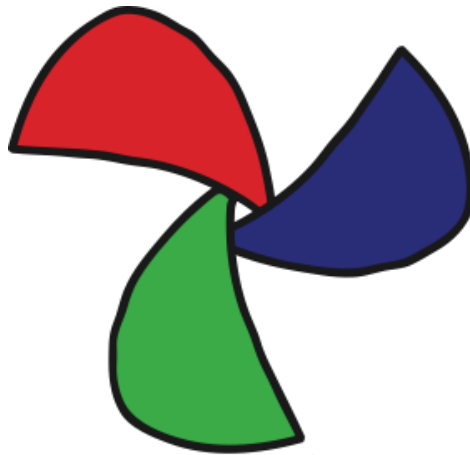


PALS Production

BUSINESS PLAN



**PALS
PRODUCTION**

**Prepared by:
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Tim Lerma
Brad Pennartz
Soncy Market Space 261
3350 Soncy Road
Amarillo, Texas 79119
(806) 000-0000**

**With Assistance From:
WTAMU Small Business Development Center
701 S Taylor
Amarillo, TX 79101
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Confidentiality Agreement

I. Executive Summary

Pals Productions is a video production service that will tend to those in need of videos for any event wanted. Events include weddings, birthdays, local advertisement and commercials. Pal's is guaranteed to bring the best quality of video with the best customer support we have to offer. Pals will be based in Amarillo Texas will include hold true to its vision of being a new up and coming video production service will a friendly feel in order to gain the trust and satisfaction of our customers.

A. Mission Statement

- At PALS Productions, our mission is to provide our community with a high quality, full-service, video production service. We are committed to being the best video production service in our community by ensuring high quality products and services. We seek to develop the most creative, innovative, and profitable videos in our community and we promise to value and respect our employees, clientele, consumers, and community.

B. Vision Statement

- Within the next 5 years, Pals production would like to spread and be well known throughout the Texas Panhandle and be a face on the national market.

II. The Business Concept

A. The Company

- The company is founded under the structure of a Limited Liability Company. Each owner will own 33% of the whole company, and no major company decision will be made without all three members.
- Pals Production is a video production company, specializing in recording and editing video for both wedding and commercials.
- Pals Productions will strive to create and sell high quality Video production to its clients. we will demonstrate positive character, while still showing the image of a series video production company. our company will also increase

its business by selling its product at an affordable price, while still not selling our product too low.

- Every founder of Pals Production is skilled at videography, through both filming and editing. each member is also proficient with computers, both MAC and PC, as well as people skills.
- All of our management has experience with different aspects of the company, but are still able to do every function if someone were to leave the company
- Keith Augustine, as the Technical director and the Social Media Manager will both handle any and all of the technologies the company will need as well as monitor social media sites like Facebook and Twitter.
- Brad Pennartz, as the director of Video Production, will look over most of the aspects of the videos the company produces from meeting with clients to determine a creative direction to final editing.
- Tim Lerma, as the talent agent and Head Writer, will be the one who finds and makes the appointments with clients, as well as handle the paperwork and business in the office.

B. The Products and/or Services

- We will provide the best quality video's for our clients, and will listen too feedback to make their video exactly what they are looking for.
- Pals Production guarantees that a final product will be available to our client before a full week has passed.
- Any project we do will be stored on a computer for 6 months, and will be stored in an external memory source for future reference.
- Once we start up, our target market will be the people around amarillo

looking for event videographers and businesses looking for commercials. After a period of time we will work on increasing our range to the panhandle and more into the national market.

- All of our work will be copyrighted.

C. The Market

- We will be based in Amarillo along with several other video production companies.
- Our product will be available to anyone, person or business alike who would like quality video work.
- Gray's Studio
 - Gray's Studio has been in Amarillo since 1910 and is the first studio in the Panhandle as they offer a fusion of both video and photography.
 - Gray's offer three cameras for highlight videos and various packages for their customers.
- 41 Productions
 - 41 Productions have been in Amarillo in 2006 and offer various wedding packages for their clients.
 - 41 offer multiple camera shots in their packages as well as photographs, much like Gray's Studios.
 -
- Captured Memories
 - Captured Memories is a family owned business that was established in

2007. All videos and photography are done with digital equipment and their video editing have received an American advertising award.

- CP Photography
 - Cody Perez has been taking pictures for creative fulfillment, as well as professionally for 7 years. Perez also does videography along with photography for weddings and quinceneras.

III. The Marketing Plan

A. Pricing Strategy

- We intend to price our services with two different methods.
 - For weddings or other events, Pals Productions is going to have a flat fee of \$2,900 per wedding. This will be economically friendly compared to other prices, but will still give back to the company and help to cover the costs of the business
 - For commercials, Pals Productions will charge a flat rate of \$2,500 per 30 seconds of video. Most people in the Amarillo are will be getting the 30 seconds, but that leaves it open to a business who wants a minute video.
- Our service will be based on being lower, but will emphasize the quality of the work going into it.
- Pals Production has a very low operating cost, and our prices are set so that they can overcome the operating expenses and give a positive profit. We will also save costs by not having a company vehicle, and the founders will not receive compensation until the company becomes more well off.

B. Positioning Strategy

- Weddings and event videography is a human interest that will not go away, and there will always be the need for that. Commercials are a very powerful source of advertising for any business. With both of these aspects, our company will strive to meet and exceed the wants and needs of our clients asking for our service.
- Our service will provide quality, and will be tailored to what our customers want. We also want to gain the trust of our clients so new clients can not only hear our word of our quality, but the words of others, and spread our name throughout the community.

C. Promotion Strategy

- We can very easily create our own advertising content, which would strike our own costs down. All we need is to buy spots on television stations or the internet to spread our name. Our plan also intends on using word of mouth from our clients, that would be of no expense to us, but would also spread our company.

D. Distribution Strategy (Place)

- Because Pals productions works closely with our clients, we will be physically handing them the final copy of the video. Before a physical copy is made, there would be a meeting with the client in the conference room. There would be a viewing of the product and input. The final part of the 50% payment will be exchanged prior to the product being handed over, to insure that our service is compensated.

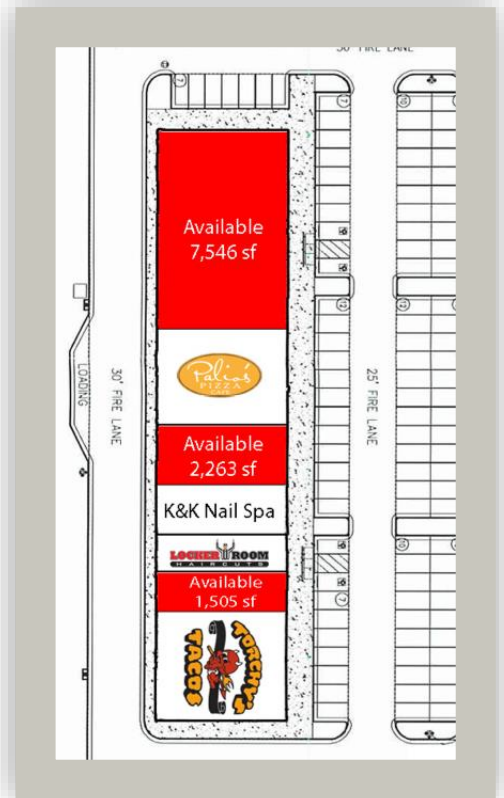
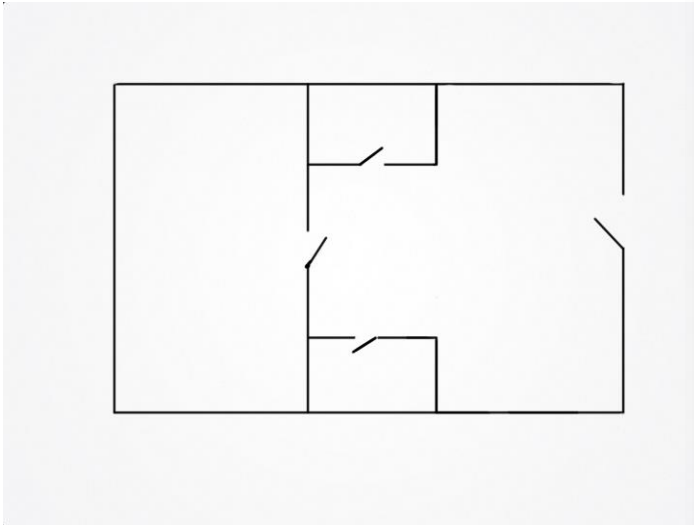
E. People

- Our service will be very personable, where we will be approachable from clients for input, changes, and plan modifications. we will primarily serve through our office, with face-to-face meetings, but we will also have an office phone and email to set appointments or to request earlier mentioned changes.
- Our company will specialize with customer service, because we know people will come back to us if our service and quality are better than competitors.

IV. The Operations Plan

A. Location and Facilities

- Our Business will be located at Soncy Market Space 261, 3550 Soncy Road, Amarillo, TX 79119. The Lot will have about 2,263 square feet of room. the floor plan will be played out as seen below:



- The Large room in the back will be used as a studio, with a green, black, and white screen able to be set up, and lighting, to shoot in studio work like

interviews and special shots.

- One of the side rooms will be used as a conference room, to meet with clients before a project to get an idea of what they are looking for, and for after project viewings to ensure they are getting the project they want. There will be seating for ten, and a projector with a screen to view video.
- The other side room will be used as a video editing bay, where the raw video footage will be taken and shortened and edited to the final product.
- The front will be set up like an office, and will have a desk, some waiting chairs and most of our office supplies.
- The facility is located on a very popular and busy section of Amarillo. The place should get plenty of foot traffic, as well as a public sight for people passing by.
- We will not require shipments or need suppliers, as Pals Production is a video production company. Our only product is the final video, but it requires no raw materials for us to make.
- Our hours will be Monday through Friday from 9 AM to 5PM under normal operation, or special times set up by appointment for projects will also be considered.
- Our lease will be set up where we will be responsible for paying for utilities separately, as well as a section of the parking lot is our liability.

B. Equipment and Fixtures

- Our business will require the use of many technologies, involving cameras, computers, and lighting. Our studio will be set up to be darker, while lighting kits will be set up to properly light up the stage area. Cameras will not be permanently be placed. The computers will never be moved while our

business is running. Our conference room will be set up to have a long table with ten chairs on it. Meanwhile our editing bay will only have one chair and one desk, which is where the MAC will stay.

- Every piece of equipment we get will be new and will have to be acquired. Pals Productions will be the top in quality and will also do what we can to keep our equipment long-lasting.

C. Labor

- Discuss what skills are required and what provision you have made for training.
- Explain when you plan to employ the needed personnel including plans to add employees.
- Pals Production will start out with only three members, which are the founders of the company. It will be rough at first, but it will be manageable with just the three founders to handle it. These founders will be part time while the company gets started, and will be full time at other areas to provide living expenses. Once the business starts getting sufficient business, it will be shifted full time.
- The three founders will be paid by salary, and while the first year, most of the money we make will be funneled back into the company. However after our profit margin improves, we will receive a salary of \$1,200 per month, or \$14,400 per year. As the company improves, we will increase that margin to \$18,000 per year, and just accordingly.

- As the company grows and requires more hands, employees will be hired. Skills required by any employee would be primarily based on shooting video and editing video, as well as office management. The starting rate for any employee would be \$8 per hour and would raise to \$10 for skilled work and video work. Further promoting would only be done with really good work, and agreement with all of the founders.

V. The Financial Plan

PALS Productions is asking for a loan of \$73,361 for startup cost and to get us through our first year. The money will go to various areas in our business that are explained below. (Look to the Appendix for a more detailed breakdown of our expenses.)

Start up Cost: \$83,361

- We will need a total of \$83,361 for Start Up cost ranging from initial construction to equipment purchases. These will be onetime expenses that we will use to get ourselves off the ground as well as a small Capital Reserve to give us a little wiggle room in the turbulent first couple years as our business gains recognition in the market.
- The Owners are pooling together their money to come up with \$10,000 of our own capital to offset some of the equipment costs. This comes out to just above 8.3% of the total loan.

Gross Sales per Month (estimated): \$9,000 Per year: \$106,300

- Early on, we project there to be little business due to a lack of notoriety in the market. However, we plan to offset that lack of income with cost cutting techniques like keeping a small core staff of just the owners for the

first year at least. Also, we plan to not draw a salary from PALS Production for the first 6 months and pour any leftover profits back into the business.

- After the first year of business, we expect business to improve enough to be able to hire a receptionist to answer calls and allow the owners to focus more on the

Total Expenses per Month: 11,000 Per Year: \$151,848

Total Net Profit per Year: \$60,145

The Loan:

- We plan on paying the loan back over 4 years with monthly payments of \$1,661 at 6% interest. We hope that the adjusted rate will allow us to pay back the bank within a timely manner. For collateral, we plan to put up the equipment itself. Most of the equipment we buy will hold its value for a few years and is bought new.

VI. Appendix



Interests and Activities

Star Wars
Video Games
Classic Rock Music

Hobbies

Using Computers
Designing various things

Computer Skills

Adobe Creative Cloud

- Audition- Most Proficient
- Premier- Very Proficient
- Photoshop- Decent Understanding
- Illustrator- Decent Understanding

Microsoft Office

- Word- Most Proficient
- Powerpoint- Very Proficient
- Publisher- Proficient
- Exel- Decent Understanding
- Outlook- Decent Understanding

I am learning more and more how to operate with the Mac OS X. I am very proficient with Windows OS.

WTAMU Box 61592
Canyon, TX 79016
(915)-929-7270
timmlerma@gmail.com

Experience

Cook, Border City Ale House
Jan. 2012 – July 2013
El Paso, TX

- ☐ Maintain sanitation, health, and safety standards in work areas.
- ☐ Clean food preparation areas, cooking surfaces, and utensils.
- ☐ Verify that prepared food meets requirements for quality and quantity.
- ☐ Operate large-volume cooking equipment such as grills, deep-fat fryers, or griddles.
- ☐ Read food order slips or receive verbal instructions as to food required by patron, and prepare and cook food according to instructions.
- ☐ Measure ingredients required for specific food items being prepared.
- ☐ Clean, stock, and restock workstations and display cases.
- ☐ Cook the exact number of items ordered by each customer, working on several different orders simultaneously.
- ☐ Wash, cut, and prepare foods designated for cooking.

Bradley G. Pennartz

4305 Summit Circle

Amarillo, Texas

Cell:

(940) 886-8940



Objective

To acquire as much field experience in the area of Mass Communications as possible.

Notable Achievements

Worked as a DJ at KWTS

Education

Graduate of Vernon High School Class of 2011

Associate of Science Degree Vernon College in 2013

Currently attending West Texas A&M for a BS in Mass Communications

- ☐ Pre-cook items such as bacon, to prepare them for later use.

- ☐ Stock bar with beer, wine, liquor, and related supplies such as ice, glassware, napkins, or straws. (If we were limited in personnel)

Cook, Whataburger

June. 2011 – Aug. 2011

El Paso, TX

- ☐ Operate large-volume cooking equipment such as grills, deep-fat fryers, or griddles.
- ☐ Read food order slips or receive verbal instructions as to food required by patron, and prepare and cook food according to instructions.
- ☐ Measure ingredients required for specific food items being prepared.
- ☐ Clean, stock, and restock workstations and display cases.
- ☐ Cook the exact number of items ordered by each customer, working on several different orders simultaneously.
- ☐ Wash, cut, and prepare foods designated for cooking.

Education

High School Diploma, Riverside High School, June 2013

El Paso, TX

Junior West Texas A&M, Majoring in Broadcast Journalism

Canyon, TX

Pals Productions		
<u>Sources and Uses of Funds</u>		
<i>Uses of Funds</i>		
Capital Purchases:		
Land	0	
Buildings	0	
Vehicles	0	
Furniture & Fixtures	3,926	
Machinery & Equipment	14,036	
Computers & Office Machines	2,276	
Sub Total		20,238
Inventory Purchases		50
One-Time Expenditures:		
Rent & Utility Deposits	0	
Equipment Installation	0	
Decorating/Remodeling	46,260	
Professional Fees	0	
Licenses/Permits/Etc.	0	
Office Supplies	300	
Initial Promotion	0	
Cash for Operations	800	
Signs	0	
Insurance	8,713	
Other	0	
Other	0	
Total One-Time Expenditures		56,073
Working Capital Reserve		7,000
Total Uses of Funds		83,361
<i>Sources of Funds</i>		
Equity(owner's contribution)	12.0%	10,000
New Loan	88.0%	73,361
Total Sources of Funds		83,361
<u>Loans</u>		
<i>New Loan</i>		
Loan Amount		73,361
Interest Rate		6.0%
Term (Months)		50
Monthly Payment		\$ 1,661.90

Pals Productions

Projected Income Statement

	Pre-Start	Monthly for 2014												Annual
		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2014
Total Sales		2,900	5,500	6,500	9,100	10,800	16,000	11,000	9,500	7,500	10,000	10,000	7,500	106,300
Total Cost of Sales		290	550	650	910	1,080	1,600	1,100	950	750	1,000	1,000	750	10,630
Gross Profit		2,610	4,950	5,850	8,190	9,720	14,400	9,900	8,550	6,750	9,000	9,000	6,750	95,670
Operating Expenses														
Owner's Salary		0	0	0	0	0	0	4,500	4,500	4,500	4,500	4,500	4,500	27,000
Employee Wages		0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Burden		0	0	0	0	0	0	540	540	540	540	540	540	3,240
Advertising		200	100	100	100	100	100	100	100	100	100	100	100	1,300
Insurance		707	707	707	707	707	707	707	707	707	707	707	707	8,484
Maint. & Repairs		50	50	50	50	50	50	50	50	50	50	50	50	600
Phone & Cellular		258	8	8	8	8	8	8	8	8	8	8	8	345
Professional Fees		500	0	300	0	300	0	300	0	0	0	0	0	1,400
Rent/Lease		4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	4,338	52,056
Supplies		0	0	0	0	0	0	0	0	0	0	0	0	0
Uniforms		100	0	0	0	0	0	30	0	0	0	0	0	130
Utilities		50	50	50	75	75	100	150	150	150	130	120	120	1,220
Vehicle		0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses		0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses		0	0	0	0	0	0	0	0	0	0	0	0	0
Other Expenses		0	0	0	0	0	0	0	0	0	0	0	0	0
Start-up Expenditures	56,073	0	0	0	0	0	0	0	0	0	0	0	0	56,073
Total Operating Expense	56,073	6,203	5,253	5,553	5,278	5,578	5,303	10,723	10,393	10,393	10,373	10,363	10,363	151,848
Operating Profit	(56,073)	(3,593)	(303)	297	2,912	4,142	9,097	(823)	(1,843)	(3,643)	(1,373)	(1,363)	(3,613)	(56,178)
Interest Expense	0	367	360	354	347	341	334	327	321	314	307	301	294	3,967
Net Profit	(56,073)	(3,959)	(663)	(57)	2,565	3,801	8,763	(1,150)	(2,164)	(3,957)	(1,680)	(1,664)	(3,907)	(60,145)

Pals Productions

Projected Cash Flow Statement

	Pre-Start	Monthly for 2014												Annual
		Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	2014
Beginning Cash Balance	0	7,000	2,036	621	(94)	2,066	5,626	14,662	13,277	10,722	6,167	4,132	2,107	0
Cash Sales	0	2,900	5,500	6,500	9,100	10,800	16,000	11,000	9,500	7,500	10,000	10,000	7,500	106,300
Equity Proceeds	10,000	0	0	0	0	0	0	0	0	0	0	0	0	10,000
Loan Proceeds	73,361	0	0	0	0	0	0	0	0	0	0	0	0	73,361
Available Cash	83,361	9,900	7,536	7,121	9,006	12,866	21,626	25,662	22,777	18,222	16,167	14,132	9,607	189,661
Cash Disbursements														
Inventory Purchases	50	0	0	0	0	0	0	0	0	0	0	0	0	50
Capital Purchases & Goodwill	20,238	0	0	0	0	0	0	0	0	0	0	0	0	20,238
Loan & Goodwill Payments	0	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	1,662	19,943
Cash Operating Expense	56,073	6,203	5,253	5,553	5,278	5,578	5,303	10,723	10,393	10,393	10,373	10,363	10,363	151,848
Total Cash Outflows	76,361	7,864	6,914	7,215	6,940	7,240	6,965	12,385	12,055	12,055	12,035	12,025	12,025	192,079
Ending Cash Balance	7,000	2,036	621	(94)	2,066	5,626	14,662	13,277	10,722	6,167	4,132	2,107	(2,418)	(2,418)

Pals Productions

Projected Balance Sheet

	Start	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16
ASSETS													
Cash	7,000	2,036	621	(94)	2,066	5,626	14,662	13,277	10,722	6,167	4,132	2,107	(2,418)
Inventory	50	50	50	50	50	50	50	50	50	50	50	50	50
Other Current	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Current Assets	7,050	2,086	671	(44)	2,116	5,676	14,712	13,327	10,772	6,217	4,182	2,157	(2,368)
Land and Buildings	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicles	0	0	0	0	0	0	0	0	0	0	0	0	0
Furniture & Fixtures	3,926	3,926	3,926	3,926	3,926	3,926	3,926	3,926	3,926	3,926	3,926	3,926	3,926
Machinery & Equipment	14,036	14,036	14,036	14,036	14,036	14,036	14,036	14,036	14,036	14,036	14,036	14,036	14,036
Computers & Office Machines	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276	2,276
Net Fixed Assets	20,238	20,238	20,238	20,238	20,238	20,238	20,238	20,238	20,238	20,238	20,238	20,238	20,238
TOTAL ASSETS	27,288	22,324	20,909	20,194	22,354	25,914	34,950	33,565	31,010	26,455	24,420	22,395	17,870
LIABILITIES & NET WORTH													
Current Portion - LTD	15,976	16,056	16,136	16,217	16,298	16,379	16,461	16,543	16,626	16,709	16,793	16,877	16,961
Current Liabilities	15,976	16,056	16,136	16,217	16,298	16,379	16,461	16,543	16,626	16,709	16,793	16,877	16,961
Long Term Debt	57,385	56,010	54,628	53,240	51,844	50,441	49,032	47,615	46,191	44,760	43,322	41,877	40,424
TOTAL LIABILITIES	73,361	72,066	70,764	69,456	68,142	66,820	65,493	64,158	62,817	61,469	60,115	58,753	57,385
NET WORTH	(46,073)	(49,742)	(49,855)	(49,262)	(45,787)	(40,906)	(30,543)	(30,594)	(31,807)	(35,014)	(35,695)	(36,358)	(39,515)
LIABILITIES & NET WORTH	27,288	22,324	20,909	20,194	22,354	25,914	34,950	33,565	31,010	26,455	24,420	22,395	17,870

Loan Amortization Schedule				New Loan				
Principal Amount				\$73,361.00				
Term (Months)				50				
Payments per Year				12				
Interest Rate				6.00%				
Payment Amount				1,661.90				
Payment					Principal	Current		Balance
Number	Payment	Interest	Principal	Balance	Portion	LTD		Check
Jan	1	1,661.90	366.81	1,295.10	72,065.90	16,055.63	56,010.27	0.00
Feb	2	1,661.90	360.33	1,301.57	70,764.33	16,135.91	54,628.42	0.00
Mar	3	1,661.90	353.82	1,308.08	69,456.25	16,216.59	53,239.66	0.00
Apr	4	1,661.90	347.28	1,314.62	68,141.63	16,297.67	51,843.95	0.00
May	5	1,661.90	340.71	1,321.19	66,820.43	16,379.16	50,441.27	0.00
Jun	6	1,661.90	334.10	1,327.80	65,492.63	16,461.06	49,031.58	0.00
Jul	7	1,661.90	327.46	1,334.44	64,158.19	16,543.36	47,614.83	0.00
Aug	8	1,661.90	320.79	1,341.11	62,817.08	16,626.08	46,191.00	0.00
Sep	9	1,661.90	314.09	1,347.82	61,469.27	16,709.21	44,760.06	0.00
Oct	10	1,661.90	307.35	1,354.56	60,114.71	16,792.76	43,321.95	0.00
Nov	11	1,661.90	300.57	1,361.33	58,753.38	16,876.72	41,876.66	0.00
Dec	12	1,661.90	293.77	1,368.14	57,385.25	16,961.10	40,424.14	0.00
Year 1				19,942.83	3,967.07	15,975.75	57,385.25	