

Team 2
EL-101
Section 8
10/2/15

Grabalab

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Table of Contents

Executive Summary.....	
Description of Proposed Business.....	
Business Overview.....	
Business Model.....	
Business Environment Analysis.....	
Economic Analysis.....	
Industry Overview.....	
Competitor Analysis.....	
Customer Analysis.....	
Mission Statement and Management Plan.....	
Mission Statement.....	
Core Values.....	
Legal Form of Organization.....	
Board of Advisors.....	
Grabalab Leadership Titles.....	
Organizational Structure.....	
Product/ Operation Plan.....	
Description of Service.....	
Competitive Advantage.....	
Quality Management.....	
Marketing Plan.....	
Target Market.....	
Pricing.....	
Place/Distribution.....	
Promotion.....	
E-Business Strategy.....	
Financial Plan.....	
Financial Assumptions.....	
Sales forecast and Income Statement Projections.....	
Startup Costs and Sources of Funding.....	
Investor Request	

Executive Summary:

In the past decade, there has been a 510% increase in the number of independent musicians making a full time living creating and performing music. Under normal circumstances, these musicians are pressured into spending over \$2000 to create a home based studio. The alternative? Find studio space to rent at outrageous prices. This problem ends today with Grabalab, the flexible studio rental space. The goal was to end the financial burden that these musicians face, while attempting to produce audio content. Grabalab does this by offering customizable studio space for groups or individuals to rent, enabling them to record, edit, or enhance audio.

Grabalab is targeted towards prospective musicians 13-51 year old in the lower-middle class, as well as independent musicians, traveling performers, audio engineers, and creative types interested in audio production. There is no required skill level as different tiers of equipment are available. Grabalab is estimated to generate over \$2,000,000 in the first three years alone, with your help our business can expand into more locations to make Grabalab a common phrase used by musicians everywhere.

The services Grabalab will offer are priced between \$9.99 and \$34.99, and include storage, studio space, and equipment rentals. These services are flexible and can be mixed and matched to fit the customer's needs. For example, a group of beginners can rent basic equipment with a bigger room, or a small room with the professional set of equipment. This allows the consumer to have more control than at the typical studio. In addition, in order to not burden the customer with a large and expensive time slot, Grabalab has set prices by the hour. This allows musician to more accurately measure and pay for their time slot and gives them more "bang for their buck". Along with this unique pricing strategy, customers have the advantage of recording video along with audio. Each lab, is equipped with a GoPro wide angle video camera that allows customers to walk out with a youtube clip, behind the scenes video, or possibly a part of a future music video! At Grabalab, the possibilities are truly limitless.

With a passionate team of musically experienced first year Butler University students at the helm, Grabalab will be formed as an LLC. A limited liability company operates under the tax policies and operational flexibility of a partnership while utilizing the limited liability aspect of a corporation. In the future, the company will offer franchising opportunities to individuals, allowing Grabalab to expand across the country. Beginning in the Chicagoland Area, Grabalab will establish both a solid customer base and achieve reputable brand recognition. This will allow future locations to open with an immediate customer base through a nationwide network of musicians.



	Year 1	Year 2	Year 3
Sales	\$664,678	\$1,329,356	\$2,175,978
Total Fixed Expenses	\$607,012	\$1,167,320	\$1,704,374
Net Income	\$58,738	\$136,196	\$357,333
Return on Investment	58.74%	136.20%	357.33%

Along with expansions, our business also plans to offer global franchising, lessons for aspiring musicians on the inner workings of the music industry, live performances, and much more. Grabalab is seeking a \$75,000 investment in exchange for 10% of a potentially multimillion dollar company. Along with the founders initial investments totalling \$100,000 and a loan of \$8,376 Grabalab will be ready to open its doors. In the event of economic distress, the equipment that Grabalab owns can be used as collateral for bank loans, further providing financial security for the company.

Description of Proposed Business:

Business Overview:

Grabalab is a studio rental service that offers variable sized rooms and equipment. This business will offer a set of audio interfaces, computers, and keyboards along with the open space for customers to create content. Music production is encouraged in all forms like demos, overdubbing, editing, real mixing, and more! Grabalab also offers equipment from amplifiers, editing software, and microphones, to bigger instruments like a full drum kit for added convenience. Private lessons can also be held in these rooms and are even more affordable for teachers looking for safe spaces to inspire the next generation of musicians.

Business Model:

This company will allow musicians to rent studios sized 10x10 ft, 20x20 ft, and 50x50 ft. These spaces will allow up to 30 people to play, rehearse, and edit music. The equipment carts include the software and equipment that is necessary to create and record music, all at an affordable cost. Grabalab will also have a website and an application which will include studio schedules, the ability to reserve studios and equipment, and directions to the nearest location. All aspects of Grabalab have been carefully thought out to be sure that the use of these services are consistently easy, affordable, and most importantly enjoyable. This model caters to musicians of any experience and will create loyal customers due to the great business practices Grabalab promises.

Business Environment Analysis:

Economic Analysis:

From 2012 to 2022 there is an expected 5% increase in employment according to the Bureau of Labor Statistics for the music industry. Online digital music sales have pushed physical CD



prices down, as has the trend toward buying individual tracks (First Research, 2015). This would justify why Grabalab would be a solution for the growing demand for digital means of producing their own music. In 2014, the recorded music industry had wholesale revenues of \$4.86 billion and retail revenues of \$6.97 billion (Friedlander, 2014). Still by far the largest format at 82% of the physical market, CDs decreased 12.7% to \$1.85 billion at retail value. In 2014, CDs comprised 27% of the overall market at estimated retail value (Friedlander, 2014).

Industry Overview:

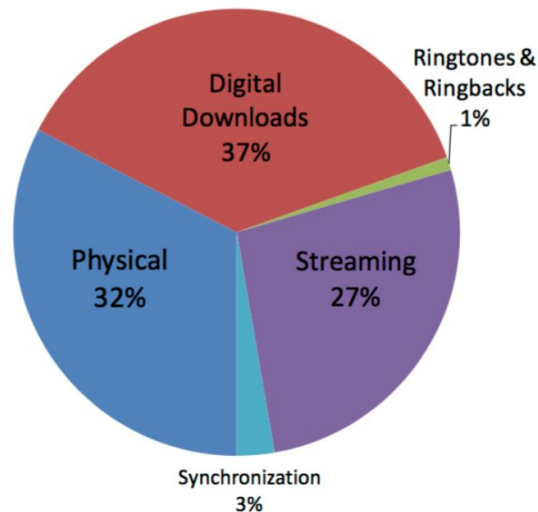
Some of the other businesses in our recorded music industry include Carter Company Recording, Soundscape, and Uptown Recording Studios. Carter Company Recording charges anywhere from \$35-\$65 as their hourly rate for a rental room. On the other hand, Soundscape and Uptown Recording Studios charge a little higher for a rental room at \$45-\$75 and \$75 respectively. All three of these studios have 2 available rental rooms, Grabalab is superior because of the 5 studios available.

Total digitally distributed formats grew 3.2% to \$4.51 billion, a new all-time high, and accounted for 66% of the market at retail by value (Friedlander, 2014). Refer to Figure 2 for the actual percentage breakdown of the music industry by revenue, which equates to 64% of this revenue coming from digital databases (Friedlander, 2014). While examining these statistics this proves to be a reason why this industry demand is changing for the better. Understanding that 66% of the market being run in this so called “digital age” and how it is still representing 64% of the total Gross Domestic Product in the recorded music industry is key. Grabalab would then be able to expand greatly in the future if franchising becomes an option. That is due to there being a larger potential piece of the market that would need our audio recording and editing software. More importantly, the high Gross Domestic Product would make it more reassuring to want to explore and carry out our business plan in this segment of the market.



Figure 2
US Music Industry Revenues 2014

Source: RIAA



Competitor Analysis:

Soundscape is a recording studio located in North Chicago. They have two studios outfitted with professional grade audio equipment and software, as well as multiple Studio Managers. Soundscape has gathered an ensemble of popular artists, including Chance the Rapper, The Neighborhood, and 2 Chainz (“Soundscape,” 2015).

During the research process, there was one direct competitor found, which was CenterStaging. CenterStaging offers facilities that include “11 rehearsal studios, a massive equipment warehouse, and a hangar sized soundstage”(Scoppa, 2007). Johnny Caswell founded this space and hopes to provide the best facility, equipment, and overall experience to inspire creativity for his clients. He has outfitted these facilities with a state of the art camera system that allows artists to record themselves producing various content in HD. Footage like this can then make its way into anything from behind the scenes clips, promotional materials, and even documentaries. The control center is a professional grade post editing facility, where all the magic happens. They are equipped with a top of the line Apple based secure network housing 155 TB’s of storage, Final Cut editing bays, and Panasonic DVCPRO HD machines(Scoppa, 2007). This technology enables incredible video productions that can be viewed on the included 65-inch display.

CenterStaging is about the fusion of audio and video productions, so they have equipment for capturing crystal clear audio as well. The audio samples come from lavalier microphones along with 24 custom microphones throughout the studio. After the sound is captured, audio is converted to a widely used file that can be used in industry leading software such as Pro Tools. The final mixes are edited together with voice overs and then trimmed down to more manageable sizes. When finished it’s sent to a secure server that only the bands can access, and the product is ready for distribution. Another big part of CenterStaging is distribution, they act as a record company in some ways as they host rehearsals.com. The site’s distribution ties together this

successful business. “All we want from labels and managers are the rights to promote their acts. We... are their partner, and we are actually going to make money with them and their artists”(Scoppa, 2007).

CenterStaging is one of the only direct competitors since Grabalab also offers video recordings. The scale of Grabalab’s video production does not yet meet the scale of CenterStaging but since their business targeted the professional end of the spectrum, it doesn't yet have to. The success of CenterStaging along with multiple concerns from interviews with independent musicians has made the option to add GoPros a no brainer. The simplicity of the video equipment is meant to complement the immersive audio technologies and give Grabalab another competitive advantage.

Customer Analysis:

Grabalab’s target customers consists of emerging, independent musicians ages 13-51 with less than 16 years of prior music experience. According to Artist Revenue Streams, who surveyed 1,134 emerging musicians from ages 18-60 and beyond stated that the average gross income for emerging musicians from ages 30-39 is \$31,100 and \$21,900 for ages 40-49 (2012). Emerging musicians from ages 50 to 59 have an average gross income of \$8,840 and from ages 60 and beyond it’s \$5,580 (ARS, 2012). From ages 18-29 average gross income is \$17,500, which is less than the average industry gross music income of \$22,200 (ARS, 2012). Our business would really like to appeal to the younger crowd from ages 18 to 29 because they are the only ones making more music gross income than their non-music gross income, which is \$9,610 (ARS, 2012).

Total US consumer spending, an indicator of demand for music sales, rose 0.3 percent, primarily from service expenditures, in July 2015 compared to the same month in 2014 (First Research, 2015). This sparks positive interest knowing the US personal income, which drives consumer spending on music, rose 4.2 percent in July 2015 compared to the same month in 2014. (First research, 2015). Using social media tactics can appeal to the younger crowd in the age group of 13 to 29.

Mission Statement and Management Plan:

Mission Statement:

Grabalab strives to provide the ideal musical atmosphere with a wide range of equipment to enable all forms of audio production. At Grabalab customers are encouraged to produce recordings that are truly unique. Stop by when inspiration strikes and Grabalab, while we grab some equipment to help mold concept into composition.

Core Values:

- Reliability
- Customer satisfaction
- Creative innovation
- Affordability



Legal Form of Organization:

Grabalab would benefit the most from forming as a LLC. A limited liability company is a hybrid type of legal structure that provides the limited liability features of a corporation but the tax efficiencies and operational flexibility of a partnership. This would allow Grabalab to have strong management as well as a lower risk involved in starting up the company. Unlike other forms, an LLC has limited liability as well as avoiding the paperwork and expenses of creating a C or S corporation. According to the U.S. census, of the 1,793 Sound recording studios only 427 were C-Corporations, while 996 were S-Corporations, a type of business very similar to LLC's. This is why an LLC would be the best business type for Grabalab and its future interests.

Board of Advisors:

- **Ian Rogers-** Ian Rogers is a key asset to have on the board of advisors. Roger's would offer knowledge in the music industry that would be key to our business success as well as experience in leadership roles that come from the work he does now with Apple Music.
 - Senior Director, Apple Music
 - Former CEO, Beats Music
- **Jimmy Iovine-** Jimmy Iovine is another person who would play a vital role on the board. Iovine's experience and knowledge in the music and production industries would integrate quite well into our business and make him a great advisor.
 - Co-Founder and Chairman, Interscope Records
 - Co-Founder, Beats Electronics
- **Professor Fernhaber-** Professor Fernhaber would play a key role on the board of advisors. Her knowledge on the greater business world at large and success from running her own business would be a crucial aspect to help to our business and its long term success.
 - Professor, Butler University College of Business
 - Small Business Owner

Grabalab Leadership Titles:

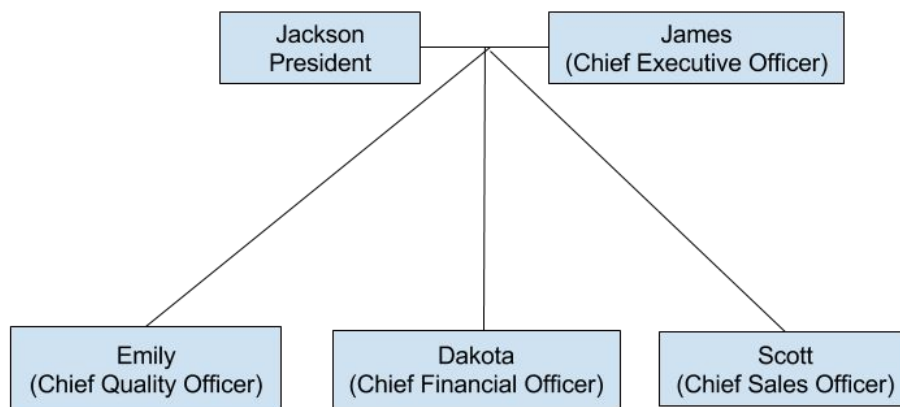
- ❖ James Dombro - CEO - Chief Executive Officer
 - Handles all final decisions over human, financial, environmental, and technical operations of the corporation.
- ❖ Jackson Nagle - President
 - Oversees day to day operations of entire business.
- ❖ Scott Apmann - CSO - Chief Sales Officer
 - Reports to President, determines new markets to enter, makes sales projections for the upcoming year and plans business expansion.
- ❖ Dakota Lombard - CFO - Chief Financial Officer
 - Responsible to make sure all of the music equipment that is purchased and leased is paid, recorded, and maintained. Oversees finances, audits, and paycheck distribution.



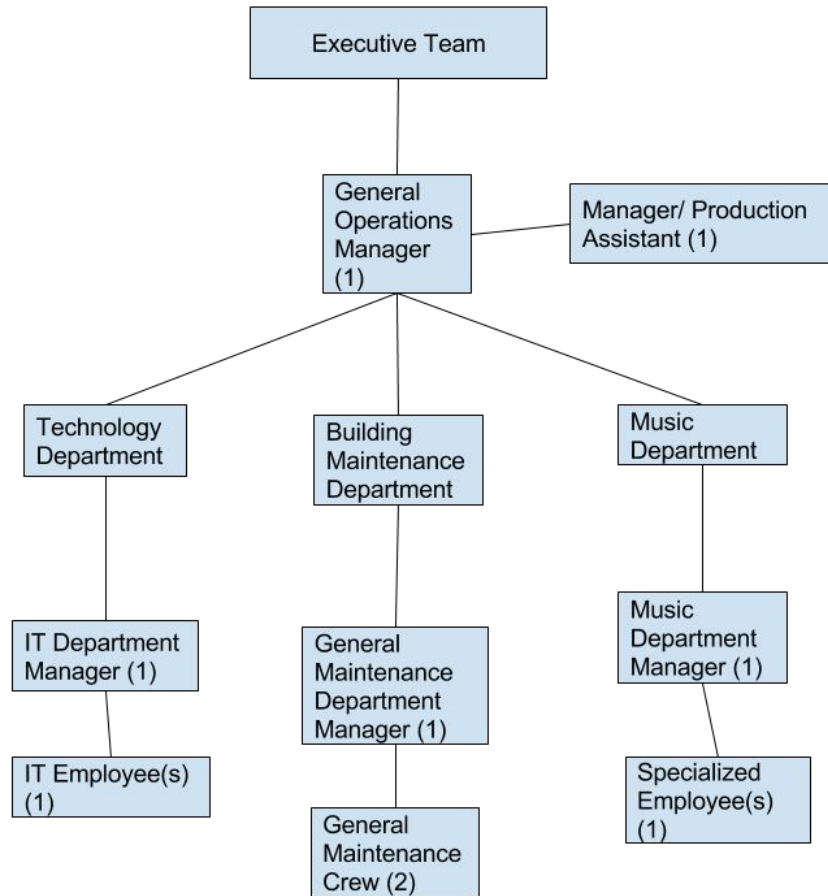
- ❖ Emily Gladden - CQO - Chief Quality Officer
 - Responsible for making sure all of the equipment is maintained, cleaned, and software is kept up to date.



Organizational Structure:



Grabalab will employ 13 people to ensure the success and smooth management of our business. The employees of Grabalab have the following qualifications. For top management positions, it will be expected that all employees will have an undergraduate degree with prior experience in their field to ensure they are qualified.



Position	#	Salary	Total Salaries and Benefits
Administrators (Co-Founders, and Executive Team)	5	\$0.00	\$0.00
General Operations Manager	1	\$65,000	\$91,000
Manager / Production Assistant	1	\$15,000	\$21,000
IT Department Manager	1	\$70,000	\$98,000
IT Employees	1	\$25,000	\$35,000
Music Department Manager	1	\$55,000	\$77,000
General Maintenance Department Manager	1	\$40,000	\$56,000
General Maintenance Crew	1	\$15,000	\$21,000
Specialized Employees	1	\$50,000	\$70,000

General Staff:

General Operations Manager- required to have a background in management. They must have a basic knowledge of the music and technology offered at Grabalab with an undergraduate degree related to business or leadership.

Technology Department:

IT Department Manager- required to have a background in Information Technology as well as a prior role in a management position or an undergraduate technology degree to ensure their abilities. Candidates must be good leaders and have extensive communication skills including knowledge of digital audio workstations.

IT Employees- required to have a background in the IT field or to be familiar with our technology and digital audio workstations. Candidates must also have good problem solving and



customer service skills. It is required that IT employees must have the proper skill set to assist the customer/consumer in any way he or she may need help.

Building Maintenance Department:

General Maintenance Department Manager- required to have prior janitorial experience with leadership abilities and strong communication skills.

General Maintenance Crew- Minimum wage positions with no specific requirements.

Music Department:

Music Department Manager- required to have at least an undergraduate degree related to music and/or production to hold a managerial position within our company. They must be able to show strong leadership and communication skills.

Specialized Employees- required music background or extensive knowledge in the music department. They must also have basic knowledge of technology skills along with experience using digital audio workstations available for use within the studios.

Overall all employees within the business of Grabalab will be expected to have a background in the music and production industry. Each employee must also have extensive communication and customer service skills to ensure the satisfaction of the consumer.

Since Grabalab will not only be catering to intermediate musicians but also professionals, the company will be located near large cities and performance venues such as places like, but not limited to, Philadelphia, New York City, Chicago, Los Angeles, Houston and Boston. Our initial building will be located in the city of Indianapolis. The facility will be open from 9 a.m. to 5 p.m. however the locations will offer extended hours for larger events if requested in advance by customers.

Product/ Operation Plan:

Description of Service:

Customers will be able to create an account at grabalabstudio.com or on our mobile application to reserve studio time and equipment rentals, as well as directions to the nearest location. Those with accounts simply log on and can reserve space with a click. There will be a hold placed on your payment method until you attend your session. If you are unable to make it to your reserved session, you can cancel your reservation up to 24 hours in advance to be refunded your payment. For those newer customers without an account, the booking schedule of the studios will be easy to find on the website or application, so that they will be certain to have a spot. Walk-in's are welcomed at Grabalab, and will be able to rent space and equipment as long as it is not occupied during that time.



Room	Price	Studio Audio Monitors	Chairs & Stands	Extras		
Small	\$14.99	2 Studio Monitors	1-2 Chairs/ Stands	No Extras Offered		
Advanced	\$19.99	4 Studio Monitors	8 Chairs and Music Stands	No Extras Offered		
Professional	\$29.99	8 Studio Monitors	30 Chairs and Music Stands	Drums and other equipment available upon request.	TV Display Included	
Mobile Carts	Price	Computer Hardware	Audio Interface	Microphones/ Headphones	Keyboard	Extras
Beginner	\$14.99	Basic iMac 21" limited to GarageBand, Audacity, iMovie	Beginner Audio Interface	Up to 2 microphones & 1 pair of headphones per session	MIDI keyboard	*Composing package offers additional software
Intermediate	\$24.99	Advanced iMac 27" all software included	Advanced Audio Interface	Up to 8 microphones & 2 pairs of headphones per session	Available upon Request	*Composing package offers additional software
Group	\$34.99	Mac Pro all software included with dual computer monitors	Professional Audio Interface	Up to 20 microphones & 5 pairs of headphones per session	Available upon request	
Storage	Price					
Overnight	\$9.99					

Grabalab has many plans for the future as well. Franchising will play a key part in expanding Grabalab across the nation, but these franchises will all be linked on the Grabalab website/application to guarantee a user-friendly and consistent experience. As Grabalab expands to multiple locations, the website and application will separate the schedules based on which location you plan on using. There will also be a separate schedule of private lesson times based the instrument as well as the teacher. Music Video Production as well as lessons will also be offered in the future, which will also have their own section and schedules. These advancements will make Grabalab the forerunner in almost every aspect of music, whether it be the production, editing, or performance.

Competitive Advantage:

Grabalab is different in that there is no one business that offers the unique and desired product selection to both professional and amateur musicians. One company that may be considered competition is CenterStaging. They offer similar tools such as iMacs and various professional microphones, and space; in terms of their audio equipment, "The audio samples come from lavalier microphones along with 24 custom microphones throughout the studio," (Scoppa, 2007). They also have "a top of the line" Apple based secure network housing 155 TB's of storage, Final Cut editing bays, and Panasonic DVCPRO HD machines" (Scoppa, 2007). However, their focus along with many other studios is only fixed on professional musicians, leaving the emerging musicians with no place to go. Grabalab would offer a great environment due to the



professional equipment as well as experienced staff ready to aid any emerging musicians. The key difference of having all the tools you could possibly need at your fingertips would provide Grabalab with an edge above CenterStaging and other studios.

	Grabalab	Carter Co. Recording	Soundscape	Uptown Recording Studios
Hourly Rate	\$14.99- \$64.99	\$35- \$65	\$45- \$75	\$75
Equipment	✓	✓	✓	✓
Mac/ Windows	✓	Windows	✓	✓
# of Studios	5 (18 by 3rd year)	2	2	2
Video Recording	✓	✗	✗	✗

While other recording studios typically offer a mere 2 studios, Grabalab offers 6 immediately, and with time will house 18 different studios. This means there will be 9 times more space at Grabalab for customers to create and edit music. Not only does Grabalab excel in accessibility, but it also has the lowest hourly prices out of all of the competitors. The low cost will attract young musicians on a budget as well as those looking to have the same equipment and space for a much lower cost. Not only does Grabalab excel at accessibility as well as pricing, it also offers the unique opportunity to record yourself on video during sessions via GoPro's mounted in each room. Video from these cameras could be used in countless ways such as music videos or live performance help, creating a unique experience no other studio can offer. Overall, the main competitive advantage of Grabalab is the ability for musicians of any level to walk in with zero equipment and be able to instantly and affordably practice or create music.

Quality Management:

The quality of Grabalab's products as well as our customer service will be held at the highest standards. Any issues can be handled by a manager at the facility or through the contact section of the Grabalab website.

Frequently Asked Questions:

- What if I didn't make a reservation?
 - Grabalab welcomes walk-in's for unreserved space, and using the app or website, you can easily check openings in studios or make reservations beforehand to ensure you'll have a studio.
- What if I need help using audio software and equipment?
 - There will always be staff available to help customers use the complex technology and perfect their piece.
- What if I've never played an instrument?



- Grabalab offers equipment for early beginners. Using basic programs like Garageband paired with a MIDI keyboard, anyone can have a good time making music.

Marketing Plan:

Tarket Market:

Grabalab will have an age restriction regarding use of equipment within rooms. Adult supervision will be required for children under the age of 13. Other than this age requirement all are welcome at Grabalab. Our target market will consist of 13-51 year old lower - middle class and income level perspective musicians, independent musicians, traveling performers, audio engineers, and creative types. The target will also include local private music teachers looking for spaces to give lessons.

Pricing:

Grabalab offers studio space which can be paired with equipment rentals for as low as \$30. Rooms can accommodate 1 to 30 people, and flexible prices based on the size of the room ensure that people are not overcharged. Equipment Carts can be brought into any room and offer audio recording and editing software. The carts gain more software as well as size to cater to musicians with any level of experience.

Product Description	Hourly Price
Small Room	\$ 14.99
Intermediate Room	\$ 19.99
Group Room	\$ 29.99
Beginner Cart	\$ 14.99
Advanced Cart	\$ 24.99
Professional Cart	\$ 34.99
Storage	\$ 9.99

Place/Distribution:

Grabalab will be located at 800 Dierking Terrace, Elk Grove Village, IL 60007. Our business has chosen to be located here because this location will be more desirable to the target market Grabalab has chosen to pursue. The building is located near O'Hare International Airport, making it easy for traveling musicians to practice at their leisure. In addition, our location near the airport is in proximity of popular hotels and more importantly, potential customers. This location is within a 30 min drive from many halls and venues in the chicagoland area. This facility requires a size of 9,600 sq.ft., which equates to a cost of approximately \$42,432 a year.



Promotion:

Grabalab will promote its service through radio ads, local billboards, social media and word of mouth. The company will also build relationships with local venues in order to increase our public image through performances that each venue holds. Social Media will play a great role in connecting with our customers on a personal basis. Grabalab will use direct messaging, mentions, and promotional hashtags. These methods will let our potential customers know about our vision and help gain publicity through the use of modern technology.

eBusiness Strategy:

Grabalabstudio.com will be the online home of the company. When one visits the site, they will be able to browse equipment, offerings, and rental plans. The main focus will be spelling out the key differences between hourly rates to the customer so they are able to choose the best option for their specific needs. Grabalab will also offer an online reservation system for the convenience of being able to see long term availability at a glance. Grabalabstudio.com will also showcase any famous clientele that the company may end up collaborating with.

Financial Plan:**Financial Assumptions:**

Grabalab is projected to grow quickly within the first three years of business. While in the first three years there are only plans to expand within the initial location, stores will be opening up rapidly across the United States thanks to Grabalab extending its reach as well as franchisers opening new locations. The company conservatively expects Small and Intermediate rooms to be rented 7,000 times a year, and Beginner and Advanced carts to be rented 5,600 times. These projections are based off the total spots open each day as well as the weeks per year the studio is open. By the third year, Grabalab expects to have 15 studios, allowing Small and Intermediate rooms to be used 21,000 times and Beginner and Advanced carts to be used 16,800 times per year. The table under the following Sales Forecast section outlines these numbers further.

Sales Forecast and Income Statement Projection:

Grabalab's forecast is based on estimated projections of sales from the lab space offered for rental. Grabalab's income relies on the rental prices of audio spaces that vary in price depending on room and equipment configuration. The average price per 45 minute session will fall between \$14.99-\$64.99 including equipment. This pricing was based on a few local Chicagoland competitors including Uptown, Soundscape, and Carter Co. Studios, whose studios charge anywhere from \$35-\$75 per hour. After discussions with another studio, Treehouse and Uptown representatives shared that a typical day is reserved for an estimated 66% of the business day. After the first three years, Grabalab is projected to be making at least \$2.17 million if the daily capacity goal, 66% is booked. That number comes from an estimated 52 customers per day or 66% of our 12 hour capacity with 4 lessons a day. In year one, customers would be filling up three sizes of our five audio rooms: two small, two intermediate, and one group room that would be open from 8am through 8pm. The sales forecast includes predictions for years one, two, and three below. The tables below justify the sales predictions, and the "# Units Sold" assume Grabalab operates 12 hours a day, 7 days a week, 50 weeks a year. The below unit predictions explain Grabalab's strategy in more detail. (Total income projections are included as Exhibit 1.1)



	Year 1		
Product Description	Unit Price	# Units Sold	Total Sales
Small Room	\$ 14.99	7,000	\$ 104,930.00
Intermediate Room	\$ 19.99	7,000	\$ 139,930.00
Group Room	\$ 29.99	2,800	\$ 83,972.00
Beginner Cart	\$ 14.99	5,600	\$ 83,944.00
Advanced Cart	\$ 24.99	5,600	\$ 139,944.00
Professional Cart	\$ 34.99	2,800	\$ 97,972.00
Storage	\$ 9.99	1,400	\$ 13,986.00
TOTAL			\$ 664,678.00

Year 2			Year 3		
Unit Price	# Units Sold	Total Sales	Unit Price	# Units Sold	Total Sales
\$ 14.99	14,000	\$ 209,860.00	\$ 14.99	21,000	\$ 314,790.00
\$ 19.99	14,000	\$ 279,860.00	\$ 19.99	21,000	\$ 419,790.00
\$ 29.99	5,600	\$ 167,944.00	\$ 29.99	11,200	\$ 335,888.00
\$ 14.99	11,200	\$ 167,888.00	\$ 14.99	16,800	\$ 251,832.00
\$ 24.99	11,200	\$ 279,888.00	\$ 24.99	16,800	\$ 419,832.00
\$ 34.99	5,600	\$ 195,944.00	\$ 34.99	11,200	\$ 391,888.00
\$ 9.99	2,800	\$ 27,972.00	\$ 9.99	4,200	\$ 41,958.00
		\$ 1,329,356.00			\$ 2,175,978.00

Start Up Costs and Sources of Funding:

Grabalab will require an estimated \$183,753 in start up funds based on fixed assets, and variables listed in the charts below. (fixed equipment expenses are included as Exhibit 1.1)

Required Start-Up Funds	Amount
Leasehold Improvements	\$ 21,000.00
Equipment	\$ 8,350.00
Furniture and Fixtures	\$ 2,273.00
Total Fixed Assets	\$ 31,623.00
Inventory:	\$ 0.00
Working capital:	\$ 151,753.00
Total Operating Capital	\$ 151,753.00
TOTAL	\$ 183,376.00



	Year One	Year Two	Year Three	Assumptions
<i>Percent increase in expenses</i>		5.00%	5.00%	
Salaries and Benefits	\$ 469,000.00	\$966,000.00	\$ 1,442,000.00	See Salaries
Depreciation	\$ 2,917.57	\$ 2,917.57	\$ 2,917.57	
Advertising	\$ 31,811.00	\$ 33,401.55	\$ 35,071.63	\$2,000 to Spotify, & \$1,151 Pandora to play our ad 57,582 times, \$1,460 for advertising on Facebook, \$3,200 for a billboard on I-294, \$24,000 for a top radio station for a month. (Biernacki, 2013)
Rent (if not purchasing building)	\$ 42,432.00	\$ 89,107.20	\$ 133,660.80	Assuming property is 9,600 sq. ft, and that we expand into another one of the same sized sections of the building the 2nd year and into a third section in the 3rd year.
Utilities	\$ 6,720.00	\$ 14,112.00	\$ 21,168.00	Assuming that we would pay the average price per square foot of electricity and natural gas \$0.70, sourced from Lime Energy Co (2014)
Common Area Maintenance Charges	\$ 21,888.00	\$ 22,982.40	\$ 24,131.52	Sourced from 42floors.com (2015) \$2.28/sq. ft
Equipment Leasing	\$ 4,944.00	\$ 10,135.20	\$ 15,326.40	Assuming our equipment doubles, and then triples with a 5% increase in years two - three, see equipment costs table on tab one. Leasing prices sourced from Brickhouse Capital, and Fit Small Business (2015)
Office Expenses & Supplies	\$ 3,800.00	\$ 3,990.00	\$ 4,189.50	sourced from LAC group (Corrao, 2015)
Business Interruption Insurance	\$ 5,500.00	\$ 5,775.00	\$ 6,063.75	Sourced from techinsurance.com (2015)
Employee's Compensation Insurance	\$ 1,000.00	\$ 1,050.00	\$ 1,102.50	Sourced from techinsurance.com (2015)
Owners Insurance	\$ 2,000.00	\$ 2,100.00	\$ 2,205.00	sourced from U.S SBA(U.S. Small Business Admin
Building Insurance	\$ 10,000.00	\$ 10,500.00	\$ 11,025.00	Sourced from techinsurance.com (2015)
Other	\$ 5,000.00	\$ 5,250.00	\$ 5,512.50	Rainy Day Fund
Total Fixed Operating Expenses	\$ 607,012.57	\$1,167,320.9	\$ 1,704,374.17	

This money will come from Owner's Equity, Outside Investors, and loans, as shown in the following chart.

Owner's Equity	\$100,000
Outside Investors	\$75,000
Bank Loan	\$8,376
Total Equity	\$183,376

Investor Request:

Grabalab is seeking a \$75,000 investment in exchange for a 10% equity of our company. This investment will help provide funding for many crucial components of Grabalab, such as the property, equipment, software, insurance, and advertising costs that are in the above tables.



Exhibit 1.1:

PROJECTED INCOME STATEMENT						
Grabalab						
	Year One	% of sales	Year Two	% of sales	Year Three	% of sales
Sales	\$ 664,678	100%	\$ 1,329,356	100%	\$ 2,175,978	100%
Cost of Goods Sold	\$ -		\$ -		\$ -	
Gross Margin	\$ 664,678	100%	\$ 1,329,356	100%	\$ 2,175,978	100%
Salaries and Benefits	\$ 469,000	71%	\$ 966,000	73%	\$ 1,442,000	66%
Depreciation	\$ 2,918	0%	\$ 2,918	0%	\$ 2,918	0%
Advertising	\$ 31,811	5%	\$ 33,402	3%	\$ 35,072	2%
Rent (if not purchasing building)	\$ 42,432	6%	\$ 89,107	7%	\$ 133,661	6%
Utilities	\$ 6,720	1%	\$ 14,112	1%	\$ 21,168	1%
Office Expenses & Supplies	\$ 3,800	1%	\$ 3,990	0%	\$ 4,190	0%
Business Interruption Insurance	\$ 5,500	1%	\$ 5,775	0%	\$ 6,064	0%
Employee's Compensation Insurance	\$ 1,000	0%	\$ 1,050	0%	\$ 1,103	0%
Owners Insurance	\$ 2,000	0%	\$ 2,100	0%	\$ 2,205	0%
Building Insurance	\$ 10,000	2%	\$ 10,500	1%	\$ 11,025	1%
Other	\$ 5,000	1%	\$ 5,250	0%	\$ 5,513	0%
Total Fixed Expenses	\$ 580,181	87%	\$ 1,134,203	85%	\$ 1,664,916	77%
Interest Expense	\$ 586	0%	\$ 586	0%	\$ 586	0%
Net Income before Taxes	\$ 83,911	13%	\$ 194,566	15%	\$ 510,475	23%
Taxes	\$ 25,173	4%	\$ 58,370	4%	\$ 153,143	7%
Net Income	\$ 58,738	9%	\$ 136,196	10%	\$ 357,333	16%

Exhibit 1.2:



Equipment Pricing						
Room	Item	Quant	Individual Price	Leasing?	Price Leased	Total Price
Beginner	Dual Studio Monitors	1	\$ 99.00	Yes	\$ 99.00	\$ 0.00
	Chairs	2	\$ 35.00	No	\$ 0.00	\$ 70.00
	Stands	2	\$ 20.00	No	\$ 0.00	\$ 40.00
	Total Beginner Room Costs	2	\$ 110.00		\$ 99.00	\$ 220.00
Advanced	Studio Monitor	4	\$ 150.00	Yes	\$ 600.00	\$ 0.00
	Chairs	8	\$ 35.00	No	\$ 0.00	\$ 280.00
	Stands	8	\$ 20.00	No	\$ 0.00	\$ 160.00
	Total Advanced Room Costs	2	\$ 440.00		\$ 600.00	\$ 880.00
Professional	Studio Monitor	8	\$ 150.00	Yes	\$ 1200.00	\$ 0.00
	TV Display	1	\$ 350.00	No	\$ 0.00	\$ 350.00
	Chairs	30	\$ 35.00	No	\$ 0.00	\$ 1050.00
	Stands	30	\$ 20.00	No	\$ 0.00	\$ 600.00
	Total Professional Room Costs	1	\$ 2000.00		\$ 1200.00	\$ 2000.00
Total Cart Price					\$ 1899.00	\$ 3100.00
Mobile Carts				Leasing?		
Beginner	Wac 21"	1	\$ 1099.00	Yes	\$ 1099.00	\$ 0.00
	Software Bundle	1	\$ 200.00	No	\$ 0.00	\$ 200.00
	Beginner Audio Int.	1	\$ 129.00	Yes	\$ 129.00	\$ 0.00
	Microphones	2	\$ 99.00	Yes	\$ 198.00	\$ 0.00
	Closed Headphones	1	\$ 200.00	Yes	\$ 200.00	\$ 0.00
	MIDI Keyboard	1	\$ 199.00	Yes	\$ 199.00	\$ 0.00
	Cart	1	\$ 350.00	No	\$ 0.00	\$ 350.00
	Total Beginner Mobile Cart Costs	2	\$ 550.00		\$ 1825.00	\$ 1100.00
Intermediate	Wac 27"	1	\$ 1799.00	Yes	\$ 1799.00	\$ 0.00
	Software Bundle	1	\$ 800.00	No	\$ 0.00	\$ 800.00
	Advanced Audio Int.	1	\$ 1500.00	Yes	\$ 1500.00	\$ 0.00
	Microphones	8	\$ 159.00	Yes	\$ 1272.00	\$ 0.00
	Closed Headphones	2	\$ 200.00	Yes	\$ 400.00	\$ 0.00
	Cart	1	\$ 350.00	No	\$ 0.00	\$ 350.00
	Total Intermediate Mobile Cart Costs	2	\$ 1150.00		\$ 4971.00	\$ 2300.00
Advanced	Mac Pro	1	\$ 2999.00	Yes	\$ 2999.00	\$ 0.00
	Comouter Monitors x2	2	\$ 100.00	No	\$ 0.00	\$ 200.00
	Software Bundle	1	\$ 800.00	No	\$ 0.00	\$ 800.00
	Professional Audio Int.	1	\$ 2500.00	Yes	\$ 2500.00	\$ 0.00
	Microphones	20	\$ 159.00	Yes	\$ 3180.00	\$ 0.00
	Closed Headphones	5	\$ 200.00	Yes	\$ 1000.00	\$ 0.00
	Cart	1	\$ 350.00	No	\$ 0.00	\$ 350.00
	Total Advanced Mobile Cart Costs	1	\$ 1350.00		\$ 9679.00	\$ 1350.00
Other Costs					\$ 0.00	
	MIDI keyboard	5	\$ 100.00	Yes	\$ 500.00	\$ 0.00
	Drum set	1	\$ 500.00	No	\$ 0.00	\$ 500.00
	Various Cords	100	\$ 9.88	Yes	\$ 988.00	\$ 0.00
	Open headphones	5	\$ 200.00	Yes	\$ 1000.00	\$ 0.00
	GoPro	5	\$ 200.00	Yes	\$ 1000.00	\$ 0.00
	Total Other Mobile Cart Costs	1	\$ 500.00		\$ 3488.00	\$ 500.00
Total Room Price					\$ 19963.00	\$ 5250.00
Total Room and Cart Price					\$ 21862.00	\$ 8350.00
Equipment Total Value						\$ 30212.00
Lease Rate				9.5%		
Lease Length				36 months		
Equipment Life				7 years		
Monthly Payment \$				412.00		
Annual Payment \$				4944.00		

Exhibit 1.3

Break-even Analysis & Ratios

Year	1	2	3
Sales Average Per Rental	\$ 43.00	\$ 43.00	\$ 43.00
Average Variable Cost Per Rental	\$ 15.00	\$ 15.00	\$ 15.00
Total Fixed Expenses	\$580,180.57	\$1,134,203.32	\$1,664,916.25
Break-even point	20,721	40,507	59,461
Return on Sales	12.62%	14.64%	23.46%
Return on Equity	58.74%	13.62%	357.33%

Clients. (n.d.). Retrieved December 2, 2015, from <http://www.soundscapeRecording.com/clients/>