected from a sole-proprietor company that stopped running two years ago. This company sold cell phones, satellite equipment, and computers on eBay. The company had not understood the necessity

of growing, having employees, and being disciplined in money management issues. These issues are the reason for this business plan. With renewed focus, Global Wholesale LLC will be able to grow and remain stable.

## 2.1. Company Ownership

Global Wholesale LLC is a limited liability corporation (LLC). The members include Ryan Jamison with a 51 percent share, Gary Thayne with a 29 percent share and James Gibson with the remaining 20 percent share. The company has chosen to be taxed like a partnership. Mr. Jamison has an MBA and contributed start-up cash and some of his home for an initial start-up office and warehouse space. Mr. Gibson the previous owner of the company is bringing industry technical expertise, he has also contributed start-up funds. Mr. Thayne is bringing start-up funds, industry expertise and has the ability to dedicate over 40+ hours a week to the success of Global Wholesale. Mr. Jamison and Mr. Gibson are choosing to remain fully employed by other companies until Global Wholesale has enough revenue.

## 2.2. Start-up Summary

Our start-up costs come to \$10,450. The majority of the costs come from getting or having inventory. The small legal and other miscellaneous start-up fees are negligible.

Start-up	
<b>Requirements</b>	
<b>Start-up Expenses</b>	
Legal	\$100
Insurance	\$0
Software	\$50
Other	\$0
<b>Total Start-up Expenses</b>	<b>\$150</b>
<b>Start-up Assets</b>	
Cash Required	\$4,000
Start-up Inventory	\$6,000
Other Current Assets	\$300
Long-term Assets	\$0
<b>Total Assets</b>	<b>\$10,300</b>
<b>Total Requirements</b>	<b>\$10,450</b>

### 3. Products and Services

Global Wholesale LLC sells products and services. The company has expertise in online sales. Global Wholesale is currently able to sell tens of thousands of dollars a month of computer, satellite and cell phone equipment on eBay. The products that it sells are to online customers. The service that Global Wholesale provides to small companies is consignment selling of their items online. Many small businesses are unable to afford to hire a qualified expert in online sales and do not possess the knowledge to do it themselves. We provide them the opportunity to sell online.

### 4. Market Analysis Summary

We service 2 distinctly different markets. 1 market is the people that we sell products to online. This market is huge, literally hundreds of millions of people throughout the world. The other market is our small business customers. This market is small compared to the other, but is still sizeable enough to pursue. We will target small retail companies with less than 20 employees that do not have any online sales experience. We will also target larger companies that are not into retail that need to sell their old assets (ie a Hospital that needs to get rid of hospital beds and wants to make some money on them). Our marketing analysis will focus on our small business customers.

#### 4.1. Market Segmentation

Based on the 1997 Economic Census, Davis county had 241 wholesale companies and 582 retail companies. Because of the growth in the county over the last 9 years, I'm sure that number has grown. All of these companies are potential clients, even if they are currently handling their own internet sales. The first round of clients that we will attempt to acquire will be small companies. These companies may only be self employed people with very few or no employees. Computers, cell phones, clothes and antiques sell the best online and we will target those segments as well. Based on the 1997 Census about 40 percent of wholesale and retail companies sell something that tends to perform well online (Computers, cell phones, antiques etc.). The first segment that we will pursue is the computer and cell phone segments. As we grow we will then pursue clothes and antiques.

Market Analysis							
		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Retail Companies	50%	10	15	23	35	53	51.73%
High asset turnover companies	50%	2	3	5	8	12	56.51%
Wholesale Companies	50%	4	6	9	14	21	51.37%
Other	0%	0	0	0	0	0	0.00%
Total	52.26%	16	24	37	57	86	52.26%

## **4.2. Target Market Segment Strategy**

The reason we will focus on computers and cell phone retailers and wholesalers to start is for two reasons. The first is that the members of Global Wholesale LLC are very familiar with these industries. The second is that it is easier to sell mid to high priced electronics online than anything else.

## **4.3. Service Business Analysis**

In a way we are competing with our customers. Much like ADP (who offers human resources, benefits and payroll administration), we offer a service that companies could provide for themselves. Because we have expertise we can provide this service to them cheaper than they can do it for themselves. I have looked hard and have not found any companies that provide our specific service. There are a lot of companies that provide a similar service to the regular public but do not yet target small businesses. I hope to have a first mover advantage over these companies.

### **4.3.1. Competition and Buying Patterns**

Clients will purchase our service if we can sell more of their product faster and by taking a smaller percent than competitors or themselves. Once we develop a clientele, we can use the numbers from their success to help us gain more customers.

## **5. Strategy and Implementation Summary**

Global Wholesale has all of the resources it needs to succeed. The partners in the LLC have funded the company well enough to get it started. As long as we can remain attractive to our clientele we will succeed. Our main priority is to establish our own product selling and gain our initial clients.

### **5.1. SWOT Analysis**

We provide a rare service. We have the expertise to do it well. We have years of experience and connections that make our strategy possible. As a new company we don't currently have a lot of clients or a lot of start-up capital. Even with these few weaknesses the opportunity is large. There are many small businesses and many who don't have a strong online presence. I know that eventually most small companies will find it more profitable to use us to sell than to try and do their own sales.

#### **5.1.1. Strengths**

Our strength is in our knowledge of our industry and service and in our organizational structure. We have years of experience selling online. We are currently our own customers and we like our service. We purchase computers and satellite equipment in bulk at low prices and resell them. We have an extremely organized inventory that would allow anyone we hire to be taught to sell and ship our products within a short time. We plan on hiring a lot of part time help, targeting mostly housewives looking for extra income.

Most people believe that these sellers would need a high level of computer knowledge to perform this work, we feel that with they way we have things organized we could teach the necessary job skills in a few weeks. By working our employees under 20 hours a week (allowing these housewives and mothers to work while their children are at school), we have a large pool of inexpensive labor that doesn't need some very expensive benefits like insurance.

### **5.1.2. Weaknesses**

The biggest weakness that we have is that we are new and small. As a new company we have very few clients and the work from these clients can be sporadic. We also need a better way to sell our service. Currently our only clients are friends of members of the company. We hope that our sales strategy will be sufficient to generate new clients as quickly as we can handle them.

### **5.1.3. Opportunities**

The opportunities that exist in the market involve certain clients. Most large retailers already have an online presence. It would be difficult but if we could average a better return on their money than they could, we could win their business. There are other large companies that have high asset turnover, like IHC or the LDS Church. Both of those groups don't sell retail or wholesale, but have a lot of equipment that they use and once it is used need to either resell it or throw it away. Having a contract like that would also be very lucrative. Even having a lot of smaller business clients would work very well.

### **5.1.4. Threats**

There will be two threats to our business. The first is direct competition. So far, I have not been able to find any online resellers that target small businesses. The second is our clients themselves may feel that they can do this themselves. We need to show them that we can do this better and cheaper than they can do it for themselves.

## **5.2. Competitive Edge**

Our competitive edge comes from our focus on servicing small businesses. We are targeting this niche and feel it to be very lucrative. Our flexible structure will allow us to grow with our company.

## **5.3. Marketing Strategy**

Our strategy is to position ourselves as a means for small companies to increase sales or see some return on used assets that they would normally have to throw away. Word of mouth advertising will be huge for us, as well as a savvy sales staff that knows how the techniques needed to sell to small business owners.



## 5.4. Sales Strategy

We are going to have a salesperson to directly contact the businesses we want as clients and make our offer. We will compensate our salesperson with a 20 percent commission on our profits from the clients. As long as the salesman is still with the company and as long as we still have there clients, they will continue to get their commission.

### 5.4.1. Sales Forecast

We feel that we have two very realistic expectations from our sales forecast. The first is that we will add a new business customer every month and a half. The other is that we can grow our own individual sales 20 percent per month until we double our original sales numbers and we level off. I'm not forecasting more because we don't have the resources to grow any faster.

Sales Forecast			
	Year 1	Year 2	Year 3
<b>Unit Sales</b>			
Clients	42	84	126
Our own Products	3,887	8,000	15,000
<b>Total Unit Sales</b>	<b>3,929</b>	<b>8,084</b>	<b>15,126</b>
<b>Unit Prices</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Clients	\$2,000.00	\$2,000.00	\$2,000.00
Our own Products	\$55.00	\$55.00	\$55.00
<b>Sales</b>			
Clients	\$84,000	\$168,000	\$252,000
Our own Products	\$213,767	\$440,000	\$825,000
<b>Total Sales</b>	<b>\$297,767</b>	<b>\$608,000</b>	<b>\$1,077,000</b>
<b>Direct Unit Costs</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
Clients	\$500.00	\$500.00	\$500.00
Our own Products	\$44.00	\$44.00	\$44.00
<b>Direct Cost of Sales</b>			
Clients	\$21,000	\$42,000	\$63,000
Our own Products	\$171,014	\$352,000	\$660,000
<b>Subtotal Direct Cost of Sales</b>	<b>\$192,014</b>	<b>\$394,000</b>	<b>\$723,000</b>

## 5.5. Milestones

We are small and are bootstrapping our financing. After becoming incorporated, getting an EIN and allow the state and local paperwork done, all of our milestones will be small. One of the company partners will start working fulltime. We have enough start-up money to fund our own eBay selling. We want to increase our sales units from 200 a month to 200 a week. We can do this once we have a fulltime lister. After a few months we will have enough cash to move into a warehouse. When we move into a warehouse it will be time to hire a part time lister and a part time shipper. It is our goal to have at least one customer by then, but it won't be necessary for our success, because of our own selling opportunities.

Milestones					
Milestone	Start Date	End Date	Budget	Manager	Department
Get Incorporated	5/3/2006	6/2/2006	\$100	Ryan	Administration
Gary goes fulltime	5/3/2006	6/2/2006	\$0	Gary	Listing
Get first customer	5/3/2006	6/2/2006	\$100	Ryan and James	Administration
Get Warehouse	8/1/2006	8/31/2006	\$1,000	Ryan	Administration
Hire shipper	8/31/2006	9/30/2006	\$0	Gary and Ryan	Shipping
Hire Lister	8/31/2006	9/30/2006	\$0	Gary and Ryan	Listing
Totals			\$1,200		

## 6. Web Plan Summary

Most of our online sales will be done via eBay, Amazon.com and Overstock.com. We will also have our own site that we can do online sales directly to the customer.

### 6.1. Website Marketing Strategy

If we can get more people to buy from our online store than from eBay, we will earn more per sale. The way that we will get our online customers to come to our site is by having links to our site from our eBay ads and to pack advertisements with our shipments.

## 6.2. Development Requirements

Our front end will need to be sales friendly. We will list our recurring items from our small business clients. We would just need to pay an e-commerce hosting site to manage the specifics of the back end.

## 7. Management Summary

Currently there are only three people in the company. Ryan Jamison will manage shipping and administration. James Gibson and Gary Thayne will handle listing responsibilities. Gary will eventually be handling the day to day operations of the company and oversee employees.

Our insurance needs will be handled by Dan Springer. Dan has over 20 years of experience and operates from St. Louis, Missouri. We hope to have our accounting handled by Hillberg, Burnett and Thorpe of St. Louis. One of the partners in Global Wholesale is friends with Ross Junto a partner in HBT. For legal counsel we are planning on McPhie and Pingree, LLC of St. Louis.

### 7.1. Personnel Plan

Personnel will be inexpensive because no one requires a large salary while we start up. We assume that Gary's day to day work and James' part time work will be enough to finance everything easily. Both Gary and James are being paid for their efforts. Ryan is not being paid.

Personnel Plan			
	Year 1	Year 2	Year 3
CEO	\$12	\$12,000	\$24,000
General Manager	\$24,000	\$26,000	\$28,000
Listing Manager	\$4,800	\$6,000	\$8,000
Total People	5	5	5
Total Payroll	\$28,812	\$44,000	\$60,000

## 8. Financial Plan

Our business should grow at about a 30 percent rate per month for about the first half year. Then the growth will slowly level off. Because Global Wholesale will almost instantly be profitable, we will fund our growth by our own sales.

### 8.1. Start-up Funding

Only needing about 10,000 dollars for start-up cash is really a small amount. We plan on bootstrapping our company and don't want any help to get going. Most of our money is going to go to inventory. Some of the cell phones and electronic equipment can become expensive when buying in the quantities that we need. We expect to

be able to turn over about 15,000 dollars in inventory a week from 1 full time lister. Most of the money made from sales will come back into the company for additional inventory.

### **Start-up Funding**

<b>Start-up Expenses to Fund</b>	\$150
<b>Start-up Assets to Fund</b>	\$10,300
<b>Total Funding Required</b>	\$10,450
 <b>Assets</b>	
<b>Non-cash Assets from Start-up</b>	\$6,300
<b>Cash Requirements from Start-up</b>	\$4,000
<b>Additional Cash Raised</b>	\$2,050
<b>Cash Balance on Starting Date</b>	\$6,050
<b>Total Assets</b>	\$12,350
 <b>Liabilities and Capital</b>	
 <b>Liabilities</b>	
<b>Current Borrowing</b>	\$0
<b>Long-term Liabilities</b>	\$0
<b>Accounts Payable (Outstanding Bills)</b>	\$0
<b>Other Current Liabilities (Interest Free)</b>	\$0
<b>Total Liabilities</b>	\$0
 <b>Capital</b>	
 <b>Planned Investment</b>	
<b>Ryan</b>	\$6,000
<b>Gary</b>	\$3,000
<b>James</b>	\$3,500
<b>Additional Investment Requirement</b>	\$0
<b>Total Planned Investment</b>	\$12,500
 <b>Loss at Start-up (Start-up Expenses)</b>	(\$150)
<b>Total Capital</b>	\$12,350
 <b>Total Capital and Liabilities</b>	\$12,350
<b>Total Funding</b>	\$12,500

## 8.2. Important Assumptions

We assume that there will not be a major recession or catastrophe in the next five years.

## 8.3. Break-even Analysis

The chart says it all. We need to sell about 163 items to break even. We feel that we can sell four times that in a month.

Break-even Analysis	
Monthly Units Break-even	163
Monthly Revenue Break-even	\$12,350
Assumptions:	
Average Per-unit Revenue	\$75.79
Average Per-unit Variable Cost	\$48.87
Estimated Monthly Fixed Cost	\$4,386

## 8.4. Projected Profit and Loss

We have a high turnover of our inventory. We can buy \$10,000 of inventory and sell it for \$13,000 in a week. We can hopefully dedicate \$12,000 to purchase more inventory to sell the next week. Salaries are the major part of our non-COGS expenses.

**Pro Forma Profit and Loss**

	Year 1	Year 2	Year 3
<b>Sales</b>	\$297,767	\$608,000	\$1,077,000
<b>Direct Costs of Goods</b>	\$192,014	\$394,000	\$723,000
<b>Other Costs of Goods</b>	\$0	\$0	\$0
<b>Cost of Goods Sold</b>	\$192,014	\$394,000	\$723,000
<b>Gross Margin</b>	\$105,753	\$214,000	\$354,000
<b>Gross Margin %</b>	35.52%	35.20%	32.87%
<b>Expenses</b>			
<b>Payroll</b>	\$28,812	\$44,000	\$60,000
<b>Marketing/Promotion</b>	\$300	\$600	\$1,000
<b>Depreciation</b>	\$0	\$0	\$0
<b>Rent</b>	\$12,000	\$12,000	\$12,000
<b>Utilities</b>	\$1,200	\$1,300	\$1,400
<b>Insurance</b>	\$4,800	\$5,000	\$5,200
<b>Payroll Taxes</b>	\$4,322	\$6,600	\$9,000
<b>Other</b>	\$1,200	\$1,500	\$1,800
<b>Total Operating Expenses</b>	\$52,634	\$71,000	\$90,400
<b>Profit Before Interest and Taxes</b>	\$53,120	\$143,000	\$263,600
<b>EBITDA</b>	\$53,120	\$143,000	\$263,600
<b>Interest Expense</b>	\$0	\$0	\$0
<b>Taxes Incurred</b>	\$15,936	\$42,900	\$79,080
<b>Net Profit</b>	\$37,184	\$100,100	\$184,520
<b>Net Profit/Sales</b>	12.49%	16.46%	17.13%

### **8.5. Projected Cash Flow**

We have pooled together about \$10,000 in start-up cash and saleable assets. With this base and our high inventory turnover, we will only experience a short period of negative cash flow. Since we are bootstrapping this company, we can't afford to be in the red for long.

<b>Pro Forma Cash Flow</b>			
	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Cash Received</b>			
<b>Cash from Operations</b>			
Cash Sales	\$297,767	\$608,000	\$1,077,000
Subtotal Cash from Operations	\$297,767	\$608,000	\$1,077,000
<b>Additional Cash Received</b>			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (Interest Free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
Subtotal Cash Received	\$297,767	\$608,000	\$1,077,000
<b>Expenditures</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Expenditures from Operations</b>			
Cash Spending	\$28,812	\$49,700	\$63,279
Bill Payments	\$221,925	\$464,875	\$832,883
Subtotal Spent on Operations	\$250,737	\$514,575	\$896,162
<b>Additional Cash Spent</b>			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
Subtotal Cash Spent	\$250,737	\$514,575	\$896,162
<b>Net Cash Flow</b>	<b>\$47,030</b>	<b>\$93,425</b>	<b>\$180,838</b>
<b>Cash Balance</b>	<b>\$53,080</b>	<b>\$146,505</b>	<b>\$327,343</b>



## 8.6. Projected Balance Sheet

We currently have about enough cash and assets to get going. We expect to put another small sum of money in the company soon. The numbers in the chart look good and the net worth of the company looks to steadily improve.

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
<b>Assets</b>			
<b>Current Assets</b>			
Cash	\$53,080	\$146,505	\$327,343
Inventory	\$20,600	\$42,270	\$77,566
Other Current Assets	\$300	\$300	\$300
<b>Total Current Assets</b>	<b>\$73,980</b>	<b>\$189,075</b>	<b>\$405,209</b>
<b>Long-term Assets</b>			
Long-term Assets	\$0	\$0	\$0
Accumulated Depreciation	\$0	\$0	\$0
<b>Total Long-term Assets</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Assets</b>	<b>\$73,980</b>	<b>\$189,075</b>	<b>\$405,209</b>
<b>Liabilities and Capital</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Current Liabilities</b>			
Accounts Payable	\$24,446	\$39,441	\$71,055
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
<b>Subtotal Current Liabilities</b>	<b>\$24,446</b>	<b>\$39,441</b>	<b>\$71,055</b>
<b>Long-term Liabilities</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total Liabilities</b>	<b>\$24,446</b>	<b>\$39,441</b>	<b>\$71,055</b>
<b>Paid-in Capital</b>	<b>\$12,500</b>	<b>\$12,500</b>	<b>\$12,500</b>
<b>Retained Earnings</b>	<b>(\$150)</b>	<b>\$37,034</b>	<b>\$137,134</b>
<b>Earnings</b>	<b>\$37,184</b>	<b>\$100,100</b>	<b>\$184,520</b>
<b>Total Capital</b>	<b>\$49,534</b>	<b>\$149,634</b>	<b>\$334,154</b>
<b>Total Liabilities and Capital</b>	<b>\$73,980</b>	<b>\$189,075</b>	<b>\$405,209</b>