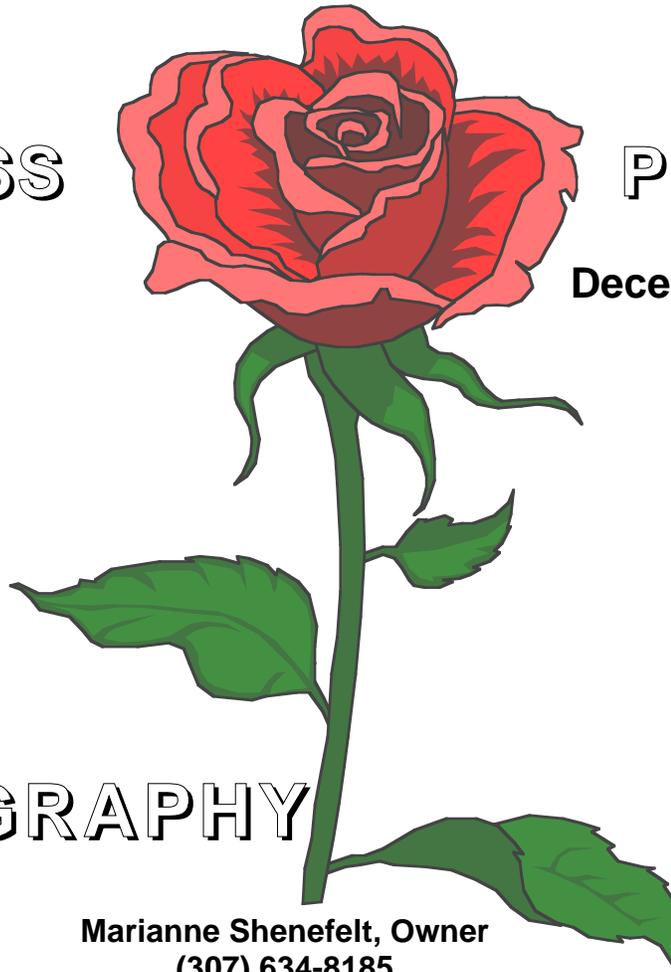


BUSINESS

PLAN

December 1999

For
MARMS
STOCK
PHOTOGRAPHY



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The following sample *NxLevel™* Entrepreneur Business Plan was originally written by a class participant, and subsequently modified to protect proprietary information. As it is primarily a student's work, it is not represented to be a "perfect" business plan, although the presentation is in keeping with the *NxLevel™* format and content. It can be used as a sample of what a business plan might contain, and as a model for constructing the various sections.

Your instructor may ask that you review certain sections and suggest improvements, modifications or additions. The purpose of each individual business plan may be different, with varied intended readers. You may also be asked to discuss what information might need to be included or deleted based on the purpose of the plan.

TABLE OF CONTENTS

<u>SECTION I</u>	<u>PAGE</u>
Executive Summary	1
 <u>SECTION II</u>	
Mission, Goals and Objectives	3
 <u>SECTION III</u>	
Background Information	6
 <u>SECTION IV</u>	
Organizational Matters/Management	10
Record-Keeping/Operations Controls	14
 <u>SECTION V</u>	
Marketing Plan	16
 <u>SECTION VI</u>	
Financial Plan	23
Start-up Expenses Worksheet	
Notes to the Cash Flow Projection—Year One	
Monthly Cash Flow Projection—Year One	
Notes to the Cash Flow Projection—Year Two	
Monthly Cash Flow Projection—Year Two	
Notes to the Cash Flow Projection—Year Three	
Monthly Cash Flow Projection—Year Three	

APPENDIX

Contents of the Appendix section are not included with this plan due to the proprietary nature of the information. Contents included: Resume of the owner, sample contracts, sample submission sheets, personal financial statement.

SECTION I. EXECUTIVE SUMMARY

MARMS Stock Photography is a library of photographs whose use is for sale. These photographs are specifically nature and wildlife images, with a particular emphasis on flowers. This specialization gives MARMS Stock Photography a unique niche in the marketplace because the pictures are created in an area for which the owner has a passion, and this method of operation gives a strong personal photographic marketing strength. MARMS photographs reach the photo editors of publications who are buying flower pictures for their magazines, books, calendars, cards, etc. Because the business is not trying to sell to the entire world of publishing by sending out submissions to every business that uses pictures, the rate of sales is increased by target marketing. MARMS Stock Photography is not a service photography business, but rather a business that markets its pictures, not the services for taking the pictures. This is an important concept to understand about the business because it ensures the fact that the owner makes pictures she enjoys, which enhances potential for success of the business.

Stock photography is in the publishing industry. At least 20,000 photographs are being bought for publication in this country each day and some publishing houses spend as much as \$10,000 to \$80,000 per month on photography. There are little-known smaller markets that produce books, magazines, CD-ROMs, and related printed materials. (Ron Engh, *Sell and Re-Sell Your Photos*). MARMS' work is targeted to these smaller markets, the premise being it is more likely to sell the rights to ten photographs to medium-budget publications than to sell the rights to one photo to a top-paying magazine. Smaller markets seek specific images, solid ethical practices and most importantly, photos delivered on time, within budget and on target for their publications. MARMS Stock Photography fills this niche.

What sets MARMS' work apart is the owner's ability to present a successful photo illustration that is a picture with content for communication. When you look at a MARMS photo illustration of an Indian Paintbrush, you are kneeling down to the ground for a look closer at the little "hairs" on the stem as the warm afternoon sun is shines through them, knowing they would tickle your fingers were you to touch them—and your eyes are tantalized by the florescent red/orange petals of the blossom. You feel as though you've spent a little time with nature. This is what makes MARMS' work different from the other stock photographers, and what will make the business a success.

The market potential for MARMS Stock Photography is good. The 1999 Photographer's Market has forty-one specific listings for publications relating to Gardening and/or Horticulture. These forty-one markets alone have an annual market potential of \$147,6000. A modest estimated

share of this market would be \$7,380/year and this can be accomplished with a reasonable and manageable effort put into the business. The potential for growth is great, keeping in mind the Goals and Objectives set forth in the business plan.

It is a sound business practice to operate MARMS Stock Photography from a home-based office because the business can be operated from any location that has adequate mail service, as well as overnight delivery services, etc. Additionally, there is a large market potential via the Internet and digital imaging via computer from the home office. The main form of promotion and advertising consists of mailing self-promoting sell sheets or “tear sheets” of previously published photos to prospective photo buyers. Business can be conducted via computer e-mail, telephone and the mail service. Correct packaging of submissions is essential to the business, and includes a professional presentation submitted to the correct target publication interested in purchasing.

MARMS Stock Photography can meet the standards required by today’s publishing markets. Publishers are seeking unique, beautiful pictures that their readers will “ooh” and “aah” over as they turn the pages. Photo editors are never satisfied. A picture of a yellow rose won’t do, it needs to be a picture of a yellow rose with additional out-of-focus yellow roses in the background on an overcast day. MARMS Stock Photography has this image in its library and if not, the owner has the training, skill and talent to make the picture. It will be delivered on time, within budget and to the satisfaction of the photo buyer.

The future looks bright for growth, profit and satisfaction for MARMS Stock Photography.

SECTION II. MISSION, GOALS AND OBJECTIVES

General Description of the Business

MARMS Stock Photography is a library of photographs whose use is for sale. The business markets the pictures taken by the owner for use in books, magazines and publishing companies of all kinds all over the country. The photos are presently marketed by mail and, in the future, will be marketed by computer as well. The purpose of MARMS Stock Photography is to present photo editors with the choice of the finest images in the specialized field of nature photography, specifically flowers. A distinguishing characteristic of the MARMS photography business is the fact that it is not service photography, but rather stock photography—*pictures* are marketed, not services for taking pictures. This ensures that the work is in the area of the photographer's personal photographic marketing strength. This specialization creates a particular understanding of the business as well as irresistible momentum because the photographs that owner enjoys creating reach the specific photo editors who buy and use them. The rights to the pictures made can be sold again and again when submitted to suitable markets. The exception would be when the choice is made to sell the exclusive rights to an image, which is giving up all the rights to the picture including future sales from that picture.

Mission Statement

To provide unique, ethical and timely nature photographs, specifically flowers, to appropriate photo buyers.

Goals and Objectives

Goal #1: To label existing slide collection according to proper submission protocol.

Objectives:

- Categorize and place in slide sheets existing slide collection according to type of flowers, i.e., wild or cultivated, and by color; to be completed by Nov. 15, 1999; work to be done by owner.
- Prepare information, i.e., research Latin names of flowers, common name, where photo was taken, etc., in order to label each slide; to be completed by Dec. 15, 1999; work to be done by owner.
- Buy slide-labeling software to make labels and create a database inventory of slides; put labels on slides; to be completed by Dec. 31, 1999; work to be done by owner.

Goal #2: To mail photographic submissions to at least four sources of publication on a regular basis for a minimum of three months, beginning Jan. 1, 2000.

Objectives:

- Research and identify appropriate markets for submissions; to be completed by Jan. 1, 2000; work to be done by owner.
- Prepare four submissions, i.e., select slides, write submission letter and package submission appropriately and mail; to be completed by Jan. 7, 2000; Jan. 22; Feb. 5; Feb. 19; March 4; and March 18, 2000; work to be done by owner.

Goal #3: Add a scanner to computer equipment in order to expand onto the Internet with a website for the purpose of increasing sales and profit.

Objectives:

- Research scanners and select appropriate scanner; to be completed by Jan. 31, 2000; work to be done by owner.
- Seek out and obtain financial assistance to purchase scanner; to be completed by Jan. 31, 2000; work to be done by owner.
- Research what it takes to have a website; to be completed by Feb. 15, 2000; work to be done by owner.

Goal #4: Using photographs in inventory, expand into local greeting card market with a line of note cards for the purpose of increasing sales and profit.

Objectives:

- Identify pictures to be used in note card line, decide how many photos to use, packaging, and methodology for sales; to be completed by March 31, 2000.
- Research and identify the cost, along with other necessary information, involved in creating a line of note cards; to be completed by April 30, 2000; work to be done by owner.
- Conduct a market analysis related to new note card line; to be completed by June 30, 2000; work to be done by owner.
- Secure financing to launch note card line; to be completed if possible by August 1, 2000; work to be done by owner.

Goal #5: Determine if sole proprietorship is an appropriate legal structure for MARMS Stock Photography, as well as research the other professional areas of expertise needed to successfully operate the business.

Objectives:

- Contact an attorney in order to discuss the advantages and disadvantages of other probable business structures for my business; to be completed by Dec. 1, 1999; work to be done by owner.
- Contact an appropriate tax accountant, i.e., someone who understands intellectual properties, in order to conduct business efficiently and legally with regard to the IRS; to be completed by Dec. 15, 1999; work to be done by owner.
- Contact a local banker to have a discussion regarding a small business loan; to be completed by Jan. 15, 2000; work to be done by owner.
- Contact at least two insurance agencies to discuss what insurance would be considered necessary and its cost; to be completed by Nov. 30, 1999; work to be done by owner.

Goal #6: Develop slide show presentations, with accompanying music, to be given to community groups such as the local garden clubs and the general public for enjoyment and education, and to increase public awareness of the business.

Objectives:

- Select appropriate flower pictures and arrange in proper sequence for a slide presentation; to be completed by Jan. 31, 2000; work to be done by owner.
- Select suitable music to accompany slide presentation and record on cassette tape for use; to be completed by Feb. 29, 2000; work to be done by owner.
- Contact the local garden club and offer to present a flower slide show as the program part of their meeting; to be completed by March 1, 2000, if possible; work to be done by owner.
- Deliver to club secretary written information to be included in club meeting date announcement in local newspaper; to be completed three weeks before meeting date; work to be done by owner.

SECTION III. BACKGROUND INFORMATION

Background Industry Information

Stock photography is in the publishing industry. The majority of the inventory for stock-photo agencies in the beginning came from the practice of photographers who accepted assignments taking some extra photographs and sending these “out-takes” to the stock-photo agency for their files. The Stockphoto Network states that stock photography is existing photography that is available for commercial and/or editorial use—as opposed to assignment photography which is custom made to someone’s specifications.

Today people are more likely to be viewers than readers, therefore making our society an increasingly visually oriented society. The publishing industry is aware of this shift. The stock photography business has gone from being a second-rate business to one that requires the very best a photographer can produce for use in publications. Publishers produce millions of dollars worth of books, periodicals and audiovisual materials every year. Some publishing houses spend as much as \$10,000 to \$80,000 a month on photography. At least 20,000 photographs are being bought for publication in this country each day. (Ron Engh, Sell and Re-Sell Your Photos.)

There are little-known markets that produce books, magazines and related printed products. These markets are open to the small stock photographer because the photo editors of these smaller markets have found the dependability, quality and ease of obtaining the photograph they need is better than working with most large stock-photo agencies. MARMS work is targeted to these smaller markets because, while it would be exciting to see one of MARMS’ photographs on the cover of a prominent magazine, the smaller markets serve the business better. Fees of between \$25-\$100 for black and white, and sometimes twice as much for color is the market niche MARMS photographs fill. It is often easier to sell ten pictures at \$75 each to a medium-budget publication, than one picture at \$750 to a top-paying magazine. (Ron Engh, Sell and Re-Sell Your Photos.)

Current and Future Trends

Presently, there are several very large stock photography agencies that command a large share of the market; for example, Comstock, The Image Bank and Tony Stone Images, as well as on-staff photographers and established pros. However, due to the availability of computers, websites and online capabilities, the marketplace is wide-open for specialized, appropriately selected photographs that are in demand for specific markets. Stock imagery is being used in the printing industry more than ever before. (Pickerell, 1992b.) Today, stock photography frequently needs to be shot specifically for stock use. (Pickerell, 1992a.) Therefore, "...for the individual photographer who knows her photographic strength and markets her photographs to the appropriate publishers, the opportunity for selling work has never been greater." (Ron Engh, Sell and Re-Sell Your Photos.)

Most stock photographers need to specialize in shooting specific subjects to be successful. Specialist photographers have a higher degree of understanding of the subjects they photograph, as opposed to simply finding images in the large general photographic libraries. The result is a variety of imagery that illustrates a reflection of this knowledge. For many very specific or technical needs, individual specialist photographers have been found to be a better source than the large more generalized universal coverage libraries. (Pickerell, 1991.)

Some photo buyers have grown tired of the generic look found in stock photography catalogs and have started to call individual photographers in hopes of finding something different. (Klehr and Churchill, 1993.)

The main government regulation that could be of concern in the photography business is that of copyright. However, the copyright of a photograph belongs to the person who put the image on the film, the photographer. Therefore, there is no issue of copyright regarding MARMS photographs because the owner is the creator of them. It is the use of the image that is sold and it is a one-time use or, if the price is appropriate, all of the rights to use the photograph with no further compensation. The usual rights to the use of a photograph are one-time rights, i.e., the photographer sells the right to use a photo one time only in any medium. The rights transfer back to the photographer on his request after the photo's use. Photograph rights can also be sold as exclusive rights, which is the photo buyer purchases exclusive usage of the image for a negotiated time period, such as one, three or five years. "All rights" can be sold as well, and this would be when a photo buyer buys all rights or claim to ownership of copyright, usually for a

lump sum payment. This entitles the buyer to unlimited, exclusive usage and usually with no further compensation to the creator. (1999 Photographer's Market.) Selling images for anything other than one-time rights requires careful attention to what is being agreed to, educated price negotiations and confidence in making the right decision.

An additional issue has to do with model releases. Under the First Amendment of the United States Constitution (freedom of the press), photographs may be used without releases if they are not libelous, if they relate to the subject they illustrate, or if the captions are related properly in the pictures; and if they are used to inform or educate. (Ron Engh, Sell and Re-Sell Your Photos.) MARMS' work is editorial photography, i.e., photo illustrations that are used to inform and to educate; therefore, rarely is a model release needed. There are exceptions to the rule and when it is necessary, MARMS obtains the necessary model releases.

Business "Fit" in the Industry

The original company name was MAS Productions and it was started in 1994. The original intention of the company was to sell note cards made from black and white photographs. The note cards were the main products of MAS Productions up until 1997, at which time editorial stock photography became the main business. The name MARMS Stock Photography was selected to depict the nature of the business. Note cards will again become a part of MARMS Stock Photography as the goals of the company are met in the coming year(s).

The owner started the company because of her interest and talent in photography. The company has not grown to any large degree and it is not the owner's intention for it to become a large business. There will be no employees in the foreseeable future for the company—however, with proper attention to the business, the potential for growth in profitability is good. A reasonable and manageable growth in the amount of business conducted is quite good due to the market niche the business fills. Photo buyers are never satisfied. A picture of a rose won't do. It must be a yellow rose with out-of-focus yellow roses in the background. The photo buyer will seek out a photo supplier strong in taking the picture he is looking for—someone who specializes in flower pictures. This is where MARMS Stock Photography fits in. The photos offered are highly content specific. This allows MARMS to compete with large stock photo agencies because the photo editor will come to MARMS knowing that the collection is specific, more convenient and that our fees most likely fit their budget.

SECTION IV. ORGANIZATIONAL MATTERS

Business Structure

At the present time, MARMS Stock Photography is a sole proprietorship. This is because the business is completely owned and operated by the owner, Marianne Shenefelt. Additionally, the earnings are passed through to the owner's individual income taxes. This business structure has been chosen because of the ease of operation, and the amount of money that is required to consult an attorney, accountant, etc. The advantages of a Subchapter S Corporation are being considered, as well as a Limited Liability Company. Until further information has been obtained, MARMS Stock Photography will remain a sole proprietorship.

Management

The services of an attorney, tax accountant, banker and insurance agent are being considered. The tax accountant will need to be knowledgeable in the area of "intellectual properties" in order to understand the business of stock photography and the rules governing this type of business.

Ms. Shenefelt's qualifications for managing MARMS Stock Photography include approximately thirty years of experience in the field of photography. Formal training includes community college photography classes beginning in 1989 to the present time, with the most recent class being "Fiber Base Printing." In the Spring semester, the owner will be enrolled in "Flash Photography." Additional classes and/or workshops that the owner has attended are: the "Visions" workshop with professional photographer John Fielder, Vail, Colorado; Gerlach Nature Photography Workshop, John Gerlach, Denver, Colorado; "Sell and Re-Sell Your Photos," Ron Engh, Jackson Hole, Wyoming; "Wildflowers," Jerry Geist, Cheyenne, Wyoming; "Early Spring Wildflowers," Jerry Geist, Cheyenne, Wyoming; "Wildflowers II," Jerry Geist, Cheyenne, Wyoming; "Fall Colors," Jerry Geist, Cheyenne, Wyoming; "Sky and Sunrise/Sunset," Jerry Geist, Cheyenne, Wyoming; "Yellowstone National Park," one week photo workshop, Jerry Geist, Cheyenne, Wyoming; "Composition and Color," Jerry Geist, Cheyenne, Wyoming.

Included among Marianne's other accomplishments are: the honor of first place in the Flora Division of the 1997 Wyoming Wildlife Annual Photo contest and third place in the same division in the 1998 contest as well. The 1998 contest had 152 photographers who entered 1,745 images making third place quite an honor. The owner has won numerous awards in the local county fair and the state fair. She has participated in the Parks and Recreation photo contest each year and placed in three of the last four contests. Marianne is also a member, and present secretary (and past president), of the Cheyenne Camera Club and regularly competes in the

Club's contests, winning consistently in the nature and pictorial contests. Marianne also takes part in the competition held at the annual mini-convention of the Associated Camera Clubs, which is a convention of the camera clubs located along the front range of Colorado, which also includes the Cheyenne Club, and won 1st place in the nature category in 1997.

MARMS has given a slide presentation program as the entertainment portion of the annual visit of state dignitaries of the Order of the Eastern Star. The program consisted of select flower pictures with accompanying music; as well as select western photos, also accompanied by appropriate music. The program was well received, and the business intends to expand into more of these types of endeavors.

As the owner, Marianne finds nothing finer than to load her photo equipment and head to the mountains in the early morning to make pictures of wildflowers. The colors are magnificent, the flowers are perfect with the morning sunshine highlighting their every petal. It is her passion to record this on film for all to see. There are people who may not have the privilege of experiencing this marvelous part of our world. It is Marianne's intent to share this and other parts of the world of nature through her photography, and therefore through this business. She believes the business is the vehicle for fulfilling this intention.

Personnel

It is not anticipated that MARMS Stock Photography will have any employees. While there is potential for growth in profit and business, the company is intended to be a one-person business. Should it become necessary to employ help, it would most likely be on a temporary basis, however. Having employees is not an issue that is expected to need to be addressed in the near future. An updated business plan will be completed should there be a point in time that employees enter the picture.

Outside Services/Advisors

Potential advisors for the stock photo business include several friends, family members and PhotoSource International, a professional company designed to help editorial stock photographers.

A friend, Pat, is a bookkeeper and has many years of experience in designing financial reports, tracking expenses and making sense of financial information. In addition, she is very down-to-earth and logical. She has expertise in organizing, cost control and credit & collections.

Another friend, Joan, is quite active in the community and has a well-developed sense of fashion, what is new, what might be new and contributes regularly to discussions regarding new ideas, new products, etc. Her contribution to the business is in the area of sales, people management and planning.

Edwin, friend and mentor, assists in decision-making, provides encouragement and technical advice. He is a fellow photographer whose expertise, ideas and thoughts are valuable to MARMS' success.

Family members, Holly and Doris, are interested observers. They have my best interest at heart, and are motivating and encouraging. They are willing to contribute financially, to some extent, to the business and have been a strong force in MARMS Stock Photography' success to this point. Holly's input is helpful because she is a young person, and her are views helpful and insightful when discussing new ideas. Doris offers wisdom and advice gained from a long productive life. These two family members contribute in the areas of time management, pricing and planning.

PhotoSource International is a company located in Osceola, Wisconsin, whose business is dedicated to the business of editorial photography. Their services include newsletters, market letters that post photo editor picture needs, marketing seminars, and personalized review of photo submissions. Rohn Engh is the owner and willing to be of assistance at any time. There is a charge for their services, however, their services are unbiased and uncensored making it well worth the charge. They can be counted on to give reliable information regarding pricing, marketing, sales, cost control, and decision-making.

Risk Management

The area of insurance for MARMS Stock Photography has been investigated. Beyond the insuring of equipment, the need for insurance is low. Because the copyright of a photograph belongs to the maker it is generally not necessary to actually register copyrights. For added protection, however, any work can be registered and doing so adds a legal advantage should there be need to prosecute for the unauthorized use of a MARMS photograph. If this need should arise, one must consider that it would take a very large amount of money to succeed in court against the misuse of a copyrighted photograph and that it most likely would not be worth the expense.

Appropriate insurance has been added as a rider to the general household insurance.

Record-Keeping Functions

The record-keeping for MARMS Stock Photography is simple and straightforward. At the present time it consists of separate files for each publication to which photos have been sent indicating the date sent, the pictures sent and any money received. Each file contains a ledger page with the date, amount and which picture(s) of the submission sold. In the future, MARMS will be utilizing ProSlide II software which is a computerized software program specifically designed for the stock photography business and the record-keeping necessary for following submissions, payments, etc. This software tracks the aging of accounts, the status of payments, invoice dates and denotes delinquent accounts. Payments are posted when received daily, weekly, and monthly, and deposits made accordingly. The bank statement is reconciled monthly without fail. Invoice due files are reviewed weekly and problems are taken care of in a two week timeframe. Delinquent accounts are reviewed and resolution sought on a weekly/bi-weekly basis. These record-keeping duties are mine to complete.

A large portion of the success of stock photography depends on accurate record-keeping as it relates to each individual photograph. As MARMS' stock photo library grows, the owner will need to be able to locate everything from the pictures to contact sheets to transparencies and notes. Therefore, each slide must be labeled using the ProSlide II system with an alphabet/number. These code numbers are then cross-referenced using the same system. This software also has the ability to store scanned photos in its database, and it is this system that will be the record-keeping system for the management of the MARMS photo library.

Other Operations Controls

Purchasing

Ms. Shenefelt is responsible for the decisions related to purchasing. She reviews the financial health of the business and makes a responsible decision as related to the purchase of new equipment, etc.

Inventory and Quality Control

These two controls are done by the owner. Inventory control is a simple observation of computer supplies, equipment, photography supplies and mailing supplies.

Quality control consists of tightly editing my work assuring that only top notch technical and publication specific photos are sent out as submissions to prospective photo buyers.

Customer Service and Customer Credit

Customer service is handled by keeping a record of repeat customers. Brief follow up, if possible, will be conducted with photo buyers who do not buy again to ascertain if there is a customer service reason why they are not repeat customers.

Customer credit is a matter of keeping accurate records regarding the payments due to MARMS for the use of the rights to the photographs. The stock photography industry has built into it a challenge regarding receiving prompt payment. If at all possible, it is best to work with publications that pay for the rights to a picture when it is published. MARMS Stock Photography makes every effort to deal with these types of publications. The 1999 Photographer's Market listings denote these publications and the owner purposely sends submissions to these markets first, thereby, decreasing the issue of customer credit for the business.

SECTION V. THE MARKETING PLAN

A. The Products/Services

General Description of the Product/Service

MARMS Stock Photography supplies photo editors/buyers with the use of photographs to illustrate their publications. The features of photos taken by MARMS are: the style with which the photo is taken—a close-up of a flower, a landscape scene with flowers, a sharply defined image of a single blossom or a soft ethereal flower likeness—all captured on film for the specific use of a photo buyer for his or her publication. MARMS' unique photographs represent what the magazine, book, calendar, greeting card company, etc., is seeking to present to the buying public.

Features and Benefits

MARMS Stock Photography transparencies have the content of a specific image to meet the need and/or specific request as given on a “want list” for a particular publication. They are delivered on time, properly labeled, appropriately priced and content specific. Photo images submitted from the competition, such as large photo stock agencies, cannot always be counted on to be delivered in a timely manner, and their selection may be far too broad for the photo buyer. Smaller stock photographers will be submitting images to fill the needs and wants of photo buyers as well. The difference lies in each photographer's individual style and technical ability to produce marketable images to the photo buyers.

Additionally, photo buyers are very busy people and once they find a photographer who can supply them with what they need, they will use that photographer. MARMS Stock Photography is dependable, produces pleasing pictures and most importantly, gives the photo buyers the control to have in front of them the images they need to make their publication sell. When they do well, MARMS does well and certainly this is a worthy objective.

Taking photographs in order to sell the use of the photograph involves skill and talent. MARMS' training in photography includes the technical training necessary to take a technically correct photograph, therefore, this aspect of the work is comparable to the competition. What sets MARMS work apart is the owner's ability to present a successful photo illustration that is a picture that has content for communication.

When you look at a MARMS photo illustration of an Indian Paintbrush, you are “...kneeling down to the ground for a look closer at the little “hairs” on the stem as the warm afternoon sun is

shines through them, knowing they would tickle your fingers were you to touch them. Your eyes are tantalized by the florescent red/orange petals of the blossom. You feel as though you've spent a little time with nature." This is what makes MARMS work different from the other stock photographers.

Seasonality

The owner, Marianne Shenefelt, produces all the photographs for the library of MARMS Stock Photography. The equipment is moderately expensive and needs to be updated on a regular basis. Timing of equipment replacement needs to be meshed with the seasonality factors of the business, so that business production is not hampered by lack of equipment.

The business of selling the use of photographs can be done year around; therefore, this part of the business does not have a well-defined seasonal cycle. However, taking flower pictures is limited in Wyoming to approximately from March to October each year for wildflowers, depending on the weather patterns. Flowers raised by greenhouse gardeners, growers, etc., are available year-round. There is a seasonality factor related to the use of flower pictures, meaning the timing must be appropriate to when publications seek to print early spring flowers or late fall flowers. An additional seasonal consideration is when the holidays fall throughout the year. Photographs need to be appropriate and presented in a timely manner for holiday presentations, which is usually at least six months in advance.

Seasonal cycles in the publishing industry are taken into account in the marketing of MARMS Stock Photography photos.

B. The Market Analysis

Customer Analysis

MARS' customers are photo editors/buyers. They usually work out of an office, are between twenty-five and forty-five years old and at least half are female. They may approve between \$1,000 and \$80,000 a month in photo purchases. The main characteristic of a photo buyer is that he/she is like any other consumer: If he needs it, he'll buy it. That is why pictures being sent to a photo-buyer need to be as specific as possible to that particular buyer and to the publication he/she works for. A photo buyer may think MARS' pictures are beautiful, but he won't purchase them unless they fit the publication's specific needs. This information was taken from the book Sell & Re-Sell Your Photos by Ron Engh of PhotoSource International.

Researching the wants and needs of a photo buyer includes understanding to which reader market the publication appeals. For instance, a magazine that prints flower pictures may have the goal of wanting to leave the readers feeling as though they have visited a beautiful garden. They want beautiful photography that readers will “ooh” and “aah” over as they turn the pages. This is important information for MARMS to know even though the reader of the magazine is not the direct person to whom the business sells the use of the photographs. Therefore, if possible, Ms. Shenefelt reviews the magazine she intends to submit pictures to, so she can understand the customer profile of the magazine enough to be on track with the photographs submitted. Generally, a review of the magazine produces enough information to understand what photo illustrations they use—the magazine itself knows their customer profile and MARMS can learn essentially what it is by looking at the magazine. This general information was learned from reviewing the 1999 Photographer's Market book, along with the above-mentioned Ron Engh book.

Competitive Analysis

The products of the larger stock photo agencies are as good as MARMS', and in some instances, better. The satisfaction of the customers is good as well. The prices are higher than what MARMS Stock Photography charges because of the greater overhead costs, large photo collections that must be searched to find images, and the employment of people to run the business.

The selection of photographs from a large stock agency is better than what MARMS can offer from the small library. However, larger stock agencies do not give the best customer service, generally speaking, because they are too large to give individual attention to each call for photographs. The call comes in for a picture of a flower, they search their database and send out as many as they feel fit the request. This may not always be as timely as is needed by the requesting publication, but the selection sent can be quite comprehensive. The knowledge of the ins and outs of the business of stock photography by the staff and owners is excellent and they understand the business of rights to a picture, along with the payment for such rights.

The location of a stock agency is not particularly important to the photo buyer because of computers, e-mail, scanners, etc. Additionally, a selection of transparencies are sent via mail when the photo buyer makes a request. The advertising and promotional efforts of large agencies is effective. The larger agencies generally have parent companies with the financial ability to run the stock photo agency business quite successfully.

MARMS Stock Photography does not intend to compete with large stock photo agencies. The niche MARMS fills is the needs of the smaller markets. There are many smaller markets and also stock photographers who work to meet the needs of the smaller markets.

These small market stock photographers are located all across the country. Their location is not crucial in most cases because the business can be conducted from any place that has mail service. Their prices would be basically the same because there are industry standards that are held to fairly closely. These photographers are technically well-versed and in some instances, their equipment is newer. However, their style of photography is different than MARMS'. Beyond the subjective art of photography, MARMS' business depends on the owner's ability to provide better customer service, i.e., timely, appropriate, ethical, targeted photographs delivered to the photo buyer as requested.

Market Potential

At the present time, the market area covered by MARMS is the United States, with emphasis in the Eastern U.S. because of the many publishing houses that are located there. MARMS also concentrates on the region surrounding Wyoming because there are many small markets in this area. Potentially, the world is our market area due to computers, e-mail, scanners, the Internet, etc. There is a danger of becoming too widespread and attempting to "do all and be all"—the potential is there to become involved in the many areas available in the world of photography.

MARMS Stock Photography seeks to be a small, efficient business which will succeed in the niche it has been designed to fill, which is selling the use of the rights to flower pictures to publications. This market niche has good potential. The current edition of Photographer's Market lists 80+ markets that have the potential to use flower pictures. These publications are printed on a regular basis and each one has the likelihood of needing a fresh, new flower photograph for illustration purposes in their publication each printing. Further, there are additional market possibilities depending on the type of photograph being submitted for use, i.e., close-up, landscape/scenic, etc. For example, there are 500+ markets listed in the above mentioned guidebook relating to outdoor/wildlife photo markets. These additional listings are potential markets for the photographs in MARMS Stock Photography's library.

The sales to these markets will depend on the time and effort devoted to developing them. The 1999 Photographer's Market has 41 specific listings for publications relating to Gardening and/or Horticulture. The average estimated dollar amount spent each year by photo buyers in these markets is \$3,600.00. The total annual market potential for these 41 markets alone is \$147,600.00. MARMS has a calculated estimate share of the market in this area of \$7,380.00. This is a modest calculation.

The potential for growth for MARMS' business is great, given the available markets. Such growth will require appropriate time and effort combined with the continued desire to maintain a reasonable and manageable business. The danger lies in taking on too much and allowing the momentum to take the business in a direction that it was not intended to go. MARMS Stock Photography will continue to grow, but in an orderly fashion keeping in mind the goals and objectives previously detailed in Section II.

C. Marketing Strategies

Location/Distribution

MARMS is a home-based in Cheyenne, Wyoming. There is adequate mail service to the area, as well as overnight delivery services, etc., available within driving distance. Office arrangements include a Hewlett Packard Pavilion computer with Windows '98, CD-Writer Plus drive, CD-ROM drive, Internet and e-mail capabilities; an Epson Stylus 640 color printer; and a computer workstation. The addition of an appropriate scanner is needed in the future.

The contents of the MARMS library of slides are kept in archival quality slide pages and housed in file cabinets. Other equipment includes a light table and lupe for viewing slides, packaging materials, computer and secretarial-type supplies, etc.

Positioning

It is suitable for the MARMS business to be located in the owner's home because of the nature of the business. While there are expenses related to operating from home, it is an advantage to operate out of a home-based office to reduced expenses. At the present time, the overhead for the home-based business is approximately \$730/year. This figure represents calculations based on the total household expenses with percentages in the appropriate categories dedicated to the operation of MARMS Stock Photography. The categories considered in the percent are house payment, electric, heat, telephone and maintenance/upkeep.

MARMS is effectively positioned in my target market with relationship to price and quality. Industry standards for pricing are available in several publications, of which the most reliable is the American Society of Media Photographers Professional Business Practices in Photography, 5th Edition. Additionally, Ron Engh's book details an applicable pricing method that fits my type of business, i.e., one-time inside-editorial use with prices range from \$15.00 for black and white to \$500.00 for color. The quality of the MARMS product is excellent for the price, and the owner understands the business's rights as they apply to the use of its photographic work, thereby insuring equity in the price/quality relationship.

Packaging

The packaging of submissions is an important aspect of the success of MARMS. The consequences of anything less than first-class packaging is business lost because the first impression a photo buyer has of MARMS is the way the pictures are packaged and presented. Ron Engh notes that "...a photo buyer assumes that the care you've given to your packaging reflects the care you take in your picture taking." Therefore, MARMS Stock Photography photo submissions are sent out accurately labeled, publication-specific, neatly presented in thick vinyl slide pages in a clean, white mailer designed for mailing photographs. The correct postage is affixed, along with a professional-looking label with MARMS' return address and logo. A cover letter printed on first-class, professional business stationery accompanies each submission. Again, Ron Engh's words of wisdom: "Appearance communicates quality of performance." (Sell and Re-Sell Your Photos.)

Public Relations

MARMS' public relations efforts include being available to local clubs as a part of their meetings by giving slide show presentations in their area of interest. To ensure that the business receives an appropriate amount of the club meeting time, and to make sure that the program notice in the local newspaper is accurate, a prepared information piece will be delivered to the club's secretary. This type of free publicity is useful because it can be included in a query letter sent to publications, thus giving MARMS creditability. Participating and receiving recognition in local and regional photo contests has the same useful application.

Additional public relations events which are being considered are arrangements for an exhibit with the Wyoming Arts Council and/or the Civic Center. Either of these two activities would require considerable work, however, the work could be done. The costs, i.e., professional enlargements, first-class matting and framing with archival glass, etc., would need to be researched to see if the benefits would warrant the expense. One well-presented art quality print, properly framed and displayed, costs approximately \$300.00.

The local bookstore, Barnes and Noble, also allows for exhibits. This avenue will be explored and if appropriate, used as a further public relations event in the future.

Advertising

The principal form of advertising will be a self-promoting sell sheet or tear sheet of previously published photos, which will be sent out regularly to a minimum market list of forty-one. The sell sheet will consist of a group of examples of MARMS pictures targeted specifically for the

publications to which they are being mailed. These “theme” mailings will be conducted every three to six months. The cost is approximately \$1.00 per sheet for color photocopies. Including postage, the cost for mailing to the market list every three months is approximately \$54.53 per month or \$218.12 per year. This figure has been adjusted to \$1,500.00 per year to accommodate for the planned extra mailings for holidays such as Easter; Mother’s Day; Valentine’s Day; Thanksgiving, Christmas, and the spring of the year when flowers are the prominent theme in publications.

It should be noted that with the proper training and utilization of a scanner and the accompanying software, the cost of self-promotion efforts will be reduced because MARMS will be able to make its own promotional pieces.

More indirect advertising of MARMS Stock Photography includes deluxe stationery with a distinct, professionally designed logo; along with business cards, envelopes and mailing labels carrying the same logo.

Customer Service

The customer service policy of MARMS Stock Photography is to provide the photo buyer with what he/she needs. This is done with good communication, prompt delivery and publication specific photos. There can be challenges in working with busy photo buyers because in the hurried world of publishing, photos can be misplaced and not returned in a timely fashion. There are sometimes additional challenges in the area of receiving fees in an acceptable timeframe. These business details can be handled in a calm and professional manner by remembering that the photo buyer is a person with a job to get done, is only human, and is most likely not intent on causing you trouble. Being persistent, yet friendly; open to compromise, yet watchful of one’s own business; and knowing when to seek assistance from an appropriate agency and/or business designed to help are key to resolving issues.

MARMS Stock Photography will accommodate any reasonable requests from photo buyers by: utilizing Federal Express services; locating and shooting specific flowers pictures, if possible; holding long distances conversations via telephone or e-mail to enhance communication; and making a concerted effort to be concise and pleasant in dealing with the customer.

SECTION VI. THE FINANCIAL PLAN

Please see the following pages which include:

Start-up Expenses Budget

Monthly Cash Flow Projection Worksheets and Notes to the Cash Flow Projections for Years 1, 2 and 3.

Please Note: This business is operated on a cash basis. Equipment is not owned by the business, therefore, the Projected Cash Flow Statements mirror what the Projected Income Statements would project, with the exception of income taxes (which would be minor and are passed on directly to the owner anyway). Therefore, Projected Income Statements are not included.

Start-up Expenses Worksheet

A. Cash Available Now		Cost
1	Purchase fixed assets	1000
2	Remodeling costs	
3	Installation fees	
4	Deposits	
5	Fees and Licenses	
6	Legal Fees	500
7	Accounting Fees	125
8	Insurance	75
9	Pre-opening labor expense	
10	Pre-opening training costs	
11	Beginning inventory	
12	Supplies (Letterhead, etc.)	300
13	Promotion	
14	Advertising	75
15a	Other Expenses: film, slide pages and labels	100
15b		
15c		
B.	Total Start-up Expenses	
C.	(A-B) Beginning Cash Balance or Additional Cash Required ()	(2,175)

Assumptions:

- \$1,000 equipment
- \$100 necessary supplies such as slide pages, labeling software, initial film supply with processing, Pendaflex-type hangers, etc.
- initial accounting fee of \$125
- legal fees to incorporate the business, \$500
- an initial investment in suitable letterhead, business, cards, mailing labels, etc.; an initial promotional/advertising mailing to the appropriate publications, \$75
- add an insurance rider to household insurance policy to cover equipment, \$75.

Notes to the Cash Flow Projections

YEAR ONE

Line 1. Cash Balance. The figure given on this line (-\$2175) represents the amount of money needed for start-up (see Start-up Expenses Worksheet), which is not available at this time.

Line 2. Cash Sales of Slides. These figures represent the sale of one-time rights to pictures. The yearly money figure of \$6,300 is for 126 uses sold at \$50 each use. \$50 is an average amount paid for the use of one picture and the average number of uses sold each month is 10.

Line 3. Cost to Produce Salable Slides. These figures are the costs for producing salable slides. The cost is \$1.25 per slide and this figure was determined by calculating the cost of the film, processing, research and labeling, postage, letterhead and envelope, car expense, equipment wear and tear, and portion of time needed to obtain the image. The yearly total of 504 is the number of slides taken to get 126 salable slides.

Line 4. Owner Withdrawals. The \$50 each month is a minimal amount taken by owner due to the business being an adjunct to a regular job. Additional monies generated by business is being put back into the business.

Line 5. Outside Services/Accounting. The \$125 is for the accountant's assistance and advice in filing business taxes.

Line 6. Insurance. This \$75 is the cost for adding a rider to general household insurance policy to cover the equipment needed to run the business.

Line 7. Advertising. These figures represent the cost of mailing out promotional pieces along with query letters to publishers. The cost includes postage, printing, letterhead, envelope, etc., at \$1.92 for each publisher contacted. For example, in January sixty-five promotional/advertising query letters seeking business would be sent out for a cost of approximately \$125.

Line 8. Occupancy Expenses/Home. The figure of \$61 was calculated by examining what portion of the house payment, property taxes, maintenance & repairs, electric, gas water & sewer, telephone and garbage expenses is attributed to having the business in our home. It is approximately 9% of total home expenses and this is properly identified when filing personal incomes taxes for the year.

Line 9. Miscellaneous Expenses. These figures represent miscellaneous expenditures related to buying props for still life pictures, buying cut flowers for pictures, buying inexpensive items to enhance the desired mood of pictures, etc.

Line 10. Purchase of Fixed Assets. None purchased in Year One.

Line 11. Ending Cash Balance. The figure of \$493 represents the ending cash balance for year one for MARMS Stock Photography.

MARMS Monthly Cash Flow Projections for Year One

Months	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Yearly Total	Notes
Cash Balance	(\$2,175)	(\$2,056)	(\$1,857)	(\$1,214)	(\$1,220)	(\$991)	(\$887)	(\$716)	(\$428)	\$6	\$335	\$399	(\$2,175)	#1
Cash Receipts														
Cash Sales of Slides	\$500	\$500	\$1,000	\$400	\$500	\$350	\$400	\$550	\$750	\$600	\$350	\$400	\$6,300	#2
Other Income														
Total Cash Receipts	\$500	\$500	\$1,000	\$400	\$500	\$350	\$400	\$550	\$750	\$600	\$350	\$400	\$6,300	
Cash Disbursements														
Cost to Produce Salable Slides	\$50	\$50	\$100	\$40	\$50	\$35	\$40	\$55	\$75	\$60	\$35	\$40	\$630	#3
Pay Accounts Payable													\$0	
Owner Withdrawals	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$50	\$600	#4
Non-Labor Expenses														
Outside Services/Accounting				\$125									\$125	#5
Insurance	\$75												\$75	#6
Advertising	\$125	\$125	\$125	\$100	\$90	\$85	\$60	\$75	\$100	\$90	\$125	\$125	\$1,225	#7
Occupancy Expenses/Home	\$61	\$61	\$61	\$61	\$61	\$61	\$61	\$61	\$61	\$61	\$61	\$61	\$732	#8
Miscellaneous Expenses	\$20	\$15	\$21	\$30	\$20	\$15	\$18	\$21	\$30	\$10	\$15	\$30	\$245	#9
Purchase of Fixed Assets													\$0	#10
Total Cash Disbursement	\$381	\$301	\$357	\$406	\$271	\$246	\$229	\$262	\$316	\$271	\$286	\$306	\$3,632	
Net Cash Flow	\$119	\$199	\$643	(\$6)	\$229	\$104	\$171	\$288	\$434	\$329	\$64	\$94	\$2,668	
Adjustments to Net Cash Flow														
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Owner Investment														
New Debt - Interest payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Debt- Principal payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Ending Cash Balance	(\$2,056)	(\$1,857)	(\$1,214)	(\$1,220)	(\$991)	(\$887)	(\$716)	(\$428)	\$6	\$335	\$399	\$493	\$493	#11

Notes to the Cash Flow Projections

YEAR TWO

Line 1. Cash Balance. The figures given on this line represent the flow of cash through the business for Year Two.

Line 2. Cash Sales of Slides. These figures represent the sale of one-time rights to pictures. The yearly money figure of \$10,080 is for 144 uses sold at \$70 each use. \$70 is an average amount paid for the use of one picture and the average number of uses sold each month is 12. These figures portray a modest increase in the number of uses sold with an added sales price due to increased skill in targeting markets and for an increase of 29% for the year in sales. A reasonable amount of inflation has been considered in these calculations as well.

Line 3. Cost to Produce Salable Slides. These figures are the costs for producing salable slides. The cost is \$1.40 per slide and this figure was determined by calculating the cost of the film, processing, research and labeling, postage, letterhead and envelope, car expense, equipment wear and tear, and portion of time needed to obtain the image. The yearly total of 576 is the number of slides taken to get 144 salable slides. The \$1.40 figure includes a 13% inflation rate for the above listed expenses.

Line 4. Owner Withdrawals. The \$60 each month is a minimal amount taken by owner due to the business being an adjunct to a regular job. Additional monies generated by business is being put back into the business.

Line 5. Outside Services/Accounting. The \$140 is for the accountant's assistance and advice in filing business taxes. Inflation has been considered in this figure.

Line 6. Insurance. This \$85 is the cost for adding a rider to general household insurance policy to cover the equipment needed to run the business. Inflation has been considered in this figure.

Line 7. Advertising. These figures represent the cost of mailing out promotional pieces along with query letters to publishers. The cost includes postage, printing, letterhead, envelope, etc., at \$2.05 for each publisher contacted. For example, in January sixty-seven promotional/advertising query letters seeking business would be sent out for a cost of approximately \$137.

Line 8. Occupancy Expenses/Home. The figure of \$74 was calculated by examining what portion of the house payment, property taxes, maintenance & repairs, electric, gas water & sewer, telephone and garbage expenses is attributed to having the business in our home. It is approximately 9% of total home expenses and this is properly identified when filing personal income taxes for the year. Inflation has been taken into consideration in this calculation.

Line 9. Miscellaneous Expenses. These figures represent miscellaneous expenditures related to buying props for still life pictures, buying cut flowers for pictures, buying inexpensive items to enhance the desired mood of pictures, etc. Modest inflation has been figured into these amounts.

Line 10. Purchase of Fixed Assets. None purchased in Year Two.

Line 11. Ending Cash Balance. The figure of \$6,277 represents the ending cash balance for year two for MARMS Stock Photography.

MARMS Monthly Cash Flow Projections for Year Two

Months	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Yearly Total	Notes
Cash Balance	\$493	\$1,068	\$1,728	\$2,232	\$2,487	\$2,758	\$2,920	\$3,201	\$3,591	\$4,298	\$4,636	\$5,308	493	#1
Cash Receipts														
Cash Sales of Slides	\$1,050	\$1,050	\$840	\$700	\$560	\$420	\$560	\$700	\$1,050	\$700	\$1,050	\$1,400	\$10,080	#2
Other Income														
Total Cash Receipts	\$1,050	\$1,050	\$840	\$700	\$560	\$420	\$560	\$700	\$1,050	\$700	\$1,050	\$1,400	\$10,080	
Cash Disbursements														
Cost to Produce Salable Slides	\$84	\$84	\$67	\$56	\$45	\$34	\$45	\$56	\$84	\$56	\$84	\$112	\$807	#3
Pay Accounts Payable													\$0	
Owner Withdrawals	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$60	\$720	#4
Non-Labor Expenses													\$0	
Outside Services/Accounting				\$140									\$140	#5
Insurance	\$85												\$85	#6
Advertising	\$137	\$137	\$100	\$95	\$80	\$65	\$70	\$85	\$100	\$137	\$140	\$150	\$1,296	#7
Occupancy Expenses/Home	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$74	\$888	#8
Miscellaneous Expenses	\$35	\$35	\$35	\$20	\$30	\$25	\$30	\$35	\$25	\$35	\$20	\$35	\$360	#9
Purchase of Fixed Assets													\$0	#10
Total Cash Disbursement	\$475	\$390	\$336	\$445	\$289	\$258	\$279	\$310	\$343	\$362	\$378	\$431	\$4,296	
Net Cash Flow	\$575	\$660	\$504	\$255	\$271	\$162	\$281	\$390	\$707	\$338	\$672	\$969	\$5,784	
Adjustments to Net Cash Flow														
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Owner Investment														
New Debt - Interest payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Debt- Principal payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Ending Cash Balance	\$1,068	\$1,728	\$2,232	\$2,487	\$2,758	\$2,920	\$3,201	\$3,591	\$4,298	\$4,636	\$5,308	\$6,277	\$6,277	#11

Notes to the Cash Flow Projections

YEAR THREE

Line 1. Cash Balance. The figures given on this line represent the cash flow for the business in Year Three.

Line 2. Cash Sales of Slides. These figures represent the sale of one-time rights to pictures. The yearly money figure of \$16,300 is for 163 uses sold at \$100 each use. \$100 is an average amount paid for the use of one picture and the average number of uses sold each month is 13-14. This increase in sales is a reflection of moderate inflation along with an increased skill to pinpoint and deliver very accurate photos for the use of the targeted publications with whom MARMS Stock Photography has built an excellent rapport and reputation for excellent work.

Line 3. Cost to Produce Salable Slides. These figures are the costs for producing salable slides. The cost is \$1.50 per slide and this figure was determined by calculating the cost of the film, processing, research and labeling, postage, letterhead and envelope, car expense, equipment wear and tear, and portion of time needed to obtain the image. The yearly total of 652 is the number of slides taken to get 163 salable slides. Inflation has been considered in this cost.

Line 4. Owner Withdrawals. The amounts given for each month represents the money withdrawn from the business by the owner. Additional monies generated by business is being put back into the business.

Line 5. Outside Services/Accounting. The \$200 is for the accountant's assistance and advice in filing business taxes.

Line 6. Insurance. This \$125 is the cost for adding a rider to general household insurance policy to cover the equipment needed to run the business, which includes the purchase of fixed assets in this year.

Line 7. Advertising. These figures represent the cost of mailing out promotional pieces along with query letters to publishers. The cost includes postage, printing, letterhead, envelope, etc., at \$2.15 for each publisher contacted. For example, in January seventy-one promotional/advertising query letters seeking business would be sent out for a cost of approximately \$152.

Line 8. Occupancy Expenses/Home. The figure of \$90 was calculated by examining what portion of the house payment, property taxes, maintenance & repairs, electric, gas water & sewer, telephone and garbage expenses is attributed to having the business in

our home. It is approximately 9% of total home expenses and this is properly identified when filing personal incomes taxes for the year. Inflation has been figured into this calculation.

Line 9. Miscellaneous Expenses. These figures represent miscellaneous expenditures related to buying props for still life pictures, buying cut flowers for pictures, buying inexpensive items to enhance the desired mood of pictures, etc.

Line 10. Purchase of Fixed Assets. Beginning in April of Year Three, it has been figured to purchase replacement equipment, i.e., new camera, lenses, tripod, lights and/or flash, scanner, etc.

Line 11. Ending Cash Balance. The figure of \$12,226 represents the ending cash balance for year three for MARMS Stock Photography.

MARMS Monthly Cash Flow Projections for Year Three

Months	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Yearly Total	Notes
Cash Balance	\$6,277	\$7,615	\$9,100	\$10,080	\$9,795	\$9,806	\$9,921	\$9,977	\$10,191	\$10,325	\$10,573	\$11,113	6,277	#1
Cash Receipts														
Cash Sales of Slides	\$2,000	\$2,000	\$1,500	\$1,000	\$900	\$1,000	\$900	\$1,100	\$1,000	\$1,200	\$1,500	\$2,200	\$16,300	#2
Other Income														
Total Cash Receipts	\$2,000	\$2,000	\$1,500	\$1,000	\$900	\$1,000	\$900	\$1,100	\$1,000	\$1,200	\$1,500	\$2,200	\$16,300	
Cash Disbursements														
Cost to Produce Salable Slides	\$120	\$120	\$90	\$60	\$54	\$60	\$54	\$66	\$60	\$72	\$90	\$132	\$978	#3
Pay Accounts Payable													\$0	
Owner Withdrawals	\$100	\$100	\$125	\$250	\$75	\$75	\$60	\$75	\$75	\$75	\$100	\$100	\$1,210	#4
Non-Labor Expenses													\$0	
Outside Services/Accounting				\$200									\$200	#5
Insurance	\$125												\$125	#6
Advertising	\$152	\$145	\$130	\$95	\$100	\$100	\$75	\$80	\$91	\$120	\$100	\$165	\$1,353	#7
Occupancy Expenses/Home	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$90	\$1,080	#8
Miscellaneous Expenses	\$75	\$60	\$85	\$90	\$70	\$60	\$65	\$75	\$50	\$95	\$80	\$100	\$905	#9
Purchase of Fixed Assets				\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$500	\$4,500	#10
Total Cash Disbursement	\$662	\$515	\$520	\$1,285	\$889	\$885	\$844	\$886	\$866	\$952	\$960	\$1,087	\$10,351	
Net Cash Flow	\$1,338	\$1,485	\$980	(\$285)	\$11	\$115	\$56	\$214	\$134	\$248	\$540	\$1,113	\$5,949	
Adjustments to Net Cash Flow														
New Debt	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Owner Investment														
New Debt - Interest payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
New Debt- Principal payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Adjusted Net Cash Flow	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
Ending Cash Balance	\$7,615	\$9,100	\$10,080	\$9,795	\$9,806	\$9,921	\$9,977	\$10,191	\$10,325	\$10,573	\$11,113	\$12,226	\$12,226	#11