

BUSINESS PLAN

SHREDSled

**LEEDS SCHOOL OF BUSINESS
UNIVERSITY OF COLORADO AT BOULDER**

Courtney Cutter
Brad Eck
Chris Garcin
Taylor Murray

December 2007

TABLE OF CONTENTS

Executive Summary.....3

Company Overview.....4

Product and Service.....5

Market and Industry Analysis.....7

Marketing Plan.....10

Operations Plan.....14

Development Plan.....17

Management.....18

Competitive Advantage.....19

Financial Plan.....20

Funding.....21

Appendices.....22

EXECUTIVE SUMMARY

Essence

Shred Sled is essentially a transportation alternative for Boulder County action-sports enthusiasts. Initially operating three, twenty-five passenger busses, the company's goal is to provide affordable, reliable, and safe transportation to its customers, allowing them to avoid the numerous inconveniences that go along with driving and carpooling.

Service

Shred Sled's main focus and revenue period is attributed to the winter months. Shred Sled offers student skiers and snowboarders in the Boulder County area a fun and convenient alternative to driving to the mountains. Our service enables students to avoid the hassles of parking and traffic, giving them more time to enjoy the mountain and après ski activities.

Aside from revenues earned from rider fees, Shred Sled will generate additional revenue from advertising fees. Shred Sled will offer an innovative form of advertising for ski/snowboard/action-sports companies who are looking for new ways to penetrate their market. By wrapping the busses in sponsor logos and graphics, Shred Sled's busses serve as mobile billboards, allowing for focused advertising which has constant physical interaction with the target market.

Opportunity

Between the CU campus and over seven area high schools, Boulder is home to approximately 28,000 people in our target age range. Within this demographic, our surveys have shown that a significant percentage of ski enthusiasts lack reliable transportation to the Summit County ski areas. This lack of transportation is due to many common variables such as people who are without a driver's license, have no access to a vehicle (or a vehicle that is equipped for driving in the snow), or simply do not want to endure the hassle or responsibility of driving four hours on I-70.

Competitive Advantage

Transportation to the mountains for our market is currently limited to carpooling and the CU Ski Bus. The CU Ski Bus sells out nearly every weekend and leaves many potential customers behind. Shred Sled picks up where competitors leave off by offering increased comfort, entertainment, and convenience to make the ride an experience that customers will want to relive. By working with area ski and snowboard clubs, teams, and organizations, Shred Sled is able to form key partnerships with potential customers and cater to their needs.

Plan for expansion

We realize that while Boulder may be a hot spot for action-sports enthusiasts, the need for transportation for these activities is widespread throughout Colorado. Shred Sled plans to expand its fleet of busses, service locations, and destinations beginning in year two, focusing first on Denver.

COMPANY OVERVIEW

Introduction

Shred Sled is an LLC in the formation process. Shred Sled will be located and operate in Boulder, CO and will expand to Denver, CO.

Mission Statement

Shred Sled's purpose is to provide a convenient transportation alternative to popular Colorado ski areas for CU and Boulder County high school student winter-sports enthusiasts. Shred Sled's mission is to turn the long, exhausting drive to the mountains in to a comfortable and lively experience. Shred Sled will carry out this mission by turning ordinary 25 passenger shuttle vans into "sleds" that will be equipped with spacious seating, food/beverages, and entertainment features that will provide consumers with an enjoyable, carefree ride to the mountains.

Value Propositions

Shred Sled is a shuttle company that offers student skiers and snowboarders a fun and convenient alternative to driving to the mountains. Our service enables students to avoid the hassles of parking and traffic, giving them more time to enjoy the mountain and après ski activities.

In addition, Shred Sled is a shuttle company providing an innovative form of advertising for ski and snowboard companies who are seeking new ways to penetrate their market. We enable focused advertising to have a constant physical interaction with the target market.

Objectives

Shred Sled plans to become a profitable provider of transportation to the Colorado ski areas for CU and Boulder County high school students. In year two, Shred Sled plans to expand to Denver County, providing transportation for the mass amount of students attending the variety of colleges and high schools in the metropolitan area. After Shred Sled is successfully established in Boulder and Denver Counties, we would like to expand our service to other major areas of Colorado, such as Fort Collins and Colorado Springs.

PRODUCT AND SERVICE

Shred Sled is a shuttle bus service offering a convenient and affordable solution to the transportation issue many CU and Boulder high school students face every ski season. Catering to the needs of 16-22 year old age group, Shred Sled differentiates itself from the competition and builds an image that this market can relate to.

Shred Sled will operate three twenty-five passenger busses every Friday through Sunday, beginning in mid-October and ending in mid-April.



Shred Sled also provides an innovative form of advertising for ski and snowboard companies who are seeking new ways to penetrate their market. It will cost \$5,000 to sponsor an entire bus and \$3,000 to co-sponsor a bus. The graphic advertisements will look similar to the bus shown at the right.

Initially, Shred Sled will service two resorts: Keystone and Breckenridge. As the business expands to five buses, Shred Sled will begin servicing more Vail resorts. Shred Sled will have two pick-up spots: William's Village and Campus Parking Lot 308 (located across from Regent Administration Center). The Shred Sled pick-up times will be at 8:00 am and 8:15 am. The shuttles will depart for the slopes at 8:30 am.



Pricing

Shred Sled will charge \$20 per rider, per day. This fee includes round-trip transportation, complimentary pillows and blankets, and an enjoyable atmosphere. Shred Sled is also available for group sales, and can be booked by clubs, groups, or any organization over 18 people. Pricing on group sales depends on pick-up/drop-off location, times, and destination.

Features/Benefits

Convenience:

Our customers are tired of waking up at 5:30 am to take the CU ski bus, or fed-up with friends sleeping through their alarm clock and missing first tracks in the new snow. Shred Sled offers

a set schedule to set locations, no questions asked. Our shuttle service leaves at times more conducive to a good-night sleep, but still early enough to make plenty of pow turns.

Reserving a seat on the shuttle is as easy as 1, 2, 3 with our online booking service. Simply log-on to our website, pick your destination, select your pick-up location, enter your contact info, and pay with a credit card. Did we mention that you'll be free of battling the treacherous I-70 traffic and paying those ridiculous parking fees? Sleep more, ski more, pay less. Enough said.

Comfort:

No one likes packing seven grumpy, sleep-deprived people into a Honda Accord for a sardine-packed expedition to the resorts. Our busses offer all the comfort needed for a restful trip to the west. Spacious and comfortable seating, plenty of legroom and ample gear storage gives our riders everything they need for an enjoyable trip. Shred Sled is not your everyday bus. With our service, *luxury* and *style* are the name of the game.

Casual Atmosphere:

Whether our riders prefer a nice nap, socializing with fellow patrons, watching a movie to get pumped for the day, or playing video games to pass the time, Shred Sled has it covered. We tailor our busses to fit the entertainment needs of our target market, creating an atmosphere enjoyed by everyone.

Shred Sled's Features and Benefits

FEATURE	BENEFIT
Set schedule of convenient pick-up/drop-off times	More sleep/leisure time instead of waking up early or waiting for late rides. More time spent on the mountain.
No need to battle I-70 traffic	Avoid stress and ride in safety with piece of mind.
No need to pay parking fees	Save money. More money to enjoy food, drinks, or souvenirs at the resort.
Ample seating space	Rest better and more comfortably than you would if packed into a car with others.
In-Bus entertainment	Increased enjoyment from various entertainment options.
Ride instead of drive	Avoid wear and tear to your vehicle.
Ride instead of drive	Creates peace of mind for parents who may worry about the safety of their child when driving to the mountains.
Food and beverage available for purchase	One less thing you need to remember to bring or stop to get, resulting in saving time.

Proprietary Rights

Upon completion and approval of our common carrier application, Shred Sled will have the sole right to operate a ski shuttle service from Boulder to our designated ski areas.

Stage of Development

Shred Sled is currently in its development stage and dealing with basic financial, regulatory, and contractual issues. In such an early stage, the company still faces major obstacles before heading to market.

MARKET AND INDUSTRY ANALYSIS

Market Size and Growth

Market Size 2007-2008				
	Number of Students	Potential Market	Addressable Market	Penetration
<i>College:</i>				
Senior	7,334	5,501	3,685	2,580
Junior	5,078	4,266	2,943	2,060
Sophomore	5,116	5,116	4,502	3,151
Freshman	6,354	5,846	4,793	3,355
<i>H.S. Student</i>	4,160	3,411	3,207	2,245
TOTAL	28,042	24,139	19,131	1,339

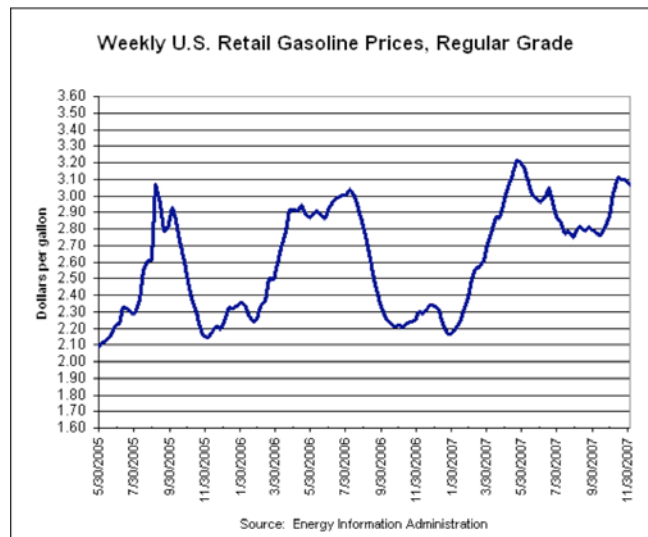
Based upon the percentages calculated from our survey results, of the 28,042 students in Boulder, CO, 24,139 of them ski and/or snowboard; of those who ski and/or snowboard, 19,131 of them would utilize our service. Our projected customer base consists of 7% of the addressable market, which is 1,339 people.

Market Growth								
	Year 2				Year 3			
	Number of Students	Potential Market	Addressable Market	Penetration	Number of Students	Potential Market	Addressable Market	Penetration
<i>College:</i>								
Senior	7,701	5,776	3,870	426	8,086	6,064	4,063	447
Junior	5,332	4,479	3,090	340	5,598	4,703	3,245	357
Sophomore	5,372	5,372	4,727	520	5,640	5,640	4,964	546
Freshman	6,672	6,138	5,033	554	7,005	6,445	5,285	581
<i>H.S. Student</i>	4,368	3,582	3,367	370	4,586	3,761	3,535	389
TOTAL	29,444	25,346	20,087	2,210	30,916	26,613	21,091	2,320

The University of Colorado records show that on average there is an approximate 5% increase in enrollment each year. Therefore, we are assuming that our potential and addressable market will also increase by 5%. In addition, the skiing and snowboarding industry continues to grow and we assume that this growth will also increase our addressable market.

Trends Affecting the Market

As gas prices continue to soar, price-sensitive students want to avoid the high cost of driving to and from ski resorts. On average, a single trip will cost the driver over \$28 in gas alone, which does not factor in maintenance and depreciation of the vehicle. Another important trend to consider is Eco-friendly opportunities; mass transit cuts per person emissions and benefits our environment.



In addition, the skiing and snowboarding industry is experiencing rapid growth as more and more people find interest in the sport. In the past four years the CU Ski and Snowboard Club has seen a steady growth rate of over 15% in membership. About 40% of the membership base is made up of first year freshman, a majority of which do not have vehicles on campus. Also, Vail Resorts sales representatives have reported consistent growth in season pass sales for the last six years and skier visits have been continuing to all time highs. The snowboarding industry alone has caught the interest of generation Y and continues to set trends and grow in overall scope.

Competition

Shred Sled's major competitor is the University of Colorado Ski Bus. This bus is jointly managed by the CU Outdoor Program and the CU Environmental Center. The Ski Bus operates Saturday and Sunday, beginning service the first week in December and ending service in mid-March. The Ski Bus is an ordinary charter bus that is equipped with TVs and has a max capacity of 55 passengers. The cost to ride the Ski Bus is \$10 round trip. You must be a CU student, faculty member, or guest of a student/faculty member to ride the Ski Bus. The bus only transports students and faculty members to two different resort destinations: Breckenridge on Saturdays, Keystone on Sundays. The Ski Bus only picks-up passengers from campus. Its two pick-up locations include: William's Village (where it picks-up passengers at 5:55 am) and the corner of Regent Dr. and Kittredge Loop (where it picks-up passengers at 6:10 am). The bus departs for the ski resort at 6:30 am. The bus begins boarding at the resort at 3:45 pm and leaves the resort by 4:00 pm. The Ski Bus operates at a 92% capacity rate, selling out over 60% of the time.

Other competitors include Colorado Mountain Express, Vail Coach, and limousine services. Colorado Mountain Express transports people from DIA to the Rocky Mountain ski resorts. This shuttle service caters to out-of-town travelers visiting and/or vacationing in the mountains. It runs to all the ski resorts in Colorado. It transports its customers in an 8-10

passenger van, four-wheel drive Suburban, or Cadillac, depending on customers' request. Vail Coach is very similar to Colorado Mountain Express. It also caters to out-of-town travelers visiting and/or vacationing in the mountains by servicing a variety of airports in the state of Colorado. It transports its customers in an 8-10 passenger van or a four-wheel drive SUV, depending on the customer's request. Limousine services could be considered an indirect competitor. They offer consumers luxury transportation services to and from a variety of destinations. The rates charged by these competitors vary on the number of people being transported and the distance being traveled. All of these companies leave at times specified by customers.

A major indirect competitor is Ski Carpool. Ski Carpool is a website where consumers can create a profile and network with other people interested in getting a ride/driving to the mountains. It is free to create a profile for Ski Carpool.

Barriers to Entry

Transportation services are considered a public utility in the state of Colorado. Every company interested in providing transportation services must fill out an application to operate as a common carrier of passengers by motor vehicle. This application must be turned in to the Colorado Public Utilities Commission. The application is then reviewed and considered by the commission and is posted for 30 days. During the 30 days, any other bus carrier in the area has the right to contest the application and begin service in the area we apply to service in. If a company contests our application, we could take the matter to court and have a hearing where we express to the judge why our company could provide this service better than the company contesting.

Opportunity

Students in Boulder currently have extremely limited options when deciding how they will get to the mountains to ski or snowboard. The first option is to drive, a long haul of well over two hours each way especially considering traffic. This is an option many students do not want to do to themselves or their vehicles. The second option is to carpool, a more popular choice with the increased price of gas hitting a student's pocket more than ever. Still this option has its shortcomings. Many times drivers do not get reimbursed, and there is chance of being unable to find a carpool with extra space. Last of all is the CU Ski Bus, subsidized by the CU Environmental Center. This option may be cheap, but is extremely limited in both capacity and convenience.

Therefore, University of Colorado students and the even broader student population of Boulder need a convenient, comfortable ride to Summit County and other surrounding ski resorts.

MARKETING PLAN

Customer Research

We conducted over 200 surveys to High School and CU students. Surveys were handed out in classes at CU as well as outside of local Boulder high schools. Using the percentages of our customer survey results, we concluded that out of our target age range of 28,042 people, 24,139 people either ski or snowboard. Furthermore, we estimated that 19,131 of our target age range would be interested in using our shuttle service.

Target Market Strategy

Shred Sled's target market includes three main categories.

Consumers –

Individuals: Our main target market includes high school and college students, ages 15-22 in the Boulder County area. Within this market we are looking to target the niche group of ski/snowboard enthusiasts. Breaking it down even further, we are aiming to attract a percentage of these enthusiasts who have trouble finding reliable transportation to the mountains. Since Shred Sled's buses will initially only service resorts offered on the Vail Resorts Colorado ski pass, our consumers will need to own this pass or be willing to purchase a lift ticket at one of the resorts. For those who currently attend CU, the CU Ski Bus is an alternative to our service. While the CU Ski Bus offers affordable transportation, many other factors of this service make it unappealing to students. These factors include: early pick-up times, only two destinations, lack of pick-up locations, inconvenient booking, etc. Shred Sled will give these students an alternative to the CU Ski Bus, and offer features that cater to the needs of this market. Local high school students don't even have the option of a bus, and must resort to carpooling in order to find a somewhat affordable ride. Shred Sled will offer a brand new alternative to this market.

Groups: Shred Sled has the ability to cater to groups due to the large size of our busses. Another portion of our target market includes local organizations such as CU and high school student groups/clubs/teams, church groups, birthday parties, etc. Shred Sled will target any group that is looking for an easy and affordable way to safely transport its members to the mountains.

Buyers – Since a majority of our market includes local high school students, Shred Sled will aim to target the parents of these students since they may be the ones who pay for the service. Shred Sled will target middle to upper class parents who are looking for a safe, reliable, and convenient transportation alternative for their children.

Sponsors – Since Shred Sled plans to generate additional revenue by selling bus advertising. We are targeting large ski/snowboard manufacturers, ski resorts, and local retailers to pay for this service.

Channel Strategy

At least initially, our only channel strategy will be E-commerce. Customers will be able to access our website and book their reservation for the bus. The booking process will be extremely simple, and customers will choose between trips depending on destination, date, and pick-up location. Customers will pay in full by credit card at the time of booking a reservation.

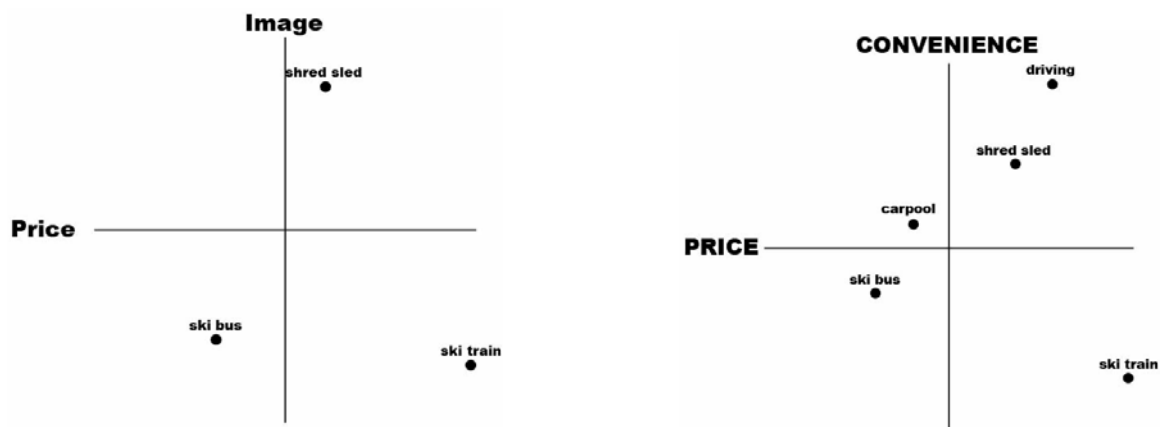
Cancellations must be made more than a week before the time of reservation in order to qualify for a full refund.

Positioning

Shred Sled will be a shuttle service for the high school and college student. The service operates around a relaxed time schedule, a casual, welcoming atmosphere, and core skiing and snowboarding values. The bus will serve as a skier/snowboarder's link to the industry, something that people in this age range desperately seek out. Not only will our passengers enjoy comfort and convenience, but by riding in ski & snowboard company sponsored buses, they will feel closer to the industry than ever before. Shred Sled holds the image of a company not rooted in profits, but instead taking a grassroots approach to sharing our own passion for skiing/snowboarding with others. Together we are pushing the ski/snowboard industry forward and providing a way to enjoy the community and friendship our sport provides. Our name is not one of a bus company, but of a skiing company. We enable our customers to "shred" the mountain and that is our sole purpose.

Buses will not compare to our "sleds".

Positioning Maps



Product/Service Strategy

In the first year of operation, Shred Sled will run three buses Friday thru Sunday, and service two mountain resorts: Keystone and Breckenridge. By the third year, Shred Sled will run seven different buses Friday thru Sunday, servicing Breckenridge, Keystone, and Vail.

Our schedule of pick-up/drop-off times will better meet the needs of our consumers. Our biggest competitor, the CU Ski Bus, currently picks-up passengers at 5:55 am and 6:15 am, and departs by 6:30 am. After conducting our surveys, we found that approximately 39% of our target market would prefer to depart between 8-9:00am; therefore, Shred Sled will be departing at 8:30am. This is one way Shred Sled differentiates itself from competitors.

Shred Sled shuttles will have some basic features that differentiate it from competitors. Shred Sled shuttles will also be equipped with more entertainment features, (such as TVs and video

game systems) than competitors. These features will increase the enjoyment of the ride. Shred Sled will also offer complimentary blankets, pillows, and water. These features will increase the comfort and the nourishment of consumers.

Pricing Strategy

Ride to Summit County: \$20 Ride to Vail: \$25

Due to our high costs, variable and fixed, we are forced to do a cost + markup pricing strategy. Our target market is extremely price-sensitive, but our advantage comes in the fact that when our costs increase (i.e. gas prices growing) the cost of an individual driving to the mountains increases even more (because of economies of scale). So our pricing will be focused on keeping a median between our costs and the price of driving individually.

Partial Bus Advertisement: \$3,000/yr Full Bus Advertisement: \$5,000/yr

When it comes to our sponsors, we plan on pricing our advertisements at a point that gives comparable value to the cost of magazine ads, something that almost all of these companies are familiar with. To do this, we compare our price with the potential number of people exposed to the ad (i.e. people driving on I-70, people passing it in the parking lot). We also must consider the feedback we have received from companies in the industry. This feedback encourages us to seek joint advertisements on vehicles (i.e. a ski manufacturer and a shop that sells that company's products).

E-commerce

Our website will play the key function of ticket sales. Due to the high costs of running a sales location and the relatively lower convenience, our website will be the only place to buy tickets. Shred Sled's website will also feature all of our sponsor links, sponsor news, and general ski/snowboard news (i.e. snow reports, terrain park reports, upcoming events). The site will be updated constantly to encourage repeat visits.

Communication Strategy

The majority of Shred Sled's advertising will be conducted on the CU campus and Boulder high school campuses. For the CU campus, we plan to communicate to our target market by developing relationships with a variety of student groups and teams on campus, with the major ones being the Ski and Snowboard Club at CU, the CU Snowboard Team, the CU Freestyle Ski Team, the Outdoor Program, and the Herd. We plan to gain exposure by distributing informational flyers and stickers to these clubs' offices, attending and distributing flyers and stickers at their meetings and events, and having a link to our website on their website. Word of mouth will serve as another major source of advertising. For the Boulder high school campuses, we plan to communicate our business to the students, as well as the parents, by posting flyers on campus twice a month during the ski season and by advertising in monthly PTA newsletters for the months of October thru February.

E-commerce will be another one of our major communication strategies. Our website will provide potential customers with all the information they need to know about Shred Sled's features, benefits, prices, and other general information. As previously stated, we plan on having a link to our website on CU clubs' and teams' websites, and vice-versa. In addition, we plan on being mentioned in the Ski and Snowboard Club's weekly e-mails.

Another major strategy we plan on implementing is outdoor advertising on vehicles. All Shred Sled vehicles will have Shred Sled logos on them. The cost of putting our logo on the vehicles will be included in the advertising cost charged to the companies sponsoring the vehicles.

Sales Strategy

Shred Sled will have a website on which customers can create profiles with an email address. They can log in to make or cancel a reservation at almost any time with some restrictions. If all seats are reserved, customers will be put on a waitlist. Cancellations must be sent by noon on the day before departure. If all seats are reserved and someone cancels, the first person on the waitlist will be notified. Shred Sled will only be accepting payments via credit card which will be collected through the website. If consumers have problems, an e-mail address will be located on website for customer support.

Revenue Model

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Boulder County					
Rides to Summit					
Number of Customers	6,885	11,175	11,175	11,175	11,175
Fee per Customer	\$20	\$20	\$20	\$20	\$20
Total	\$137,700	\$223,500	\$223,500	\$223,500	\$223,500
Rides to Vail					
Number of Customers	0	300	350	350	350
Fee per Customer	\$0	\$25	\$25	\$25	\$25
Total	\$0	\$7,500	\$8,750	\$8,750	\$8,750
Summer Operations with BOC					
Number of Customers	1,728	1,728	1,728	1,728	1,728
Fee per Customer	\$20	\$20	\$20	\$20	\$20
Total	\$34,560	\$34,560	\$34,560	\$34,560	\$34,560
Denver County					
Rides to Summit					
Number of Customers	0	0	4,540	8,830	13,370
Fee per Customer	0	0	20	20	20
Total	\$0	\$0	\$90,800	\$176,600	\$267,400
Rides to Vail					
Number of Customers	0	0	0	300	350
Fee per Customer	0	0	0	25	20
Total	\$0	\$0	\$0	\$7,500	\$7,000
Total Rides Given	6,885	11,475	16,065	20,655	25,245
Food and Beverage Sales					
Number of Units	5,711	9,519	13,326	17,134	20,941
Price per Unit	\$2	\$2	\$2	\$2	\$2
Total	\$11,422	\$19,037	\$26,652	\$34,267	\$41,882
Sponsorship Advertising					
Number of Customers	5	8	11	15	18
Average Fee per Customer	\$3,400	\$3,500	\$3,545	\$3,400	\$3,444
Total	\$17,000	\$28,000	\$38,995	\$51,000	\$61,992
Net Revenue	\$200,682	\$312,597	\$423,257	\$536,177	\$645,084

OPERATIONS PLAN

Shred Sled will be improving its customers' ride to mountains by providing a convenient and cool alternative to driving. Shred Sled is turning the dreaded commute to the mountains into a fun filled, enjoyable experience. Since Shred Sled shuttles will be equipped with entertainment features and spacious seating, consumers will ride in style while being able to relax and enjoy the ride, rather than having to endure the hassles of driving themselves.

Operation Strategy

In regard to operations, Shred Sled's strategy is designed around providing value to customers by offering comfortable and convenient transportation to the mountains. Convenience is our main goal; therefore we strive to make every aspect of Shred Sled convenient for the customer. The procedure for delivering our service begins with the sign-up process, which is a simple two-step process on our user-friendly website. The customer will be able to reserve their ride online in a matter of seconds and in the convenience of their own home. A key factor in our operations that adds value to our customers is the pick-up locations and departure times. Shred Sled will have two pick up locations: Williams Village (CU dorm off Campus) and campus Parking Lot 308 located across from Regent Administrative Center. These locations are ideal for our consumers for several reasons (see Appendix F Table 2). Shred Sled pick-up times will be at 8:00 am and 8:15 am. The shuttles will depart for the slopes at 8:30 am. Our survey data reveals that 39% of our target market prefers to leave for the mountains between 8:00 and 9:00 am; hence our departure times will add value for our customers. Shred Sled will drop-off passengers right at the entrance of the resort, eliminating the pain of finding a parking spot, paying for parking, and jumping on a bus/walking to the entrance of a resort. Shred Sled will begin pick-up at the entrance of the resort at 3:45 pm and will depart for Boulder at 4:00 pm, giving the riders the ability to enjoy a full day shredding the mountain.

To view a Shred Sled Schedule, see Appendix F Table 1.

Scope of Operations

Initially, Shred Sled will lease buses and store them in a rented warehouse outside of Boulder (Louisville/Superior area). Leasing will substantially cut down our start-up costs and decrease the overhead of the company. After the first year, we will begin purchasing some of the new buses. Buses will be wrapped in sponsor logos by Inkmonstr or another low-bidding graphic design firm, and the interior will be outfitted by a separate company as well. The buses will undergo regularly scheduled maintenance that will be outsourced to proper bus maintenance technicians. Buses will be operated and maintained otherwise by Shred Sled staff. It will be extremely important that all staff members have a close tie to the skiing/snowboarding industry and understand the new directions and trends of the sports. The staff will be key to promoting our image as a "core" company. Sales will be conducted solely on our website which will be built and maintained in-house. To purchase tickets on the website, the user will be given a calendar of dates in which Shred Sled will operate. The user will pick a date to view where each shuttle is running and how full each of the shuttles are. The user can then pay for a ticket for one of the selected shuttles. If maximum capacity has been reached for that particular shuttle, there will be a notification that the shuttle is sold out.

Ongoing Operations

Key Partners

Shred Sled's key strategic partners are high school and college clubs and student groups. More specifically, Shred Sled will focus on the Ski and Snowboard Club, Snowboard Team, Freestyle Ski Team, Alumni Association, Outdoor Program, and Backcountry Club at CU. These organizations fit exactly into Shred Sled's target market, and by working closely with each, Shred Sled will be able to cater more directly to their needs and attain customer retention. Specific arrangements with these groups include group transportation for trips, competitions, and events, as well as pricing incentives for members of these organizations.

Shred Sled will also work to form strategic alliances with the ski areas that are serviced (Breckenridge, Keystone, Vail). Since all these resorts are owned by Vail Resorts Inc., a single agreement will be made in order to obtain special permits for all areas. Benefits of this partnership will include but not be limited to preferred parking, incentive lift-ticket and rental pricing for Shred Sled customers, etc.

Shred Sled will also form an alliance with the Boulder Outdoor Center. Shred Sled will be paid a set per-trip-fee by Boulder Outdoor Center for all of its summer trips (Friday, Saturday, and Sunday only.)

Service Capacity Forecast

Based on Shred Sled's sales forecast, the company needs to operate its service at an average of 90% capacity per bus trip during the winter. Since each bus has the maximum potential of selling twenty-five seats at 100% capacity, an average of twenty-three seats must be filled per bus, per trip, in order to maintain our sales forecast.

Necessary Property, Plant, and Equipment

The company initially leases three, twenty-five passenger busses in order to meet the maximum inventory. In year two, one of the new buses will be leased and the other purchased. In years three and four, each new bus (four total) will be purchased. These busses are stored in a rented warehouse outside of Boulder (Louisville/Superior area) due to the inexpensive rent. Since maintenance will not occur in-house, the warehouse space will not serve as much more than a protective building to store the busses.

Necessary Staff

Initially, the staff for Shred Sled will consist of its four creators, Taylor, Chris, Courtney and Brad. Three of the four will drive the vans, and the other will take care of business logistics, reservations, website maintenance, etc. As the company grows, new drivers will be added, allowing the owners to focus on new expansion and marketing strategies. New employees must have a clean driving record and obtain a commercial vehicle license. These drivers will be paid \$10/hr during all time spent driving (approx. six hours per trip). Other services such as vehicle maintenance will be outsourced to local mechanics.

Required Inventory

Shred Sled's inventory is basically the amount of available "seats" offered to customers. Since the company runs three, twenty-five passenger busses, three times a week, the available inventory per week is 225. (25 avail seats x 3 busses = 75 seats; 75 seats x 3 times/week = 225 avail seats per week). This is the maximum inventory the company can offer.

Shred Sled will offer a waitlist for any customers who are interested in making a reservation after a bus is full.

Insurance

The quoted cost of insurance is \$7,000 per bus per year (quoted by TIB Insurance). This will purchase \$1.5 million of insurance coverage per bus which is the required amount by Colorado law.

DEVELOPMENT PLAN

1. Secure Colorado Utilities Commission Permit (by September 1st, 2008)
 - a) The first and most important step that Shred Sled needs to accomplish to begin business is to secure the Colorado Utilities Commission permit. This permit will allow Shred Sled to run our shuttle buses on the specified routes from Boulder (pick up points are Regent and Basemar Plaza) to the mountains resorts (Breckenridge, Keystone, and Vail) and back. Because public transportation is considered a utility in Colorado, this permit must be acquired before beginning operations.
 - b) To acquire this permit, we must present our business and the areas we wish to service to the Public Utilities Board. They will then post our plans for 30 days in which any currently operating transportation company may object to our business. If any other companies believe that they could perform this service better than Shred Sled and wish to do so, they may object. In that case we will be required to present our case and why we think Shred Sled would be better suited to perform this service. If we win the case or no companies object, we will receive the permit.
2. Acquire three shuttle buses. (by September 1st, 2008)
 - a) Shred Sled is planning to begin business running three shuttle buses to and from the mountains. We wish to obtain the buses with a lease-to-buy option.
3. Obtain at least three sponsors/advertisers. (by September 1st, 2008)
 - a) We plan to acquire three companies in the ski or snowboard industries. After interviews with several companies, we believe that these companies would pay about five thousand dollars per company per year for advertising. What they would be paying for is to wrap one of our buses with their name and logo, basically a moving billboard.
4. Develop functional website. (by September 1st, 2008)
 - a) Before Shred Sled can operate, we must create a functioning website so that customers can make their reservations and pay online. This may have to be outsourced.
5. Find storage for buses (by September 1st, 2008)
 - a) We will need to find a garage or warehouse somewhere close to Boulder (Louisville, or Broomfield) to store the buses when they are not being used.
6. Develop relationships with CU clubs (by October 1st, 2008)
 - a) Shred Sled will need to develop relationships with clubs at CU to help get our name out there and secure our market.
7. Enter contract with Boulder Outdoor Center (BOC) for summer operations (by January 1st, 2009)
 - a) Shred Sled must enter into a contract with the Boulder Outdoor Center for summer operations. Shred Sled will provide transportation to customers of the BOC for weekend (Friday, Saturday, and Sunday) trips and activities at a set price of at least \$20 per person.
8. Expand to five buses (by September 1st, 2009)
 - a) We believe that we will have captured enough of the market by year two to expand to running five buses. This will require us to obtain two more busses as well as at least two more sponsors. We will lease-to-buy one of these and buy the other.
9. Hire 2 experienced bus drivers (by September 1st, 2009)
 - a) After expanding, we will have to obtain experienced bus drivers to drive the new buses to and from the mountains. From our research, we have determined that we could hire drivers with three to four years of experience for \$10 an hour.
10. Expand to seven buses and enter new markets (by September 1st, 2010)
 - a) By the beginning of year three, we believe that we will have captured most of the market in Boulder that we can. We will acquire two more buses with at least two more sponsors and bus drivers. We will look to expand to Denver, Fort Collins, or Colorado School of Mines. To do this, we will have to submit a request to the Public Utilities Commission but it will be easier to expand than it was to penetrate the industry. Both of these busses will be purchased.

MANAGEMENT

Company Organization

Ownership of the company will be divided among the four founders: Chris Garcin, President, will own 30%; Taylor Murray, Marketing Manager, will own 25%, Courtney Cutter, Sales Manager, will own 20%; and Brad Eck, Financial Controller, will own 25%.

Management Team

CHRIS GARCIN, CHIEF EXECUTIVE OFFICER

Chris Garcin recently graduated with a BA in Marketing from the University of Colorado, Leeds School of Business. His achievements include working in the leadership of the University of Colorado Ski & Snowboard Club for four years. In this time he acted as the marketing director, working directly with companies in the ski & snowboard industry, and also served as the president of the club. The club's membership base consisted of a large sample of the general ski and snowboard market and provided intimate knowledge an interaction with both the market and the industry. Chris will develop and maintain Shred Sled's website. Chris will also serve as a driver.

TAYLOR MURRAY, MARKETING MANAGER

Taylor has been a snow enthusiast since the day he was born! He brings strong marketing expertise to the table for Shred Sled. From his past experience as Marketing Director of the largest ski and snowboard club in the nation, he encompasses a very solid understanding of the various facets of marketing, branding, and promotion in the skiing and snowboarding industry. Already having relationships with the majority of local ski/snowboard manufacturers, sales reps, and shops, Taylor's network of industry friends and connections will serve as a great advantage to the company. Aside from marketing experience, Taylor also has extensive experience in regards to mass transportation of students when organizing various ski and snowboard club trips. Taylor will both handle the marketing operations of the company in regards to van sponsorship, branding, promotional materials, press releases, special events, etc. Taylor will also serve as a driver.

COURTNEY CUTTER, OPERATIONS MANAGER

Courtney fell in love with snow in the winter of 1999. She has been participating in snow sports for nearly ten years and currently sits on the board of directors for the largest ski and snowboard club in the nation, Boulder Freeride. While serving on the board, she has held numerous positions such as Events Director, Membership Director, and Trip Director of the spring break trip to Innsbruck, Austria. She has been riding and commuting to the Colorado ski resorts for three years. Courtney has coordinated many events for Boulder Freeride, and by doing so has gained extensive experience organizing mass transportation of students to the mountains. Courtney will manage Shred Sled's daily operations, such as reservations, and scheduling.

BRAD ECK, CHIEF FINANCIAL OFFICER

Since the age of two, Brad has been shredding the mountain. Brad will graduate from the University of Colorado at Boulder in May of 2009 with a Masters Degree in Accounting and will become a Certified Public Accountant by the end of 2009. Also, as the Social Chair of the National Champion, CU Snowboard Team, Brad has spent years gaining an understanding of the snowboarding industry and created valuable relationships with industry personnel. Brad will do the bookkeeping for Shred Sled. Brad will also serve as a driver.

COMPETITIVE ADVANTAGE

Working with Boulder Freeride, the Ski and Snowboard Club at CU is a major potential competitive advantage for Shred Sled. Boulder Freeride has a membership base of over 2,500 members, with 40% being freshman students. The number one question asked of Boulder Freeride is if the club provides transportation to the mountains. With three out of four of Shred Sled's executives working or having worked for Boulder Freeride, Shred Sled has already developed a relationship with the club. Shred Sled and Boulder Freeride plan to collaborate to get Boulder Freeride's members to the mountains. Also, Shred Sled will be entering contracts with Boulder Freeride that state that the club will exclusively use Shred Sled's shuttles for transportation to certain Boulder Freeride events throughout the year.

Another potential competitive advantage is working with "The Herd" Alumni Association at CU. The Herd currently buys out 20 seats on the CU Ski Bus and distributes these seats free to their members. The Herd is interested in working with Shred Sled the same way it does with the CU Ski Bus. Not only would this relationship bring us guaranteed business, it would also help us develop customer loyalty from Herd members that partake in our service through the Herd.

Our biggest barrier to entry could also pose as our biggest source of a sustainable competitive advantage. Once our application is approved, we are the only company that has the right to operate a shuttle company in the Boulder area transporting people from Boulder to the mountains. Any new company proposing to do the same must fill out an application and be approved by the Public Utilities Commission. They will not be approved because our company will already be providing the service and if by some chance they are approved, we will contest the application and take it to court.

Furthermore, a contract with the Boulder Outdoor Center will serve to be a very important sustainable competitive advantage. This contract will ensure that the Shred Sled has exclusive legal rights to provide transportation to the Boulder Outdoor Center for its summer white water rafting trips.

FINANCIAL PLAN

Summary of Shred Sled Financial Projections (in dollars)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Summary Financials (\$)					
Revenue	200,682	312,597	423,257	536,177	645,084
Gross Profit	125,466	190,076	258,087	328,138	398,736
EBIT	(26,228)	16,906	45,490	86,024	107,766
EBITDA	(25,562)	21,858	59,014	108,120	134,147
Net Earnings	(26,228)	16,906	31,023	51,615	64,660
Net Cash from Operating Activities	(29,174)	19,844	46,280	72,671	90,039
Capital Expenditures	2,000	30,000	60,000	62,000	30,000
Dividends	0	0	0	10,000	60,000
Cash	18,826	8,670	4,949	5,620	5,659
Total Equity	23,772	40,677	81,700	123,315	127,974
Total Debt	0	0	0	0	0
Growth					
Revenue Growth Rate - CAGR:		56%	35%	27%	20%
Net Earnings Growth Rate - CAGR:		Nil	83.5%	66.4%	25.3%
Profitability					
Gross Profit %	62.5%	60.8%	61.0%	61.2%	61.8%
Operating Expenses %	70.6%	55.4%	50.2%	45.2%	45.1%
Net Earnings %	-13.1%	5.4%	7.3%	9.6%	10.0%
Returns					
Return on Assets	-110.3%	41.6%	38.0%	41.9%	50.5%
Return on Equity	-110.3%	41.6%	38.0%	41.9%	50.5%
Return on Capital (LT Debt + Equity)	-110.3%	41.6%	38.0%	41.9%	50.5%

Key Financial Model Assumptions

To realize the revenues quoted in this model, Shred Sled buses must run at an average of 90% capacity in the winter months, 80% capacity in the summer. To do this, management must focus on promotion and market penetration. It will also be critical to search out possibilities of group sales and subsidization from campus organizations similar to the current CU Ski Bus.

Shred Sled must also operate an average of three trips per bus per week. These trips will be scheduled more frequently during peak season operations when demand will be high, and less during beginning/end of snow season to keep capacity high when demand is lower. In the summer months, six bus trips on average will be scheduled every week with the Boulder Outdoor Center.

Each round-trip to and from the mountains, Shred Sled will sell an average of \$30 worth of food and beverages. The products will be easily stored and will sell for an average margin of 75%-100%.

Bus sponsorships will break down to approximately 1/3 of advertisers purchasing full bus advertising, and 2/3 purchasing partial bus advertising. A full sponsorship will cost \$5,000 a year and a partial sponsorship will run \$3,000. The companies will pay for the cost of wrapping the bus in their logo and for additional equipment on the bus.

Key Risks

The most immediate risk that the venture faces is the possibility of application denial by the

Colorado Public Utilities Commission. To operate a commercial transportation company in Colorado, a venture must submit an application to become a “common carrier”. Considered as utilities in Colorado, new bus companies must be approved by a public board. During this process bus companies already in operation can contest the new ventures application and claim they already service the market. To mitigate this risk we will keep our application very specific, this makes the market less attractive to currently operating bus companies and makes it more difficult to claim that they already service this market.

Another risk that Shred Sled is faced with is the reliance on a single client for their summer operations. This will require management to actively seek other potential revenue streams for summer operations. Once several streams of revenue are established for the summer months, revenues will not be dependent on another business’ performance.

Customer Acquisition Cost

Shred Sled will be able to acquire customers for about \$0.73 each. This low cost is due to a concentrated promotional effort, for at least the first two years, which is highly visible but relatively inexpensive. Promoting through student groups on the University of Colorado campus will give the company direct access to its market and will not require any high costs for advertising. After a customer is acquired, they will be worth \$100 (5 rides) in annual revenues on average.

FUNDING

Due to Shred Sled’s modest cash needs to commence operations, cash will be infused to the business by the founders. This cash will come from family and friends and will be accounted for on the balance sheet as equity. Each founder will raise \$12,500 for a total of \$50,000 in start-up capital. After this, the company will operate for two years. In year three, Shred Sled’s founders will infuse another \$15,000 total (\$3,750 each), after which the company will be self-sustaining.

The investment made by the founders and the founders’ family and friends will be paid out in the form of dividends. Dividends will account for the entire initial investment plus interest by year five.

APPENDICES

APPENDIX A: Competitive Matrix

Shred Sled Competitive Matrix							
	CU Ski Bus	Colorado Mountain Express	Vail Coach	Colorado Limousine Service	Ski Carpool	RTD	Us
Service	Transports CU students and faculty members from campus to mountain resorts	Transports people from DIA to mountain resorts	Transports people from a variety of Colorado airports to mountain resorts (and vice versa)	Transports people to and from destinations of their choice	Online service that aids in coordinating carpools to the mountains	Local public transportation	Transport CU students and Boulder High School Students to and from the Mountains
Type(s) of Vehicle	55 passenger Charter Bus	10 passenger Chartered Van, 8 passenger Executive Van, 5 passenger 4x4 SUV, 3 passenger Cadillac	8 passenger Executive Van, 10-14 passenger Maxi Executive Van, 6 passenger 4x4 SUV	varies	varies	variety of large buses	25 passenger Van
- Amenities	complimentary movies	complimentary movies and bottle of water	complimentary beverage service and movies, leather seats, satellite radio, cellular phone	vehicle amenities vary between flat screen tv, strobe lights, fog machines, and other party amenities	varies		beverage and food services, TVs, complimentary ski/snowboard films, entertainment systems
Pricing	\$10/person round trip	\$69/person - chartered van, \$487/chartered van-10 seats, \$715/executive van - 8 seats, \$485/SUV - 5 seats, \$367/Cadillac - 3 seats, *all for one-way	\$206-750 for 8 seat Van, \$235-\$795 for 10-14 seat Van, \$195-695 for SUV *all for one way	varies on vehicle, number of passengers, and distance traveled/hours rented	varies on shared gas costs	\$1.50 per ride \$54 for monthly pass	\$20/person roundtrip
TargetMarket	CU students with out cars and friends	out-of-state travelers visiting/ vacationing in mountains	out-of-state travelers visiting/ vacationing in mountains	people celebrating special occasions	anyone looking to carpool to the mountains	Denver and surrounding area residents in need of public transportation	CU students and Boulder High School students without cars; students that dont enjoy driving to the mountains; and students who enjoy apres ski
Perception	economy/practical	practical/luxury	practical/luxury	luxury	economy	economy/practical	economy/practical
Location (base)	Boulder, CU Campus	Denver - DIA	Vail	Aurora	-	Colorado	Boulder
Service Location	Breckenridge - Saturdays, Keystone - Sundays	Vail Resorts, Steamboat, Aspen/Snowmass, DIA	Vail Resorts, Copper Mountain, Aspen/Snowmass, Steamboat, DIA, Eagle Airport	Denver/Metro area, Airports, Rocky Mountains, Ski Areas, and more	Colorado mountain resorts	Denver, Boulder, Broomfield, Jefferson, Adam, Arapahoe, Douglas, and Weld counties	Vail Resorts, Echo, Copper Mountain, Winterpark

APPENDIX B: Financial Statements

Income Statement						
Years 1 to 5						
(\$)						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
NET REVENUES	200,682	312,597	423,257	536,177	645,084	
COST OF REVENUE	75,217	122,521	165,170	208,039	246,348	
% of Revenues	37.5%	39.2%	39.0%	38.8%	38.2%	
GROSS PROFIT	125,466	190,076	258,087	328,138	398,736	
% of Revenues	62.5%	60.8%	61.0%	61.2%	61.8%	
OPERATING EXPENSES						
Sales & Marketing	24,000	24,000	25,000	25,000	25,500	
General and Administration	117,694	149,171	187,597	217,114	265,470	
Total Operating Expenses	141,694	173,171	212,597	242,114	290,970	
% of Revenues	71%	55%	50%	45%	45%	
EARNINGS FROM OPERATIONS	(16,228)	16,906	45,490	86,024	107,766	
EXTRAORDINARY INCOME / (EXPENSE)	(10,000)	0	0	0	0	
EARNINGS BEFORE INTEREST & TAXES	(26,228)	16,906	45,490	86,024	107,766	
NET EARNINGS BEFORE TAXES	(26,228)	16,906	45,490	86,024	107,766	
TAXES	0	0	(14,467)	(34,410)	(43,106)	
NET EARNINGS	(26,228)	16,906	31,023	51,615	64,660	
% of Revenues	-13.1%	5.4%	7.3%	9.6%	10.0%	

Income Statement														↓	Year 1
Year 1 by Months														Total	Annual
	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>	<u>Month 11</u>	<u>Month 12</u>	12 Months	Projection	
NET REVENUES	34,116	34,116	34,116	20,068	0	8,027	8,027	8,027	8,027	4,014	12,041	30,102	200,682	200,682	
COST OF REVENUE	12,787	12,787	12,787	7,522	0	3,009	3,009	3,009	3,009	1,504	4,513	11,282	75,217	75,217	
GROSS PROFIT	21,329	21,329	21,329	12,547	0	5,019	5,019	5,019	5,019	2,509	7,528	18,820	125,466	125,466	
OPERATING EXPENSES															
Sales & Marketing	4,080	4,080	4,080	2,400	0	960	960	960	960	480	1,440	3,600	24,000	24,000	
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
General and Administration	20,008	20,008	20,008	11,769	0	4,708	4,708	4,708	4,708	2,354	7,062	17,654	117,694	117,694	
Total Operating Expenses	24,088	24,088	24,088	14,169	0	5,668	5,668	5,668	5,668	2,834	8,502	21,254	141,694	141,694	
EARNINGS FROM OPERATIONS	(2,759)	(2,759)	(2,759)	(1,623)	0	(649)	(649)	(649)	(649)	(325)	(974)	(2,434)	(16,228)	(16,228)	
EXTRAORDINARY INCOME / (EXPENSE)	(10,000)	0	0	0	0	0	0	0	0	0	0	0	(10,000)	(10,000)	
EARNINGS BEFORE INTEREST & TAXES	(12,759)	(2,759)	(2,759)	(1,623)	0	(649)	(649)	(649)	(649)	(325)	(974)	(2,434)	(26,228)	(26,228)	
INTEREST INCOME / (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NET EARNINGS BEFORE TAXES	(12,759)	(2,759)	(2,759)	(1,623)	0	(649)	(649)	(649)	(649)	(325)	(974)	(2,434)	(26,228)	(26,228)	
TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
NET EARNINGS	(12,759)	(2,759)	(2,759)	(1,623)	0	(649)	(649)	(649)	(649)	(325)	(974)	(2,434)	(26,228)	(26,228)	

Income Statement													Year 2	
Year 2 by Months													Total	Annual
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	12 Months	Projection
NET REVENUES	53,142	53,142	53,142	31,260	0	12,504	12,504	12,504	12,504	6,252	18,756	46,890	312,597	312,597
COST OF REVENUE	20,829	20,829	20,829	12,252	0	4,901	4,901	4,901	4,901	2,450	7,351	18,378	122,521	122,521
GROSS PROFIT	32,313	32,313	32,313	19,008	0	7,603	7,603	7,603	7,603	3,802	11,405	28,511	190,076	190,076
OPERATING EXPENSES														
Sales & Marketing	4,080	4,080	4,080	2,400	0	960	960	960	960	480	1,440	3,600	24,000	24,000
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General and Administration	25,359	25,359	25,359	14,917	0	5,967	5,967	5,967	5,967	2,983	8,950	22,376	149,171	149,171
Total Operating Expenses	29,439	29,439	29,439	17,317	0	6,927	6,927	6,927	6,927	3,463	10,390	25,976	173,171	173,171
EARNINGS FROM OPERATIONS	2,874	2,874	2,874	1,691	0	676	676	676	676	338	1,014	2,536	16,906	16,906
EXTRAORDINARY INCOME/ (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EARNINGS BEFORE INTEREST & TAXES	2,874	2,874	2,874	1,691	0	676	676	676	676	338	1,014	2,536	16,906	16,906
INTEREST INCOME/ (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET EARNINGS BEFORE TAXES	2,874	2,874	2,874	1,691	0	676	676	676	676	338	1,014	2,536	16,906	16,906
TAXES	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET EARNINGS	2,874	2,874	2,874	1,691	0	676	676	676	676	338	1,014	2,536	16,906	16,906

Income Statement															Year 3	Year 4	Year 5	
Years 3, 4 & 5 by Quarters															Annual	Annual	Annual	
	Year 3					Year 4					Year 5					Projection	Projection	Projection
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total			
NET REVENUES	215,861	58,256	50,791	97,349	423,257	273,450	75,065	64,341	123,321	536,177	328,993	90,312	77,410	148,369	645,084	423,257	536,177	645,084
COST OF REVENUE	84,237	23,124	19,820	37,989	165,170	106,100	28,125	24,965	47,849	208,039	125,638	34,489	29,562	56,660	246,348	165,170	208,039	246,348
GROSS PROFIT	131,624	36,132	30,970	59,360	258,087	167,350	45,939	39,377	75,472	328,138	203,355	55,823	47,848	91,709	398,736	258,087	328,138	398,736
OPERATING EXPENSES																		
Sales & Marketing	12,750	3,500	3,000	5,750	25,000	12,750	3,500	3,000	5,750	25,000	13,005	3,570	3,080	5,665	25,500	25,000	25,000	25,500
Research & Development	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
General and Administration	95,674	26,264	22,512	43,147	187,597	110,728	30,396	26,054	49,936	217,114	135,380	37,166	31,656	61,058	265,470	187,597	217,114	265,470
Total Operating Expenses	108,424	29,764	25,512	48,897	212,597	123,478	33,896	29,054	55,686	242,114	148,385	40,736	34,916	66,923	290,970	212,597	242,114	290,970
EARNINGS FROM OPERATIONS	23,200	6,369	5,459	10,463	45,490	43,872	12,043	10,323	19,786	86,024	54,961	15,087	12,932	24,786	107,766	45,490	86,024	107,766
EXTRAORDINARY INCOME/ (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
EARNINGS BEFORE INTEREST & TAXES	23,200	6,369	5,459	10,463	45,490	43,872	12,043	10,323	19,786	86,024	54,961	15,087	12,932	24,786	107,766	45,490	86,024	107,766
INTEREST INCOME/ (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
NET EARNINGS BEFORE TAXES	23,200	6,369	5,459	10,463	45,490	43,872	12,043	10,323	19,786	86,024	54,961	15,087	12,932	24,786	107,766	45,490	86,024	107,766
TAXES	(7,378)	(2,025)	(1,736)	(3,327)	(14,467)	(17,549)	(4,817)	(4,129)	(7,914)	(34,410)	(21,984)	(6,035)	(5,173)	(9,914)	(43,106)	(14,467)	(34,410)	(43,106)
NET EARNINGS	15,822	4,343	3,723	7,135	31,023	26,323	7,226	6,194	11,871	51,615	32,976	9,052	7,759	14,872	64,660	31,023	51,615	64,660

Balance Sheet						
Years 1 to 5						
(\$)						
	<u>Begin</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
ASSETS						
CURRENT ASSETS						
Cash	50,000	18,826	8,670	4,949	5,620	5,659
Accounts Receivable		3,612	5,627	3,894	4,933	5,935
Total Current Assets	50,000	22,438	14,296	8,843	10,553	11,593
PROPERTY & EQUIPMENT	0	1,333	26,381	72,857	112,762	116,381
TOTAL ASSETS	50,000	23,772	40,677	81,700	123,315	127,974
LIABILITIES & SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Total Current Liabilities	0	0	0	0	0	0
LONG TERM DEBT (less current portion)	0	0	0	0	0	0
STOCKHOLDERS' EQUITY						
Common Stock	50,000	50,000	50,000	60,000	60,000	60,000
Retained Earnings		(26,228)	(9,323)	21,700	63,315	67,974
Total Equity	50,000	23,772	40,677	81,700	123,315	127,974
TOTAL LIABILITIES & EQUITY	50,000	23,772	40,677	81,700	123,315	127,974

Cash Flow Statement						
Years 1 to 5						
(\$)						
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>	
OPERATING ACTIVITIES						
Net Earnings	(26,228)	16,906	31,023	51,615	64,660	
Depreciation	667	4,952	13,524	22,095	26,381	
Working Capital Changes						
(Increase)/Decrease Accounts Receivable	(3,612)	(2,014)	1,733	(1,039)	(1,002)	
Net Cash Provided/(Used) by Operating Activities	(29,174)	19,844	46,280	72,671	90,039	
INVESTING ACTIVITIES						
Property & Equipment	(2,000)	(30,000)	(60,000)	(62,000)	(30,000)	
Other						
Net Cash Used in Investing Activities	(2,000)	(30,000)	(60,000)	(62,000)	(30,000)	
FINANCING ACTIVITIES						
Increase/(Decrease) Common Stock	0	0	10,000	0	0	
Dividends Declared	0	0	0	(10,000)	(60,000)	
Net Cash Provided / (Used) by Financing	0	0	10,000	(10,000)	(60,000)	
INCREASE/(DECREASE) IN CASH	(31,174)	(10,156)	(3,720)	671	39	
CASH AT BEGINNING OF YEAR	50,000	18,826	8,670	4,949	5,620	
CASH AT END OF YEAR	50,000	18,826	8,670	4,949	5,659	

Cash Flow Statement														Year 1	
Year 1 by Months														Estimated	Annual
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 1	Projection	
OPERATING ACTIVITIES															
Net Earnings	(12,759)	(2,759)	(2,759)	(1,623)	0	(649)	(649)	(649)	(649)	(325)	(974)	(2,434)	(26,228)	(26,228)	
Depreciation	56	56	56	56	56	56	56	56	56	56	56	56	667	667	
Working Capital Changes															
(Increase)/Decrease Accounts Receivable	(4,094)	0	0	1,686	2,408	(963)	0	0	0	482	(963)	(2,167)	(3,612)	(3,612)	
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
(Increase)/Decrease Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Increase/(Decrease) Accts Pay & Accrd Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Increase/(Decrease) Other Current Liab	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Net Cash Provided/(Used) by Operating Activities	(16,797)	(2,703)	(2,703)	118	2,464	(1,557)	(594)	(594)	(594)	213	(1,881)	(4,546)	(29,174)	(29,174)	
INVESTING ACTIVITIES															
Property & Equipment	(50,000)	(100,000)	(50,000)	(40,000)	0	0	(40,000)	0	0	0	0	0	(280,000)	(2,000)	
Other													0	0	
Net Cash Used in Investing Activities	(50,000)	(100,000)	(50,000)	(40,000)	0	0	(40,000)	0	0	0	0	0	(280,000)	(2,000)	
FINANCING ACTIVITIES															
Increase/(Decrease) Short Term Debt	0												0	0	
Increase/(Decrease) Curr. Portion LTD	0												0	0	
Increase/(Decrease) Long Term Debt	0												0	0	
Increase/(Decrease) Common Stock	0												0	0	
Increase/(Decrease) Preferred Stock	0												0	0	
Dividends Declared													0	0	
Net Cash Provided / (Used) by Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
INCREASE/(DECREASE) IN CASH	(66,797)	(102,703)	(52,703)	(39,882)	2,464	(1,557)	(40,594)	(594)	(594)	213	(1,881)	(4,546)	(309,174)	(31,174)	
CASH AT BEGINNING OF PERIOD	50,000	(16,797)	(119,500)	(172,204)	(212,085)	(209,621)	(211,178)	(251,772)	(252,365)	(252,959)	(252,746)	(254,628)		50,000	
CASH AT END OF PERIOD	(16,797)	(119,500)	(172,204)	(212,085)	(209,621)	(211,178)	(251,772)	(252,365)	(252,959)	(252,746)	(254,628)	(259,174)		18,826	

Cash Flow Statement													Year 2	
Year 2 by Months													Estimated	Annual
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 2	Projection
OPERATING ACTIVITIES														
Net Earnings	2,874	2,874	2,874	1,691	0	676	676	676	676	338	1,014	2,536	16,906	16,906
Depreciation	413	413	413	413	413	413	413	413	413	413	413	413	4,952	4,952
Working Capital Changes														0
(Increase)/Decrease Accounts Receivable	(2,765)	0	0	2,626	3,751	(1,500)	0	0	0	750	(1,500)	(3,376)	(2,014)	(2,014)
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Accts Pay & Accord Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Other Current Liab	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities	522	3,287	3,287	4,729	4,164	(412)	1,089	1,089	1,089	1,501	(73)	(428)	19,844	19,844
INVESTING ACTIVITIES														
Property & Equipment	(100,000)	(100,000)	0	0	0	(100,000)	0	0	(100,000)	0	0	(100,000)	(500,000)	(30,000)
Other													0	0
Net Cash Used in Investing Activities	(100,000)	(100,000)	0	0	0	(100,000)	0	0	(100,000)	0	0	(100,000)	(500,000)	(30,000)
FINANCING ACTIVITIES														
Increase/(Decrease) Short Term Debt	0												0	0
Increase/(Decrease) Curt. Portion LTD	0												0	0
Increase/(Decrease) Long Term Debt	0												0	0
Increase/(Decrease) Common Stock	0												0	0
Increase/(Decrease) Preferred Stock	0												0	0
Dividends Declared													0	0
Net Cash Provided/(Used) by Financing	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INCREASE/(DECREASE) IN CASH	(99,478)	(96,713)	3,287	4,729	4,164	(100,412)	1,089	1,089	(88,911)	1,501	(73)	(100,428)	(480,156)	(10,156)
CASH AT BEGINNING OF PERIOD	(259,174)	(358,652)	(455,365)	(452,079)	(447,350)	(443,186)	(543,597)	(542,508)	(541,419)	(640,330)	(638,829)	(638,903)		18,826
CASH AT END OF PERIOD	(358,652)	(455,365)	(452,079)	(447,350)	(443,186)	(543,597)	(542,508)	(541,419)	(640,330)	(638,829)	(638,903)	(739,330)		8,670

Cash Flow Statement															Year 3	Year 4	Year 5	
Years 3, 4 & 5 by Quarters															Annual	Annual	Annual	
	Year 3					Year 4					Year 5					Projection	Projection	Projection
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Total			
OPERATING ACTIVITIES																		
Net Earnings	15,822	4,343	3,723	7,135	31,023	26,323	7,226	6,194	11,871	51,614	32,976	9,052	7,759	14,872	64,660	31,023	51,615	64,660
Depreciation	3,381	3,381	3,381	3,381	13,524	5,524	5,524	5,524	5,524	22,097	6,595	6,595	6,595	6,595	26,381	13,524	22,095	26,381
Working Capital Changes																		
(Increase)/Decrease Accounts Receivable	(8,008)	6,264	389	(1,882)	1,733	(7,044)	7,935	429	(2,359)	(1,031)	(8,227)	9,547	516	(2,838)	(1,002)	1,733	(1,039)	(1,002)
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Accts Pay & Accord Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Other Current Liab	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities	16,195	13,988	7,442	8,654	46,280	24,803	20,685	12,146	15,036	72,670	31,345	25,195	14,870	18,629	90,039	46,280	72,671	90,039
INVESTING ACTIVITIES																		
Property & Equipment	(100,000)	(200,000)	(100,000)	(150,000)	(550,000)	(200,000)	(200,000)	(100,000)	(150,000)	(650,000)	(200,000)	(200,000)	(200,000)	(150,000)	(750,000)	(60,000)	(62,000)	(30,000)
Other					0					0					0	0	0	0
Net Cash Used in Investing Activities	(100,000)	(200,000)	(100,000)	(150,000)	(550,000)	(200,000)	(200,000)	(100,000)	(150,000)	(650,000)	(200,000)	(200,000)	(200,000)	(150,000)	(750,000)	(60,000)	(62,000)	(30,000)
FINANCING ACTIVITIES																		
Increase/(Decrease) Short Term Debt	0			0	0					0	0				0	0	0	0
Increase/(Decrease) Curt. Portion LTD	0			0	0					0	0				0	0	0	0
Increase/(Decrease) Long Term Debt	0			0	0					0	0				0	0	0	0
Increase/(Decrease) Common Stock	10,000			0	10,000	0				0	0				0	0	10,000	0
Increase/(Decrease) Preferred Stock	0			0	0					0	0				0	0	0	0
Dividends Declared				0	0					(10,000)	(10,000)				(60,000)	(60,000)	0	(10,000)
Net Cash Provided/(Used) by Financing	10,000	0	0	0	10,000	0	0	0	0	(10,000)	(10,000)	0	0	0	(60,000)	(60,000)	10,000	(10,000)
INCREASE/(DECREASE) IN CASH	(73,805)	(186,012)	(92,558)	(141,346)	(493,720)	(175,197)	(179,315)	(87,854)	(144,964)	(587,329)	(168,655)	(174,805)	(185,130)	(191,371)	(719,961)	(3,720)	671	39
CASH AT BEGINNING OF PERIOD	(739,330)	(813,135)	(999,147)	(1,091,705)		(1,233,051)	(1,408,248)	(1,587,562)	(1,675,416)		(1,820,380)	(1,989,035)	(2,163,840)	(2,348,970)		8,670	4,949	5,620
CASH AT END OF PERIOD	(813,135)	(999,147)	(1,091,705)	(1,233,051)		(1,408,248)	(1,587,562)	(1,675,416)	(1,820,380)		(1,989,035)	(2,163,840)	(2,348,970)	(2,540,341)		4,949	5,620	5,658

Break-Even Analysis					
Years 1 to 5					
(\$)					
	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue	200,682	312,597	423,257	536,177	645,084
Cost of Revenue					
Variable	43,717	78,750	80,963	83,221	85,399
Fixed	20,000	26,286	34,857	43,429	47,714
Total	63,717	105,035	115,820	126,650	133,114
Operating Expenses					
Variable	4,014	6,252	8,465	10,724	12,902
Fixed	83,667	87,667	108,667	119,667	141,167
Total	87,680	93,919	117,132	130,390	154,068
Total Costs & Expenses					
Variable	47,731	85,002	89,428	93,945	98,301
Fixed	103,667	113,952	143,524	163,095	188,881
Total	151,398	198,954	232,952	257,040	287,182
Variable Costs/Revenue Ratio	0.24	0.27	0.21	0.18	0.15
Break-Even Point Revenues	136,018	156,511	181,972	197,742	222,838

Financial Statement Assumptions

Sales Assumptions:

- Operating at 90% capacity during the winter months.
- Operating at 80% capacity during the summer months.
- Selling \$30 of food and beverages per trip.

Bus Sponsorship

- Year 1- 1 bus exclusive sponsorship, 2 busses dual sponsorship
- Year 2- 2 bus exclusive sponsorship, 3 busses dual sponsorship
- Year 3- 3 bus exclusive sponsorship, 4 busses dual sponsorship
- Year 4- 3 bus exclusive sponsorship, 6 busses dual sponsorship
- Year 5- 4 bus exclusive sponsorship, 7 busses dual sponsorship
 - o Exclusive sponsorship costs \$5,000
 - o Dual sponsorship costs the sponsors \$3,000 each

Operating Assumptions:

- 3 out of the 4 founders will drive a bus every trip day.

Financial Assumptions

- We will raise the \$50,000 necessary to start our business through family and friends.

APPENDIX D: Customer Survey

*Surveys were administered to 93 college and high school students in the city of Boulder.

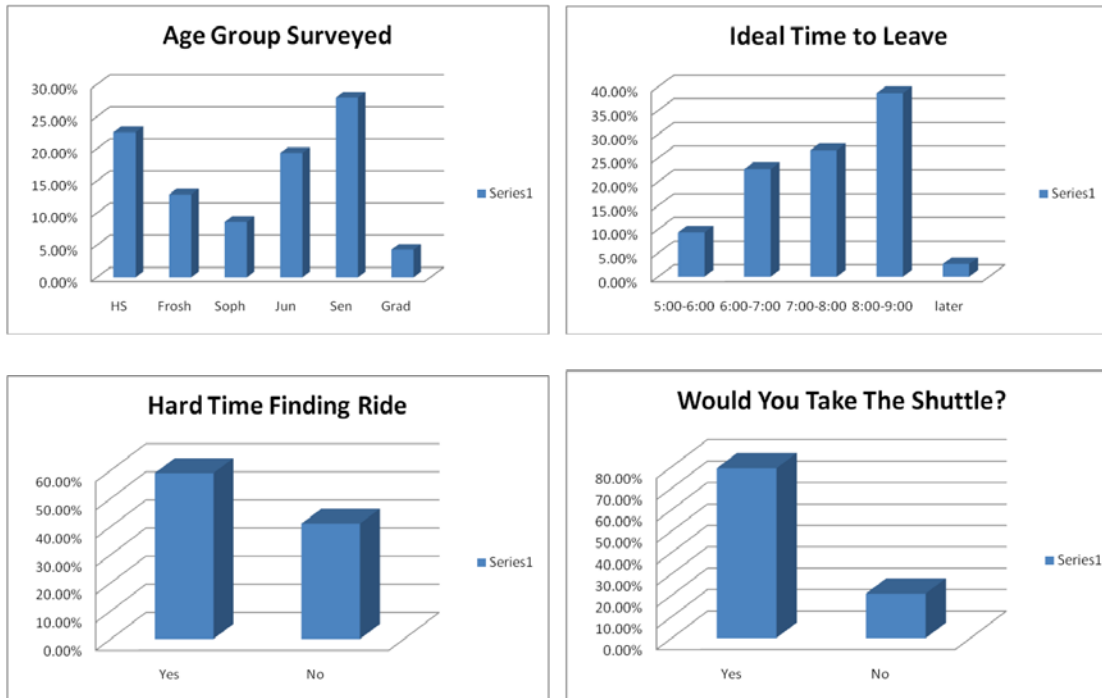
For my entrepreneurship class, my group and I are proposing to create a ski shuttle bus company. Our shuttle will run Fri-Sun from Boulder to variety of Colorado mountain resorts. Our buses will be equipped with entertainment features (TVs and video game systems). Thanks for helping us out by completing this service. Please circle all that apply for the following questions:

1. Which best describes you?

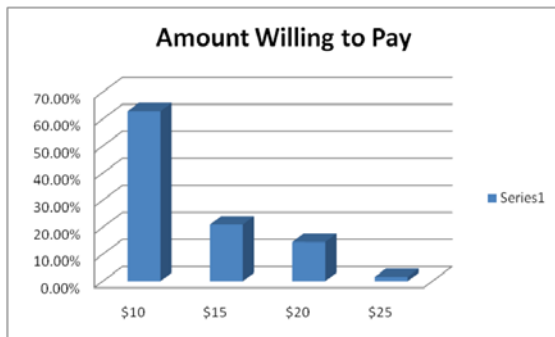
High School	College	College	College	College	Grad
Student	Freshman	Sophomore	Junior	Senior	
Student	Non-Student				
2. Do you: **SKI** **SNOWBOARD** **NEITHER** (if NEITHER, please stop here)
3. Which season pass(es) do you own or plan to purchase: **Colorado Pass** **Super Pass** **Echo** **Eldora**
Other **None**
4. Have you lived in Colorado for a year or more? **YES** **NO**
5. How many days on average do you ski/ride a year? **Under 10** **10-20** **21-30** **31-40** **41-50**
Over 51
6. Do you own a car that you can drive to the mountains? **YES** **NO**
7. How do you plan on getting to the mountains this season?
 - a. Drive
 - b. Take the ski bus offered through the Herd and Outdoor Program
 - c. Carpool with friends
 - d. Other: _____
8. How much do you enjoy driving *to and from* the ski resorts
(keep in mind traffic, weather, and being in control): **extremely dislike** **dislike** **like**
extremely like
9. What is your ideal leaving time for the mountains: **5:00-6:00am** **6:01-7:00am** **7:01-8:00am** **8:01-9:00am** **other:**
10. Do you ever have a hard time finding a ride to the mountains? **YES** **NO**
11. Would you take this shuttle service to the mountains? **YES** **NO**
 - a. If yes, what is the max amount you would be willing to pay to take this shuttle? **\$10** **\$15**
\$20 **\$25**

APPENDIX E: Customer Survey Results

93 high school and college aged people were surveyed about our business concept. The relevant statistics are as follows:



It can be seen that the majority of those surveyed have a hard time finding a ride and would thus be interested in taking our shuttle service.



Average Price = \$13

From these surveys we were able to narrow down our overall target market of 28,042 high school and CU students in Boulder to a more realistic target market. After taking into consideration the representative percentages of our surveys, we were calculated a niche market of approximately **19,131** people in the Boulder County area. This number reflects the amount of people that fall under the following conditions:

- Between ages of 15 and 22
- Ski and/or snowboard
- Experience a hard time finding transportation to the mountains
- Interested in taking the bus

APPENDIX F: Operations Tables

Table 1

Location	Pick-up	Depart
Williams Village	8:00 am	8:10 am
Parking Lot 308	8:15 am	8:30 am

Table 2

Type of Consumer	Reasons of Convenience
Student living on CU campus	Locations are only steps away!
Student living off campus	Lot 308 has free parking on weekends which makes commuting to pick-up locations trouble-free
High School Student	Locations are easily accessible and allow for parents dropping off their teens to get in and out of there quick and simple