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UMAMI SOLUTIONS BUSINESS PLAN

by

Alex Hansen

B.S., Southern Illinois University, 2018

A Research Paper
Submitted in Partial Fulfillment of the Requirements for the
Master of Science

Department of Mass Communications and Media Arts
in the Graduate School
Southern Illinois University Carbondale
May 2020

RESEARCH PAPER APPROVAL

UMAMI SOLUTIONS BUSINESS PLAN

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for the Degree of

Master of Science

in the field of Professional Media and Media Management

Approved by:

Bridget Lescelius, Chair

Graduate School
Southern Illinois University Carbondale
April 10, 2020

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CHAPTER 1

EXECUTIVE SUMMARY

Umami Solutions is a full-service marketing firm based out of Carbondale, IL. Owned and operated by Alex Hansen. They specialize in branding, content marketing, and website design. Their mission is to provide effective, measurable, and affordable marketing solutions to their clients. They believe in letting their work speak for themselves and never locking clients into long term contracts. Being a new company, their goal is to acquire 18 clients by the first year. Their target market consists of small to medium sized businesses with gross revenues ranging from two-hundred thousand to two million dollars annually. Umami plans on acquiring these clients through a variety of tactics including word of mouth, digital advertising, social media advertising (both organic and paid), and traditional media buying.

Highlights

Although Umami Solutions' product offerings are similar to a majority of other marketing firms in the area, there are two main things that separate them from the competition. One of the main factors of separation is that Umami does not lock clients into long term contracts. Their opinion is that if a business is offering a quality product, then customers will continue to return. The second factor is the client experience, Umami prides itself with providing a client centered experience, and having customer service second to none. This is done through their client onboarding process which consists of multiple one-to-one meetings that go in depth discussing the core of the business, their values and vision, and getting to know the brand from the inside out.

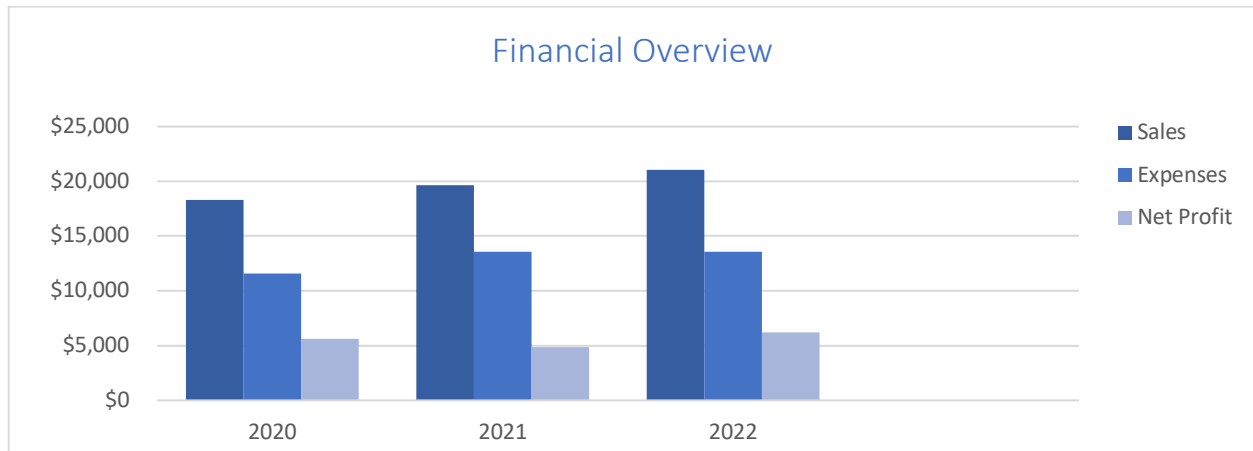


Figure 1

Objectives

1. By the end of the first six months, acquire six clients.
2. By the end of the first year, acquire 18 clients.
3. By the start of year four, hire first intern to assist with day-to-day activities.

Mission Statement

Umami Solutions strives to provide effective, measurable, and affordable marketing solutions to our clients.

Keys to Success

To put it simply, Umami's team of young, passionate, and industry-leading individuals are on top of the latest trends and tactics to help your business scale and grow properly. To help with the cost of onboarding talent and paying salaries, a contracting system will be used to help build the team and create less overhead on the business. This will be key to the success of the business and will allow Umami to provide their services at a reasonable cost.

CHAPTER 2

DESCRIPTION OF BUSINESS

Company Ownership/Legal Entity

Umami Solutions at its early stages will be a sole proprietorship owned by Alex Hansen. The choice to start as a sole proprietorship was made due to the low liability risk and the relative ease of running the entity. A portfolio of like-minded business and creative professionals will serve to augment our team based on a client's need. As the business progresses, it will transition to a limited liability company because of the extra security it offers to the owner's personal assets as well as ability to keep the same tax structure already in place from the sole proprietorship.

Location

Umami Solutions will be will not have a physical location. Members of the Umami Solutions team will meet with clients at their locations or via phone and skype. This is to minimize the overhead to the company and allow for a reasonable price for our services. In areas that are not as economically strong such as Southern Illinois it is important to be able to offer fair prices in order to be successful. Although Umami Solutions is not bound by a specific geographic range, one of their main target markets are businesses and organizations in the southern Illinois and St. Louis/Greater St. Louis area. As Umami's portfolio of clients grows, so will its team. As situations arise, and a physical location is needed, shared co-working space will be used such as the one offered at SIU's Research Park in the Dunn-Richmond Center.

Hours of Operation

Once a physical location has been established, Umami Solutions will be open during regular business hours, specifically 9:00AM-5:30PM. Until then, hours will fluctuate, but they will mainly be available at a client's request regardless of the hour.

Services

Umami Solutions will serve clients in a variety of high impact areas that are a must in the current business climate. The main areas the firm will focus on are brand design, content marketing, and media buying.

Brand Design

Starting from scratch? Umami Solutions loves a challenge. We work with you to determine the core of your brand, what you stand for, and create a brand from the bottom up that best represents everything you are.

Creating a brand entails more than just a pretty logo. Your brand should extend from your website, social media, and every piece of content you publish. Umami Solutions helps to create the essentials and then develop a cohesive brand image amongst all channels. They accomplish this through a few different methods.

Logo Design/Branding Materials

A company's logo should be the most recognizable part of the business and should represent your company as a whole. The logo-design process consists of direct work with clients to experience first-hand what their business is all about. Umami Solutions works meticulously to develop a logo that is exactly what our clients envision. In other words, we make ideas reality.

Website Development

A website is a window into an organization, it gives viewers an opportunity to see what you are all about and most importantly, lets people find you. Umami's team takes pride in being able to design engaging and effective websites for any use. Already have a site but want to increase conversions? Our team will help improve your sites usability and increase its effectiveness.

Branding Guidelines

Setting up branding guidelines is critical for the future use of your logo. Determining how your color scheme should be used, the different variations of your logo, and the proper way to put it all together is important for keeping a cohesive brand image.

Content Marketing

Whether you are B2B or B2C, the fact still remains, people are tired of being marketed to. [The average person now sees around 5,000 ads per day \(linkedin.com/pulse/have-we-reached-peak-ad-social-media-ryan-holmes\)](https://www.linkedin.com/pulse/have-we-reached-peak-ad-social-media-ryan-holmes), and consumers have learned to ignore most of it. This is why it's vital to put efforts into creating content that is valuable and interesting to your target markets. Whether you're starting a company blog, email marketing campaign, press release, or even interested in starting a podcast, Umami Solutions can create content to fit your target audience.

A strong social media presence is a must in the current marketplace. Creating content that is valuable to your target audience is one piece to the puzzle; getting it in front of them is the other.

Media Buying (Traditional & New)

Umami Solutions is full service in the sense that we are content developers and distributors. We'll get your brand in front of your target audience, no matter the demographic. Umami Solutions will work with you to determine where your target market spends their time and then address those areas directly, regardless whether they are digital or traditional.

Software Needed/Capital Expense

The only suppliers Umami Solutions will be working with are the software suppliers needed for the business to conduct their day-to-day operations. These pieces of software include: *Adobe Creative Cloud, Buffer Publish and Analyze, and Marketo Engage/Mailchimp.*

Adobe Creative Cloud

Adobe Creative Cloud is used for all media development. Although there is a multitude of tools that come with the creative cloud, the main ones that will be used for the Umami's purposes are for graphic design and video editing. These programs include Illustrator, Photoshop, and Premier.

Buffer Publish & Analyze

Buffer Publish and Analyze will be used for social media advertising for Umami's clients and their own social content. *Buffer Publish* allows for scheduling of posts on all social platforms. *Buffer Analyze* allows for in-depth analytical reports across all social media platforms. These reports provide in-depth information on audience demographics as well as account and posts analytics.

Marketo Engage & Mailchimp

These pieces of software will be used for clients who would like Umami to handle their marketing automation, including email-marketing campaigns and some digital advertising. Depending on the scale and clients mailing lists or other services they may need, either *Mailchimp* or *Marketo* will be used. This is due to the costs of each platform. If the client has a smaller mailing list, Mailchimp will be used. For clients with larger mailing lists as well as in need of other marketing automation services, Marketo will be used.

Management

As the sole proprietor of the business, Alex Hansen will be managing the business. Alex Hansen is a graduate of Southern Illinois University with an undergraduate degree in Marketing, and is soon to have a graduate degree in Professional Media and Media Management. Throughout his Bachelor of Science degree in Marketing he received training in data analysis, brand

development, and marketing management. His Master of Science degree in media management gave him experience in the creative side of marketing, where he took classes in graphic design, media buying, and management.

His work experience includes two years of sales with Southern Illinois athletics, over a year of sales management at Southern Illinois athletics, and one year as a small business specialist at the Illinois Small Business Development Center. His experience at SIU athletics gave him training in providing top-tier customer service as well as managing a sales team. At a basic level his experience taught him how to deal with people as a whole, there were a multitude of situations where he had to deal with upset customers and work with them to end up with a positive customer experience and retain them as paying fans of SIU athletics. His work at the Illinois small business development center gave him the opportunity to help start-ups and small businesses get off the ground by developing a brand image, assist with website optimization, and help businesses build out their presence on social media.

CHAPTER 3

MARKETING

Market Analysis

Umami's target market is small to medium sized businesses with gross revenues ranging from two-hundred thousand to two million dollars annually. This delineation was made because companies less than two-hundred thousand in in gross revenues don't have the financial capacity to afford marketing services, and although Umami solutions would take on clients larger than the two million dollar gross revenue mark, they are less likely to work with a small-sized marketing firm such Umami. It is much more effective to target these businesses that fall within this range.

Because of the nature of the nature of marketing services, the work can be done remotely unless a job requires content creation with video and photography. However, due to the current location of the company, marketing efforts will be focused around southern Illinois as well as St. Louis and the greater St. Louis area. Umami Solution's marketing strategy will primarily consist of digital marketing, as well as a few instances of media buying within traditional media that are deemed to be viewed by our target audience. These specific tactics will be addressed in more depth in the following sections.

Market Segmentation

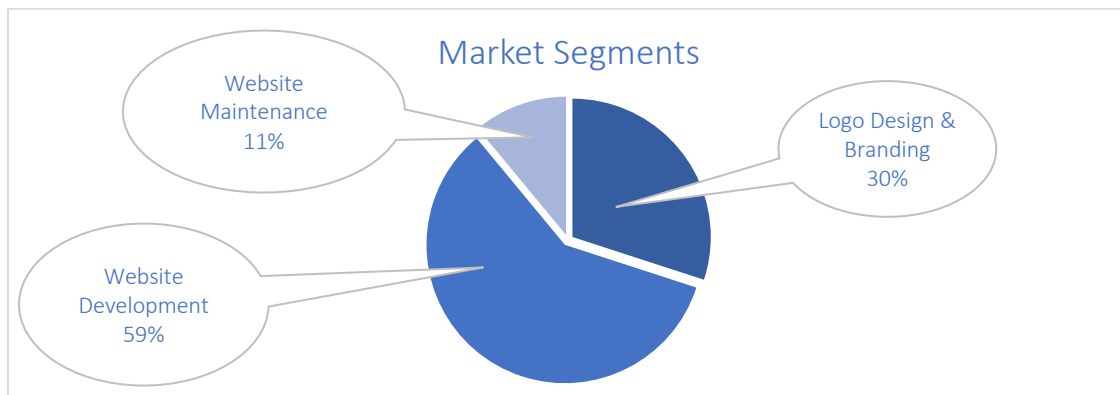


Figure 2

Competition

The three competitors illustrated in the chart below are three of the nearest marketing firms in the area. It is important to note that although these three firms are competitors, they each have different product offerings as well as target markets. Arthur agency specializes in the creative side of marketing and mainly goes after medium to large sized organizations. Harness digital marketing focuses on a digital prescience for their clients and has small businesses within their target market. Alter Ego is a full-service marketing firm with the majority of their clients being small businesses.

Table 1
Competition

Comparable Factor	Arthur Agency	Harness Digital Marketing	Alter Ego Marketing	Umami Marketing Solutions
Location	Carbondale, Illinois	Carterville, Illinois	Herrin, Illinois	Carbondale, Illinois
Product Quality	Good	Fair/Poor	Good/Fair	Fair
Service Quality	Good	Fair	Good/Fair	High
Price	High	Average/low	Unknown	Fair

Strength(s)	Strong creative team & strong client base	Owner is well known in the community and has close ties.	Multifaceted product line, able to do design, printing, and media buying all in house.	Affordable and quality work, excellent customer service, and no long-term contracts.
Weakness(es)	Solely Creative/no advertising product offerings	Lacks in creative, mainly reshares existing content.	Still relatively new company; not as established as other competitors.	The fact that members of the company are young could be perceived as a negative.
Advertising	Mainly word of mouth due to it being long-standing business.	Does some pay-per-click advertising. Mainly relies on social media advertising and video blogging.	Mainly word of mouth.	Digital advertising, traditional media buying, and word-of-mouth are the main forms of advertising.

Reputation	High-quality, creative work.	High client turnover rate. Locking clients into contracts.	Quality work	No reputation due to the organization being a startup.
Market Share % (estimated)	Out of most marketing firms in the area, 75-80% of market consisting of large-scale clients over two-million dollars in gross revenue.	35% of small businesses at a local level within the same gross revenue range as Umami Solutions target market.	Roughly 35% percent, with target market being of the same size as Harness Digital Marketing, and Umami Solutions.	No market share at this point in time due to the organization being a startup.

It is important to note that these are just firms in the local area that are competition, there are a multitude of other services that compete amongst all of Umami's product offerings. A large competitor in regard to graphic design and branding are websites like Fiverr where business owners can hire freelancers to design their brand at extremely low costs but with varying quality.

Advertising and Promotion

Umami Solutions will use multiple platforms and services to promote and advertise their services. These platforms and services include digital advertising, social media advertising (organic and paid), traditional media buying, and word-of-mouth. The combination of all these will maximize the \$250 a month advertising budget.

Digital Advertising

In the context of Umami Solutions use, digital advertising will consist of paid ads on websites that small business owners are likely to be visiting, as well as paid search ads. Although expensive these ads will be helpful to help drive traffic to the website at the early stages. Search ads will be placed on competitors google searches as well as key words relating to Umami Solutions services. Retargeting campaigns will also be done to assist in remaining in front of perspective clients. To do this Umami's website will enable a plugin to place cookies on visitors of the site. From that point forward the firm will be able to send personalized ads to these visitors on multiple sites. These ads are effective and also a fraction of the cost of paid search ads which will be used sparingly.

Social Media Advertising

Umami's social media advertising will consist of organic growth and amassing a following through consistent posting that followers will find useful. Some of the most successful advertising firm's social media accounts consist of a combination of providing information on marketing trends to help teach followers and increase credibility. Umami's social media advertising plan will also consist of paid advertising on social medias such as LinkedIn, where business owners are likely to be users.

Traditional Media Buying

Traditional media may not be the most fashionable place to advertise at this point in time, but it does have unique benefits and the ability to connect with certain audiences that aren't necessarily present digitally. As far a traditional media is concerned, the two most effective areas for Umami Solution to Advertise their services are small business trade journals and local magazines whose readers match Umami Solutions target market. Radio ad placement on specific

channels are another form of media buying that could be beneficial to the company in terms of the local target market. Radio advertising is relatively cheap compared to other forms and can yield high a return on investment.

Word of mouth

Compared to all other forms of promotion and advertising, word of mouth will be the most effective. Money can be pumped into placing advertisements in front of our target market, however, what will be most successful is having clients that are happy with the firm's services recommend that to others. Umami Solutions will develop satisfied clients by providing unparalleled customer service and a unique experience that is centered around the client. If this is done successfully, long term contracts won't be needed to hold down clients because the positive results will have clients coming back willingly.

CHAPTER 4
FINANCIAL INFORMATION

Loan Request

Table 2

Amount

Needed

	Amount Needed	\$1,397
	Owner's Investment	\$720
	Other Investors	\$677
Total		\$1,397

Use of Funds

	First Month of Software	
	Subscriptions	\$80
	Computers & Peripherals	\$879
	Initial Inventory	\$320
	Starting Working Capital	\$100
Total		\$1,397

Repayment

Period: 1 year(s)

Source: Personal, 0%

interest loan

Use of Funds

The \$1,397 needed to start Umami Solutions will be broken down in this section.

Computers and Peripherals

The owner is contributing his personal MacBook Pro to the business. Instead of depreciating the equipment over time, an amount has been added to the “Repairs & Maintenance” line item of the monthly expenses. This can be used to fix the existing machine or saved to purchase a new MacBook Pro between years one and two. The choice to not depreciate the item was made because ownership of it will transfer back to Mr. Hansen upon purchase of the new laptop.

Computers and Peripherals

Table 3

Equipment Item	Supplier	Cost	Quantity	Total Expense
2015 MacBook Pro	Owner	\$600.00	1	\$600.00
DJI Osmo Mobile 2 Stabilizer – Ultimate Travelers Bundle	Amazon	\$159.00	1	\$159.00
iPhone 7	Owner	\$120.00	1	\$120.00
Total				\$879.00

First Month of Software Subscriptions

Table 4

Supplies	Supplier	Monthly Expense	Total
Adobe Creative Cloud	Adobe	\$80.00	\$80.00
Total			\$80.00

Owner's Investment (Equity)/Collateral

Table 5

Item	Amount
2015 MacBook Pro	\$600.00
iPhone 7	\$120.00
Total	\$720.00

Cost of Inventory / Service

The business is largely service based, so there is no inventory to consider. However, an initial run of business cards, signage, and other marketing materials was added to the initial inventory category of the startup expenses. This amount is \$320.00.

Projected Annual Gross Income

Logo and Branding Guidelines – includes all digital formats of the logo, which will include specialized formatting for letterhead, business cards, and social media headers. This service will be offered to clients for an average of \$600.

Website Development – The pricing will vary based upon the size and scale of the project. For instance, a static, informational site without eCommerce capabilities will average around \$800.00. A larger site like an eCommerce site with a product line of 20 different items would average \$1,700.00. A site that falls between the two, whether that means more content and pages on an informational site or an eCommerce site with a small product catalog would average \$1,200.00.

Website Maintenance – For \$100 per month, the client’s sites will be maintained, which will include keeping the software updated and two hours’ worth of content additions or updates. Anything beyond that two hours will be negotiated with the clients.

During the first year, Mr. Hansen’s goal is to bring in an average of 10 clients per month. In an effort to remain conservative, this amount has been set as bringing in one new client per month for the first six months and two per month for the following six months. For Year Two, the growth percentage will be based on the BizMiner industry report, which shows a 7.3% annual growth rate. At the start of Year Four, if the gross sales can support it, the plan is to bring on a paid intern to help with the client workload.

Gross sales for Year One are as follows:

- One new client per month for the first six months and two new clients per month for the following six months, alternating between needing logo design and branding and website development. It will also include half of the website development clients staying on as website maintenance clients.

Month One:

- o Logo Design & Branding

Month Two:

- Website Development

Month Three:

- Logo Design & Branding

Month Four:

- Website Development
- 1 x Website Maintenance (Ongoing)

Month Five:

- Logo Design & Branding
- 1 x Website Maintenance (Ongoing)

Month Six:

- Website Development

Month Seven:

- Logo Design & Branding
- Website Development
- 2 x Website Maintenance (Ongoing)

Month Eight:

- Logo Design & Branding
- Website Development
- 2 x Website Maintenance (Ongoing)

Month Nine:

- Logo Design & Branding
- Website Development
- 3 x Website Maintenance (Ongoing)

Month Ten:

- Logo Design & Branding
- Website Development
- 3 x Website Maintenance (Ongoing)

Month Eleven:

- Logo Design & Branding
- Website Development
- 4 x Website Maintenance (Ongoing)

Month Twelve:

- Logo Design & Branding
- Website Development
- 4 x Website Maintenance (Ongoing)

Gross sales by month

Table 6

	Logo Design & Branding	Website Development	Website Maintenance	Monthly Revenue
Month 1	\$600.00			\$600.00
Month 2		\$1,200.00		\$1,200.00
Month 3	\$600.00			\$600.00

Month				
4		\$1,200.00	\$100.00	\$1,300.00
Month				
5	\$600.00		\$100.00	\$700.00
Month				
6		\$1,200.00	\$100.00	\$1,300.00
Month				
7	\$600.00	\$1,200.00	\$200.00	\$2,000.00
Month				
8	\$600.00	\$1,200.00	\$200.00	\$2,000.00
Month				
9	\$600.00	\$1,200.00	\$300.00	\$2,100.00
Month				
10	\$600.00	\$1,200.00	\$300.00	\$2,100.00
Month				
11	\$600.00	\$1,200.00	\$400.00	\$2,200.00
Month				
12	\$600.00	\$1,200.00	\$400.00	\$2,200.00
			Annual Gross	
			Sales	\$18,300.00

Cost of Goods / Services Sold

The cost of goods sold will include travel to meet with new clients as well as additions to the software costs. This was calculated by looking at the Bizminer report, which is included in the appendix. The report looks at the financials from businesses using the 541613 (Marketing Consulting Services) NAICS code. Then, it was further narrowed to only look at sole proprietorships, which resulted in an average of 6,772 businesses in 2016; 6,412 in 2017; and 6,971 in 2018. The cost of goods sold for those businesses includes a portion of wage amounts, which was removed and leaves:

- 6.29% in 2016
- 5.98% in 2017
- 5.98% in 2018

These amounts were averaged, leaving a cost of goods sold of 6.08%.

Payroll Expenses – Starting in Year Four

Table 7

Position	Number of People	Hourly Rate	Weekly Hours	Monthly Cost
Paid Intern	1	\$15.00/hour	20	\$1,299
PAYROLL TAXES (15%)				\$195
TOTAL MONTHLY PAYROLL & TAXES				\$1,494

Projected Monthly Expenses

Table 8

Item	Monthly Expense	Annual Expense
Advertising	\$250	\$3,000
Miscellaneous	\$100	\$1,200
Repairs & Maintenance	\$50	\$600
Software	\$730	\$8,760
Total	\$ 1130.00	\$ 13,560.00

Additionally, the business will be purchasing an iPhone 11 Pro Max six months from the start of the business. The owner will be donating his personal phone at that point to help with the cost. After the trade-in, the phone will cost \$979.00. This amount, divided by six, has been added as a monthly expense for only the first six months.

Software Monthly Expenses

Adobe Creative Cloud is the primary software platform for graphic design, which will be used for logo design & branding and will be an expense from the beginning of the business. *Buffer Publish & Analyze* will be used for social media publishing and will be added as an expense in month two, when the first website design client will be added.

Marketo is a marketing automation platform for larger customers. For this reason, it is added to the expenses in month six because it is projected that Umami Solutions will work with smaller clients first.

Software Monthly Expenses**Table 9**

Supplies	Supplier	Monthly Expense	Added in Month X	Annual Expense
Marketo	Adobe	550/month	6	6600
Buffer Publish & Analyze	Buffer	100	2	1200
Adobe Creative Cloud	Adobe	80	1	960
Total		730		5,910

Cash Flow – Year 1 (Monthly)

Table 10

PROJECTED CASH FLOW													
YEAR 1													
Umami Solutions													
MONTH	1	2	3	4	5	6	7	8	9	10	11	12	TOTAL
BEGINNING CASH	\$100	\$933	\$1,566	\$2,199	\$2,831	\$3,464	\$3,547	\$3,793	\$4,039	\$4,285	\$4,531	\$4,776	
Cash Sales	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	1,525	18,300
A/R Collected	0	0	0	0	0	0	0	0	0	0	0	0	0
Other Income	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL CASH	\$1,625	\$2,458	\$3,091	\$3,724	\$4,356	\$4,989	\$5,072	\$5,318	\$5,564	\$5,810	\$6,056	\$6,301	
Inventory Purchase	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$93	\$1,113
Advertising	250	250	250	250	250	250	250	250	250	250	250	250	3,000
Bad Debt	0	0	0	0	0	0	0	0	0	0	0	0	0
Employee Wages	0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll Taxes	0	0	0	0	0	0	0	0	0	0	0	0	0
Insurance	0	0	0	0	0	0	0	0	0	0	0	0	0
Licenses & Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Miscellaneous	0	100	100	100	100	100	100	100	100	100	100	100	1,100
Professional Fees	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent	0	0	0	0	0	0	0	0	0	0	0	0	0
Repairs & Maintenance	50	50	50	50	50	50	50	50	50	50	50	50	600
Supplies	0	0	0	0	0	0	0	0	0	0	0	0	0
Telephone	0	0	0	0	0	0	0	0	0	0	0	0	0
Utilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Vehicle Expense	0	0	0	0	0	0	0	0	0	0	0	0	0
Software	80	180	180	180	180	730	730	730	730	730	730	730	5,910
Purchase of iPhone 11 Pro Max	163	163	163	163	163	163	0	0	0	0	0	0	978
-	0	0	0	0	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0	0	0	0	0
-	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTAL EXPENSES	\$636	\$836	\$836	\$836	\$836	\$1,386	\$1,223	\$1,223	\$1,223	\$1,223	\$1,223	\$1,223	\$12,701
CASH LESS EXPENSES	\$989	\$1,622	\$2,255	\$2,888	\$3,521	\$3,604	\$3,849	\$4,095	\$4,341	\$4,587	\$4,833	\$5,079	
Withdrawals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payment on Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment on Tax Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Payment on Current Liabilities	0	0	0	0	0	0	0	0	0	0	0	0	0
Loan Principal Repaid	56	56	56	56	56	56	56	56	56	56	56	56	677
ENDING CASH BEFORE L.O.C.	\$933	\$1,566	\$2,199	\$2,831	\$3,464	\$3,547	\$3,793	\$4,039	\$4,285	\$4,531	\$4,776	\$5,022	
Draw on Line of Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
Repay Line of Credit	0	0	0	0	0	0	0	0	0	0	0	0	0
ENDING CASH	\$933	\$1,566	\$2,199	\$2,831	\$3,464	\$3,547	\$3,793	\$4,039	\$4,285	\$4,531	\$4,776	\$5,022	

Cash Flow – Year 2 & 3 (Quarterly)

Table 11

PROJECTED CASH FLOW YEAR 2 Umami Solutions						PROJECTED CASH FLOW YEAR 3 Umami Solutions					
QUARTER	1	2	3	4	TOTAL	QUARTER	1	2	3	4	TOTAL
BEGINNING CASH	\$5,022	\$6,243	\$7,463	\$8,684		BEGINNING CASH	\$9,904	\$11,461	\$13,019	\$14,576	
Cash Sales	4,909	4,909	4,909	4,909	19,636	Cash Sales	5,267	5,267	5,267	5,267	21,069
A/R Collected	0	0	0	0	0	A/R Collected	0	0	0	0	0
Other Income	0	0	0	0	0	Other Income	0	0	0	0	0
TOTAL CASH	\$9,931	\$11,152	\$12,372	\$13,593		TOTAL CASH	\$15,172	\$16,729	\$18,286	\$19,843	
Inventory Purchase	\$298	\$298	\$298	\$298	\$1,194	Inventory Purchase	\$320	\$320	\$320	\$320	\$1,281
Advertising	750	750	750	750	3,000	Advertising	750	750	750	750	3,000
Bad Debt	0	0	0	0	0	Bad Debt	0	0	0	0	0
Employee Wages	0	0	0	0	0	Employee Wages	0	0	0	0	0
Payroll Taxes	0	0	0	0	0	Payroll Taxes	0	0	0	0	0
Insurance	0	0	0	0	0	Insurance	0	0	0	0	0
Licenses & Fees	0	0	0	0	0	Licenses & Fees	0	0	0	0	0
Miscellaneous	300	300	300	300	1,200	Miscellaneous	300	300	300	300	1,200
Professional Fees	0	0	0	0	0	Professional Fees	0	0	0	0	0
Rent	0	0	0	0	0	Rent	0	0	0	0	0
Repairs & Maintenance	150	150	150	150	600	Repairs & Maintenance	150	150	150	150	600
Supplies	0	0	0	0	0	Supplies	0	0	0	0	0
Telephone	0	0	0	0	0	Telephone	0	0	0	0	0
Utilities	0	0	0	0	0	Utilities	0	0	0	0	0
Vehicle Expense	0	0	0	0	0	Vehicle Expense	0	0	0	0	0
Software	2,190	2,190	2,190	2,190	8,760	Software	2,190	2,190	2,190	2,190	8,760
-	0	0	0	0	0	-	0	0	0	0	0
-	0	0	0	0	0	-	0	0	0	0	0
-	0	0	0	0	0	-	0	0	0	0	0
Loan Interest	0	0	0	0	0	Loan Interest	0	0	0	0	0
TOTAL EXPENSES	\$3,688	\$3,688	\$3,688	\$3,688	\$14,754	TOTAL EXPENSES	\$3,710	\$3,710	\$3,710	\$3,710	\$14,841
CASH LESS EXPENSES	\$6,243	\$7,463	\$8,684	\$9,904		CASH LESS EXPENSES	\$11,461	\$13,019	\$14,576	\$16,133	
Withdrawals	\$0	\$0	\$0	\$0	\$0	Withdrawals	\$0	\$0	\$0	\$0	\$0
Loan Principal Repaid	0	0	0	0	0	Loan Principal Repaid	0	0	0	0	0
ENDING CASH BEFORE L.O.C.	\$6,243	\$7,463	\$8,684	\$9,904		ENDING CASH BEFORE L.O.C.	\$11,461	\$13,019	\$14,576	\$16,133	
Draw on Line of Credit	0	0	0	0	0	Draw on Line of Credit	0	0	0	0	0
Repay Line of Credit	0	0	0	0	0	Repay Line of Credit	0	0	0	0	0
ENDING CASH	\$6,243	\$7,463	\$8,684	\$9,904		ENDING CASH	\$11,461	\$13,019	\$14,576	\$16,133	

Cash Flow by Sales Level

Table 12

PROJECTED CASH FLOW BY SALES LEVEL					
Umami Solutions					
YEAR 1					
	-40%	-20%	TARGET	+20%	40%
Cash Sales	\$10,980	\$14,640	\$18,300	\$21,960	\$25,620
A/R Collected	0	0	0	0	0
Other Income	0	0	0	0	0
Total Cash	<u>\$10,980</u>	<u>\$14,640</u>	<u>\$18,300</u>	<u>\$21,960</u>	<u>\$25,620</u>
Inventory Purchases	\$668	\$890	\$1,113	\$1,335	\$1,558
Owner's Withdrawal	0	0	0	0	0
Total Variable Cost	<u>\$668</u>	<u>\$890</u>	<u>\$1,113</u>	<u>\$1,335</u>	<u>\$1,558</u>
Gross Margin	\$10,312	\$13,750	\$17,187	\$20,625	\$24,062
Cash Operating Expenses:					
Advertising	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Bad Debt	\$0	\$0	\$0	\$0	\$0
Employee Wages	\$0	\$0	\$0	\$0	\$0
Employee Payroll Tax(15%)	\$0	\$0	\$0	\$0	\$0
Insurance	\$0	\$0	\$0	\$0	\$0
Licenses & Fees	\$0	\$0	\$0	\$0	\$0
Miscellaneous	\$1,100	\$1,100	\$1,100	\$1,100	\$1,100
Professional Fees	\$0	\$0	\$0	\$0	\$0
Rent	\$0	\$0	\$0	\$0	\$0
Repairs & Maintenance	\$600	\$600	\$600	\$600	\$600
Supplies	\$0	\$0	\$0	\$0	\$0
Telephone	\$0	\$0	\$0	\$0	\$0
Utilities	\$0	\$0	\$0	\$0	\$0
Vehicle Expense	\$0	\$0	\$0	\$0	\$0
Software	\$5,910	\$5,910	\$5,910	\$5,910	\$5,910
-	\$978	\$978	\$978	\$978	\$978
-	\$0	\$0	\$0	\$0	\$0
-	\$0	\$0	\$0	\$0	\$0
-	\$0	\$0	\$0	\$0	\$0
Increase(Decrease) LOC	\$0	\$0	\$0	\$0	\$0
Loan Payments	\$677	\$677	\$677	\$677	\$677
Total Cash Expenses	<u>\$12,265</u>	<u>\$12,265</u>	<u>\$12,265</u>	<u>\$12,265</u>	<u>\$12,265</u>
Total Net Cash Flow	<u>(\$1,953)</u>	<u>\$1,485</u>	<u>\$4,922</u>	<u>\$8,360</u>	<u>\$11,797</u>

Profit and Loss Statement

Table 13

PROJECTED PROFIT AND LOSS						
Umami Solutions						
	YEAR			% OF TOTAL REVENUES		
	1	2	3	1	2	3
REVENUES:						
Gross Sales	\$18,300	\$19,636	\$21,069	100.00%	100.00%	100.00%
Other Income	0	0	0	0.00%	0.00%	0.00%
Total Revenues	\$18,300	\$19,636	\$21,069	100.00%	100.00%	100.00%
Cost of Goods Sold	1,113	1,194	1,281	6.08%	6.08%	6.08%
Gross Profit	\$17,187	\$18,442	\$19,788	93.92%	93.92%	93.92%
EXPENSES:						
Advertising	\$3,000	\$3,000	\$3,000	16.39%	15.28%	14.24%
Amortization	0	0	0	0.00%	0.00%	0.00%
Bad Debt	0	0	0	0.00%	0.00%	0.00%
Depreciation	0	0	0	0.00%	0.00%	0.00%
Employee Wages	0	0	0	0.00%	0.00%	0.00%
Payroll Taxes	0	0	0	0.00%	0.00%	0.00%
Insurance	0	0	0	0.00%	0.00%	0.00%
Licenses & Fees	0	0	0	0.00%	0.00%	0.00%
Miscellaneous	1,100	1,200	1,200	6.01%	6.11%	5.70%
Professional Fees	0	0	0	0.00%	0.00%	0.00%
Rent	0	0	0	0.00%	0.00%	0.00%
Repairs & Maintenance	600	600	600	3.28%	3.06%	2.85%
Supplies	0	0	0	0.00%	0.00%	0.00%
Telephone	0	0	0	0.00%	0.00%	0.00%
Utilities	0	0	0	0.00%	0.00%	0.00%
Vehicle Expense	0	0	0	0.00%	0.00%	0.00%
Software	5,910	8,760	8,760	32.30%	44.61%	41.58%
Purchase of iPhone 11 Pro	978	0	0	5.34%	0.00%	0.00%
-	0	0	0	0.00%	0.00%	0.00%
-	0	0	0	0.00%	0.00%	0.00%
-	0	0	0	0.00%	0.00%	0.00%
Loan Interest	0	0	0	0.00%	0.00%	0.00%
Total Expenses	\$11,588	\$13,560	\$13,560	63.32%	69.06%	64.36%
NET PROFIT B/F TAXES	\$5,599	\$4,882	\$6,228	30.60%	24.86%	29.56%
Less Federal Tax	0	0	0	0.00%	0.00%	0.00%
Less State Tax	0	0	0	0.00%	0.00%	0.00%
Less Withdrawals	0	0	0	0.00%	0.00%	0.00%
Net Profit Remaining for Loan Payment	\$5,599	\$4,882	\$6,228	30.60%	24.86%	29.56%
LESS PRINCIPAL:						
Loan Principal	\$677	\$0	\$0	3.70%	0.00%	0.00%
BOTTOM LINE	\$4,922	\$4,882	\$6,228	26.90%	24.86%	29.56%

Balance Sheet

Table 14

BALANCE SHEET				
Umami Solutions				
<u>ASSETS</u>	AT LOAN	YEAR 1	YEAR 2	YEAR 3
Current Assets:				
Cash	\$100	\$5,022	\$9,904	\$16,133
Accounts Receivable	0	0	0	0
Sales Inventory	320	320	320	320
Supplies Inventory	0	0	0	0
Total Current Assets	\$420	\$5,342	\$10,224	\$16,453
Fixed Assets:				
Land	\$80	\$80	\$80	\$80
Land Improvements	0	0	0	0
Buildings & Improvements	0	0	0	0
Transportation Equipment	0	0	0	0
Office Furniture & Equipment	879	879	879	879
General Equipment	0	0	0	0
(Less Fixed Asset Accum. Depreciation)	0	0	0	0
Total Fixed Assets	\$959	\$959	\$959	\$959
Other Assets:				
Organizational Expense	\$0	\$0	\$0	\$0
Franchise Fee	0	0	0	0
Goodwill	0	0	0	0
(Less Asset Accum. Amortization)	0	0	0	0
Utility Deposits	0	0	0	0
Total Other Assets	\$0	\$0	\$0	\$0
TOTAL ASSETS	\$1,379	\$6,301	\$11,183	\$17,412
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$0	\$0	\$0	\$0
Taxes Payable	0	0	0	0
Other Current Liabilities	0	0	0	0
Line of Credit	0	0	0	0
Current Portion of Long Term Debt	677	0	0	0
Total Current Liabilities	\$677	\$0	\$0	\$0
Long Term Liabilities:				
Loan 1	\$677	\$0	\$0	\$0
Loan 2	0	0	0	0
Loan 3	0	0	0	0
Loan 4	0	0	0	0
Loan 5	0	0	0	0
(Less Current Portion of Long Term Debt)	(677)	0	0	0
Total Long Term Liabilities	\$0	\$0	\$0	\$0
TOTAL LIABILITIES	\$677	\$0	\$0	\$0
<u>EQUITY</u>				
Paid in Capital & Common Stock	\$702	\$702	\$702	\$702
Retained Earnings	0	5,599	10,481	16,710
TOTAL EQUITY	\$702	\$6,301	\$11,183	\$17,412
TOTAL LIABILITIES & EQUITY	\$1,379	\$6,301	\$11,183	\$17,412

Financial Ratios and Breakeven Point

Table 15

SELECTED RATIOS				
Umami Solutions				
	AT LOAN	YEAR 1	YEAR 2	YEAR 3
Debt to Equity (Total Liabilities/Tangible Net Worth)	0.96	0.00	0.00	0.00
Gross Profit Margin (Gross Profit/Total Sales)		0.94	0.94	0.94
Breakeven Point in Sales Dollars ((Total Expenses + Principal - Depreciation - Amortization) / (1 - COGS%))		\$13,059	\$14,438	\$14,438

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