

The Sorcerer's Accountant Marketing Plan

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The Sorcerer's Accountant

1.0 Marketing Vision

Sorcerer's Accountant will fit the needs of transitional small businesses, dealing with the growing pains of leaving an owner-operator model to hiring employees and expanding. These clients will see that Sorcerer's Accountant is competitively priced, both compared with the market and with the substitute option of hiring their own bookkeepers. Clients will see that Sorcerer's Accountant is extremely flexible and scalable in a way that in-house bookkeepers cannot be.

To move forward with this new business line, Sorcerer's Accountant will make the bookkeeping services the core of its business and a source of leads for its additional accounting services, rather than the other way around. Over time, as this transition happens, the marketing plan will be revisited to see how these clients can be better used as a source for referrals and more business.

1.1 Goals

Sorcerer's Accountant's goals include Personal, Marketing, Business, and Client Satisfaction goals.

They are:

1. Personal - To reduce the time spent on the business by Max Greenwood to a more sustainable level over a few years and to achieve professional recognition
2. Marketing - Generation of large numbers of leads and press mentions
3. Business - Expand sales significantly over the next three years
4. Client Satisfaction - To achieve a high level of very satisfied clients

1.2 Purpose

Sorcerer's Accountant seeks to provide a full suite of tax and management accounting services for small businesses in Chicago, Illinois, allowing business owners to not only save money over in-house accounting and ensure their compliance with tax laws, but to make valuable management decisions from their numbers.

1.3 Picture

When clients come to Sorcerer's Accountant, the frustration of dealing with in-house bookkeepers and low-quality providers will recede. Clients will be given the time to have all of their questions answered and valuable accounting and systems advice will be given even in the initial meetings. The client will quickly understand that Sorcerer's Accountant will scale their services to meet the client's needs and can add to those services as the client's needs change. They will understand that they are not entering into an onerous contract and that the cost of getting started is low.

The client will be delighted the first time they receive a thank you card and small gift when they've made their budgeted numbers for the quarter. At this point it will truly sink in that

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Sorcerer's Accountant has their bookkeeping and accounting needs covered and that they can put away any worry that this area will be a weak link in their business.

1.4 Gap Dashboard

Weekly measurements of key metrics will be averaged for each month and entered in the Gap Dashboard. Personal goals will be tracked by Max Greenwood directly to make sure he is moving towards both professional recognition and a sustainable work/life balance. Marketing goals will be tracked by the CRM system and business goals will be tracked by QuickBooks. Client satisfaction numbers will be derived from the survey provider's database.

Whether numbers are met or not, the news will be shared on a monthly basis with the entire staff, with congratulations and discussion as to what is going right as well as a look at what is going wrong and how it can be rectified. These reports will be shared in full with the bookkeeping program manager and partially with the bookkeepers.

Table: Gap Dashboard

| Gap Dashboard | Year 1 | Year 2 | Year 3 |
|--------------------------------------|-----------|-----------|-----------|
| Personal | | | |
| Invitations for speaking engagements | 35 | 72 | 79 |
| Hours spent on business by Greenwood | 2,876 | 2,700 | 2,500 |
| Marketing | | | |
| New leads generated | 6,367 | 7,004 | 7,704 |
| Press mentions | 26 | 30 | 35 |
| Business | | | |
| Sales | \$218,100 | \$295,950 | \$420,350 |
| Net Profit | \$10,893 | \$42,591 | \$64,416 |
| Client Satisfaction | | | |
| Surveys completed | 642 | 770 | 924 |
| "Very satisfied" responses | 465 | 577 | 693 |
| "Unsatisfied" responses | 42 | 38 | 46 |

2.0 Ideal Customer

The ideal customer for Sorcerer's Accountant is an owner of a very small business. Having launched within the last few years, the customer has just hired his first employee.

The bookkeeping work (accounts payable and receivable, payroll, bank reconciliations, tax preparation) that the owner did for the first few years is taking more and more time and is holding him back from working on sales, marketing, and strategy for the business. The new employee has been hired to handle more of the technical work of the business, not to do bookkeeping. However, when considering the type of bookkeeping help he can afford, the customer realizes that a ten-hour-a-week employee would most likely be a student or low-skills worker who would require a great deal of training.

The customer is put off by the idea of spending a great deal of time training such an

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individual, who may leave within a year (or even less) due to school schedule changes or finding a full-time job. He realizes that keeping the books correctly is important work, but because he understands his own value to the business, he knows his time is better spent elsewhere. He might then begin to search for professional bookkeeping options that can offer just a low-level of support by doing his own research and asking other business owners he knows.

2.1 Market Description

The small business accounting market consists of virtually every small business in the United States. As businesses grow larger than one person sole proprietorships, they generally require expert help with at least their tax preparation, and often with additional bookkeeping and accounting services. Even many non-employer sole proprietorships will use accounting help at some point. While some small businesses hire bookkeepers or CFOs directly, many successfully outsource these types of services.

The market for Sorcerer's Accountant is small businesses in the city limits of Chicago. This will represent approximately 85,000 businesses in 2010. This market can be subdivided into three groups:

Non-employer firms: Without employees, these firms do not have many of the concerns of larger businesses. However, the owners must be vigilant to protect their own tax liability and sort out how their personal and business tax returns intersect. These firms are generally buyers of QuickBooks services and tax preparation services. As they grow, this group becomes ripe for outsourced bookkeeping services before they can hire a full-time in-house bookkeeper.

Very small businesses: Defined for our purposes as businesses with 2-10 employees. Made up of businesses that are designed to stay small and those which are growing through a phase, these businesses require payroll services, bookkeeping, and tax preparation. They are concerned about losing control, but can generally be convinced of using outsourced accounting and bookkeeping with cost analysis. With the stakes higher, these businesses can make greater use of management accounting services, especially as most cannot afford a dedicated CFO. Many do not need a full-time bookkeeper, but can make due with part-time help, which limits their hiring options.

Other small businesses: Defined for our purposes as businesses with 11 to 99 employees. Many of these businesses will have some in-house financial management and bookkeeping help. However, they may be able to save money by outsourcing these services as they are not generally core to what the business seeks to do. These businesses may be comfortable with their situation as a cash producer for their owners or intent on growing or positioning themselves for sale.

3.0 Remarkable Difference

Sorcerer's Accountant offers the flexibility and low rates of an in-house bookkeeping employee, while providing all of the training, oversight, and deep knowledge of a Certified Public Accountant.

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3.1 Differentiators

Sorcerer's Accountant will achieve a competitive edge among Chicago bookkeeping services due to its combination of CPA oversight with lower-level, inexpensive labor to solve the specific problems of small business owners. Clients will receive the advantage of having a CPA review their books and propose additional advice when appropriate, while not paying much more than they would to hire their own part-time bookkeeper.

This is not an inimitable competitive edge, but the market in Chicago is significantly large enough to allow for the success of Sorcerer's Accountant with this strategy. Large firms ignore the small business market because they are better positioned to serve larger businesses. They are unlikely to imitate this strategy as they will find it difficult to convince small businesses that they can offer services which are affordable to them.

4.0 Core Strategy

Sorcerer's Accountant seeks to serve very small businesses (2 to 10 employees) in such a flexible way that they are enticed to keep working with Sorcerer's Accountant for accounting and bookkeeping services even after they have grown beyond this size and could afford their own full-time bookkeeping employee.

We seek the following measurable results from this strategy:

- To achieve bookkeeping service annual revenues equal or greater to the current total revenues within three years (effectively doubling revenue)
- To achieve net profit of \$60,000 in three years
- To employ 8 part-time bookkeepers in three years
- Achieve a client attrition rate of 10% or lower annually from the second to third years.

4.1 Core Branding Elements

Core branding elements for Sorcerer's Accountant will be based around the logo - an image of a magic wand touching a dollar sign on a piece of paper. Rather than resorting to cartoon "Sorcerer's Accountant" images or clip art, Sorcerer's Accountants will not be shown in visuals, but stylized representations of the magic involved in the service will be used, including fluid, sparkling lines and star bursts.

The core branding elements that will share these visual elements will include:

- Stationery
- Business cards (short runs printed for even the bookkeeping employees)
- Forms (Invoices, Fax cover)
- Marketing kit
- Print advertising
- Direct mail advertising
- Email format
- Signage

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- Website

Non-visual branding elements will incorporate a "can-do," "at-your-service" attitude, with a focus on finding a way to work with each small business owner through flexibility, rather than calling for the clients to fall into certain categories or use pre-defined packages when they do not work for their needs. This attitude will be represented through the following:

- Telephone manner
- Customer service
- Student bookkeepers

5.0 Product/Service Innovation

Current services offered by Sorcerer's Accountant include:

Suspects: Free newsletter about small business accounting and bookkeeping techniques, products, and tips.

Prospects: \$50 webinar about making the transition from a one-person business to an employer model. This will be held online periodically by Max Greenwood to qualify potential clients who are ready to spend money on a solution for their problem.

Clients: Services include the following categories:

Tax Services: (average project cost - \$750)

- Tax preparation
- Tax planning
- Solving tax problems (audit representation, back taxes owed, payroll tax problems, IRS issues, bankruptcy)

Management/Cost Accounting Services: (average project cost - \$1,000)

- Audits
- Cost and Margin Analysis
- Financial Projection
- Setup for credit card processing

QuickBooks Services: (average project cost - \$300)

- QuickBooks sales and setup
- QuickBooks training
- QuickBooks tips (via website)
- QuickBooks "quicktune" service (audit and fix of QuickBooks files)

Current services are either provided entirely by Max Greenwood or available through resources on the Sorcerer's Accountant website. Greenwood will provide referrals to credit card processing companies or some speciality consultants when the need calls for it, but focuses his work on general small business services of use to the widest variety of businesses.

Sorcerer's Accountant intends to add the following **bookkeeping services**:

- Payroll processing

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- Accounts payable (entry, bill paying)
- Accounts receivable (entry, invoicing, deposits, collection)
- Sales tax processing
- Bank reconciliations
- Inventory management
- Financial statement preparation
- Other financial reporting

Premium Clients: This group will spend at least \$15,000 per year with Sorcerer's Accountant, making it a significant part of their outsourcing strategy. This may be 10 hours per week of bookkeeping, or a combination of bookkeeping and these other services.

5.1 Price Rationale

The pricing for bookkeeping services are set at \$30 per hour. Bookkeeping services incur a 50% cost of sales as the bookkeepers are paid at \$15 per hour. Clients would pay \$20 - \$25 per hour, once benefits and taxes are factored in, for an in-house part-time bookkeeper, and would still be responsible for training, oversight, and management in that case. Sorcerer's Accountant's rate is very economical once this is taken into account.

Direct competitors' rates, with professional help, are set at \$40 per hour and up. Competitors that offer rates at \$30 per hour or lower are not providing the same level of training and oversight and the quality difference is apparent.

To entice new clients, three hours of orientation/on-site training time is covered by Sorcerer's Accountant to allow for the bookkeepers to become acclimated and to document the procedures and organization of the client's office. This reduces the switching cost for clients and their fear that they will be spending a great deal on the transition alone. Sorcerer's Accountant is not interested in making money off of the transition, but wants to serve the clients for the long-run with their ongoing bookkeeping.

Direct services by Max Greenwood, CPA, are priced at \$75 per hour. This is average for CPA services for small businesses. An hour of free consultation is offered to give a sample of the level of service and advice they can receive.

6.0 Marketing Materials

The target market can be reached through:

- Referrals from their vendors or other business owners they know
- Radio
- Business press
- Web marketing
- Direct mail

These advertisements will be simple offers of the webinar or newsletter to better inform potential clients. Prospects will be provided with the marketing kit.

The marketing kit will include:

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- Short cover letter
- Case statement for the need for Sorcerer's Accountant's small business services
- Difference summary describing how Sorcerer's Accountant combines CPA oversight with high quality student labor
- Ideal client description
- Service offerings
- Case studies: One or two case studies out of a stock of five possible case studies will be included. These will be either in a similar industry or similar stage of the small business life cycle to the client the marketing kit is prepared for.
- Testimonials: To start, these will be from past clients describing the work of Max Greenwood as a CPA, but will include more and more testimonials about bookkeeping services when these can be collected.
- Frequently asked questions: Including both actual FAQs from clients and questions which Sorcerer's Accountant believes clients should be asking to ensure they get high quality service when outsourcing their bookkeeping or accounting.
- Client list

The case studies and the short, personalized cover letter will be the means by which the marketing kit will be tailored to individual prospects.

7.0 Web Plan

The website for Sorcerer's Accountant presents a simple, uncluttered look which holds a great deal of information about services offered beneath its surface and beyond its home page. The purpose of the website is to assure clients and potential clients of the expertise of the company and then inspire them to call for a phone or in-person consultation.

To redevelop the website for the new bookkeeping services to be offered, additional service pages will be created for each subset of the bookkeeping service as well as a main page presenting the value proposition and benefits to clients of the services. All areas will offer descriptions to be clear about what services are and are not offered, but will be focused on client benefits.

The website will be expanded with additional information about best practices of bookkeeping services. Max Greenwood will devote 40 hours to developing this content within two months of the launch of the service. This will then include the archived newsletters, sent out every two weeks. Teasers for each of the six webinar topics will be here, giving some useful information and alluding to the additional value in the webinars themselves.

7.1 Social Media Plan

To market the website and the business online, the following tactics will be used:

- Google Adwords will be expanded with \$1,000 per month devoted to bookkeeping-related keywords for the Chicago market
- Listing the website on databases and other websites for small business services and bookkeeping services in Chicago
- Promoting the service to small business blogs and posting to blogs directly wherever

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possible

Most of these marketing activities will be executed by the marketing services firm contracted by Sorcerer's Accountant as Greenwood does not have the time or expertise to execute them himself.

8.0 Lead Generation Plan

Sorcerer's Accountant will use the following marketing tactics to reach its target market of very small businesses (2 to 10 employees) with its new bookkeeping services:

- Website marketing (detailed in the Web plan section)
- Advertising on public radio and in weekly and monthly periodicals with an offer for the webinar.
- Direct mail of a postcard six times per year to 2,000 suspects from a purchased list of very small businesses in Chicago. Returns and bad addresses will be weeded out. After one year, will shift to a new 2,000 suspects. Postcards will offer the webinar and newsletter.
- Redevelopment of the Sorcerer's Accountant brochure with an additional section about the services
- Mail of the brochure to those who take part in Sorcerer's Accountant webinars

8.1 Advertising

Media Tracking Kits Requested

| Advertising Medium | Contact Name | Contact # | Distribution | Cost/Ad | Total CPM |
|--------------------------------|----------------|----------------|----------------|----------------|----------------|
| Crain's Chicago Weekly | <i>removed</i> | <i>removed</i> | 50,700/week | <i>removed</i> | <i>removed</i> |
| Chicago Small Business Monthly | <i>removed</i> | <i>removed</i> | <i>removed</i> | \$250 | <i>removed</i> |
| Chicago Public Radio | <i>removed</i> | <i>removed</i> | 560,000 | <i>removed</i> | <i>removed</i> |
| Local Pay-Per-Click | <i>removed</i> | <i>removed</i> | n/a | <i>removed</i> | <i>removed</i> |

8.2 Referrals

Referral marketing for Sorcerer's Accountant begins with the education of each potential client prior to their engagement. When prices are discussed with clients, they will be informed that they will be reimbursed for 20 hours (\$600) of bookkeeping services if they refer three paying clients to Sorcerer's Accountant, 10 hours (\$300) for two paying clients, and 5 hours (\$150) for one paying client. The reimbursements will be made when these clients sign their contract and their initial payment is received, regardless of whether the referred clients work out in the long-run (it is the job of Sorcerer's Accountant, not the referring client, to make sure the clients remain satisfied).

Sorcerer's Accountant will ask for the names of other small business owners who are in the

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process of growing beyond microbusinesses or who have had turnover in their own bookkeeping staff. A form will be sent by email with this request at the time new clients join so that they can fill it in by email or simply attach outlook contact information to the return email. The offer will explain to clients that the referrals will be told who they were referred by, putting the onus on the referring client to make sure they are more-or-less qualified beyond providing their contact information to Sorcerer's Accountant.

A specific target market for referrals are other small business service providers. Whenever Sorcerer's Accountant works for or with another small business service company (coaches, counseling, software salespeople, lawyers, commercial real estate brokers, payroll companies, etc) Sorcerer's Accountant will make an offer of ongoing commissions for paying clients referred.

9.0 Lead Conversion Plan

The email newsletter will be sent out twice a month to our email list. This list is expected to grow as some suspects respond to the postcards or advertisements. The email newsletter will contain helpful information about small business tips, bookkeeping and accounting systems, and information on the growing pains felt by small businesses. It will include information on the monthly webinars, giving the time of the next upcoming webinar.

The webinar will be held during the business day, early in the day in the middle of the week, to avoid the crunches of work experienced by business owners at the beginning and end of each week. The webinar will require a small fee, which will yield just prospects who are very interested in taking the next step and finding a solution. Up to 100 prospects can attend each webinar. The webinar will cycle through 6 topics of interest to small business owners.

Webinar suspects will be followed up by phone to hear their feedback on the webinar and offer them the bookkeeping and accounting services. It is expected that the webinar will lead to some suspects calling us directly, before this phone call can be made, as the webinar itself will contain some information on the service offering. The marketing kit will be used as a sales tool at this point and either sent to clients to discuss by phone or presented to clients in person at appointments.

10.0 Service Experience

The new bookkeeping services will be performed by part-time student bookkeepers who are current undergraduate accounting majors with up to 20 hours per week free to work. Each business will have a consistent bookkeeper assigned to it. The bookkeepers will be trained by Max Greenwood directly in proper techniques. They will all be students in the top 20% of their class with at least one professional recommendation and one educational (professor) recommendation. This is a business model which has been successful in other cities where there is a ample student labor, like New York City.

To add additional value, the bookkeeping manager, a graduate student pursuing an MBA in accounting, will supervise and audit the work of the bookkeepers, answering their questions when questions arise, and providing quality assurance. The bookkeeping manager will review the QuickBooks files and reports created by the bookkeepers to ensure that they follow proper formats and are prepared correctly.

Beyond the services offered, customer loyalty will be encouraged by thanking clients at times

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that are significant to THEM. For example, clients will be sent handwritten thank you cards with a small gift along with congratulations when they expand their business in a significant way (new revenue stream or business line, impressive end of quarter numbers, addition of a new, key personnel). This will provide encouragement at a time when the business owner may not be hearing it from many sources while reinforcing the notion that Sorcerer's Accountant is a partner in their success (and extremely aware of when their financials show they are having success). Employees will be directed to look for these milestones.

10.1 Loyalty Product/Service Offerings

After one year, clients who have used Sorcerer's Accountant's accounting or bookkeeping services will be invited as guest presenters for a portion of the monthly webinar. This will give these clients a means to market their own business, while explaining how Sorcerer's Accountant helped them achieve their business goals.

10.2 WOW Process

To ensure customer satisfaction and delight with Sorcerer's Accountant services, the following tactics will be used:

- Satisfaction surveys after two weeks and then every six months with ongoing clients
- Satisfaction surveys upon the completion of service for one-time clients
- Compilation of this survey data into a database provided through the survey provider with the goal of "very satisfied" for at least 75% of responses and "not satisfied" for less than 5%
- Answers of "not satisfied" will be looked into by all personnel involved and a common answer to solve the problem both for that client and future clients will be offered
- Discounts or refunds will be offered for unsatisfied clients along with an apology for the problem

11.0 Marketing Calendar

Daily plan: Each day, Greenwood will devote at least one hour to marketing activities. These general activities will include thank you notes, newsletter preparation, webinar updates, client testimonial or case study development, calling reporters to develop relationships, etc.

Weekly plan: Greenwood will review the monthly goals and break these into weekly deliverables at the start of each month. Each week will also include time set aside to review the results of current advertising (pay-per-click, print, direct mail, etc.) to consider how these might be adjusted going forward.

To execute the milestones listed on the milestones table, Max Greenwood will make liberal use of an outside marketing service firm (OF denotes "outside firm" on the table) which will manage the execution of the marketing activities listed. Greenwood will directly execute the sales activities listed through his work with clients.

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11.1 Monthly

| Months | Marketing (Webinar) Theme |
|--------|--|
| Jan | Hiring your first employee and what this means for your business |
| Feb | Choosing and working with a payroll provider |
| Mar | Tax preparation |
| Apr | Accounts receivable - invoicing, credit cards and collections |
| May | QuickBooks systems that scale |
| Jun | Sales tax rules and systems for collection/accounting |
| Jul | Intro to cost accounting - how to read your numbers |
| Aug | Hiring your first employee and what this means for your business |
| Sept | Choosing and working with a payroll provider |
| Oct | Accounts receivable - invoicing, credit cards and collections |
| Nov | QuickBooks systems that scale |
| Dec | Intro to cost accounting - how to read your numbers |

Table: Milestones

| Milestones | | | | | |
|---------------------------------------|------------|------------|-----------------|---------|------------|
| Advertising | Start Date | End Date | Budget | Manager | Department |
| Develop print ad | 12/1/2009 | 12/15/2009 | \$500 | MG (OF) | Marketing |
| Run first print ads | 2/1/2010 | 2/15/2010 | \$5,000 | MG (OF) | Marketing |
| Change Yellow Pages ads | 1/1/2010 | 1/15/2010 | \$500 | MG (OF) | Marketing |
| Total Advertising Budget | | | \$6,000 | | |
| PR | Start Date | End Date | Budget | Manager | Department |
| Draft press release for launch | 12/1/2009 | 1/1/2010 | \$200 | MG (OF) | Marketing |
| Email press release and post on PRweb | 1/1/2010 | 1/15/2010 | \$200 | MG (OF) | Marketing |
| Total PR Budget | | | \$400 | | |
| Direct Marketing | Start Date | End Date | Budget | Manager | Department |
| Promotion to clients | 1/1/2010 | 1/31/2010 | \$0 | MG | Sales |
| Redevelop Brochure | 12/1/2009 | 1/1/2010 | \$1,000 | MG (OF) | Marketing |
| Print New Brochures | 1/1/2010 | 1/15/2010 | \$3,000 | MG (OF) | Marketing |
| Develop list of initial 2,000 targets | 12/1/2009 | 1/1/2010 | \$500 | MG (OF) | Marketing |
| First postcard mailing | 1/1/2010 | 1/15/2010 | \$2,000 | MG (OF) | Marketing |
| Total Direct Marketing Budget | | | \$6,500 | | |
| Web Development | Start Date | End Date | Budget | Manager | Department |
| Expand Website Best Practices Section | 12/1/2009 | 2/28/2010 | \$0 | MG | Marketing |
| Redevelop Website | 12/1/2009 | 1/1/2010 | \$2,500 | MG (OF) | Marketing |
| List Website on Databases | 1/1/2010 | 1/15/2010 | \$500 | MG (OF) | Marketing |
| Search Engine Marketing | 1/1/2010 | 12/31/2010 | \$12,000 | MG (OF) | Marketing |
| Total Web Development Budget | | | \$15,000 | | |
| Prospect Education | Start Date | End Date | Budget | Manager | Department |
| Webinar preparation, service contract | 12/1/2009 | 1/1/2010 | \$500 | MG | Marketing |
| Newsletter template creation | 12/7/2009 | 12/7/2009 | \$200 | MG (OF) | Marketing |
| Total Prospect Education Budget | | | \$700 | | |
| Totals | | | \$28,600 | | |

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12.0 Critical Numbers

Critical numbers will be tracked with the following systems:

- Salesforce CRM database - to track lead conversion and generation.
- QuickBooks accounting system - to track sales and cost of sales. The bookkeeping program manager will update Sorcerer's Accountant Accounting's books and reports will be examined weekly by Max Greenwood
- PR mentions will be tracked by the outsourced marketing service firm and reports provided.

12.1 Sales Forecast

Unit prices represent the average project cost for tax services (\$750), cost accounting projects (\$1,000), and QuickBooks services (\$300). Bookkeeping services are set at \$30 per hour. Direct unit costs are very low for all of these services as they are primarily labor services. Tax projects incur a 5% cost for printing and travel, cost accounting projects incur 3% cost, primarily for travel.

QuickBooks services are generally given remotely and sales of QuickBooks are done directly to the vendor (Sorcerer's Accountant receives a commission on software sold). Bookkeeping services incur a 50% cost of sales as the bookkeepers are billed at \$15 per hour.

Total sales are expected to rise significantly with the success of the bookkeeping services revenue stream. The existing revenue streams are projected to grow at slow rates, as Max Greenwood cannot take on much additional work. They are not projected to grow at all in 2010, as Greenwood will spend additional time on the establishment of the bookkeeping services. Furthermore, these revenues will drop by 20% in the first quarter as additional time is spent by Greenwood on hiring, training and launching this revenue stream.

The sales forecast assumes part-time bookkeepers working 20 hours per week. These will grow from two bookkeepers working below capacity at the start of 2010 to three by the end of 2010, to four in 2011 and eight by the end of 2012. Revenues will begin in the second month after training in the first month of 2010. This growth rate is made possible by the intention to do everything possible to retain clients and grow with them, as well as to actively seek referrals to other businesses from each client. Two levels of oversight (Greenwood's oversight over the Bookkeeping Manager, and the Bookkeeping Manager's oversight over all bookkeepers) will improve quality assurance and the chances of a high level of client retention and satisfaction.

Direct cost of sales are very low for the business as most costs are fixed. Travel to client sites, printing and paper, and other direct supplies for clients are the only direct costs for services provided directly by Greenwood. The direct labor of student bookkeepers for the bookkeeping services is \$15 per hour, or 50%. Wages for non-billable hours (training periods) for new bookkeepers are listed in the Personnel table.

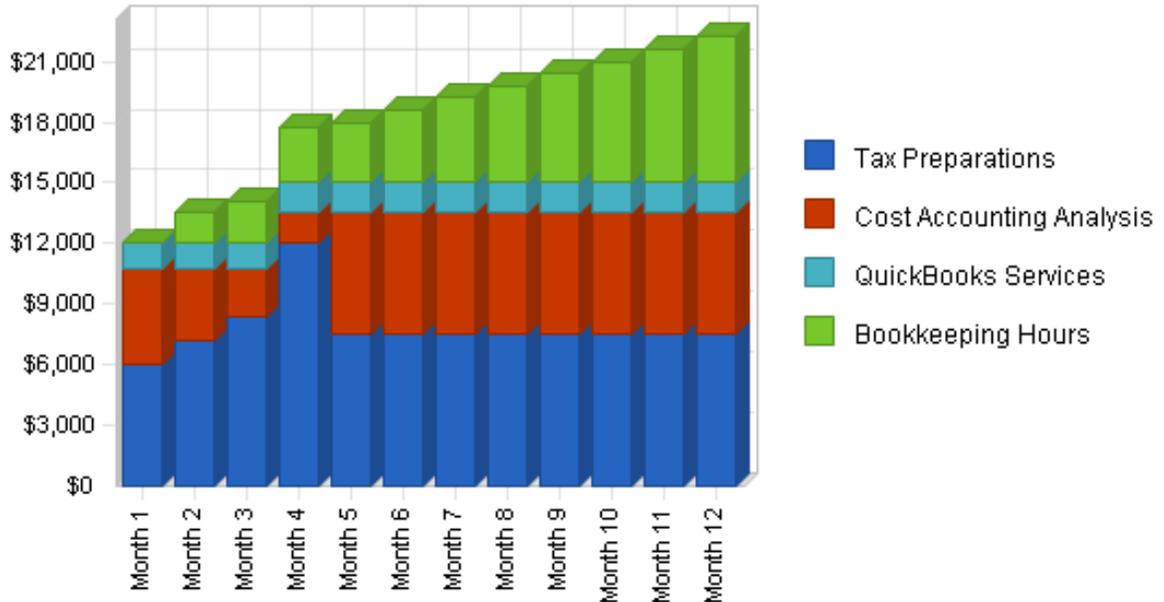
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Table: Sales Forecast

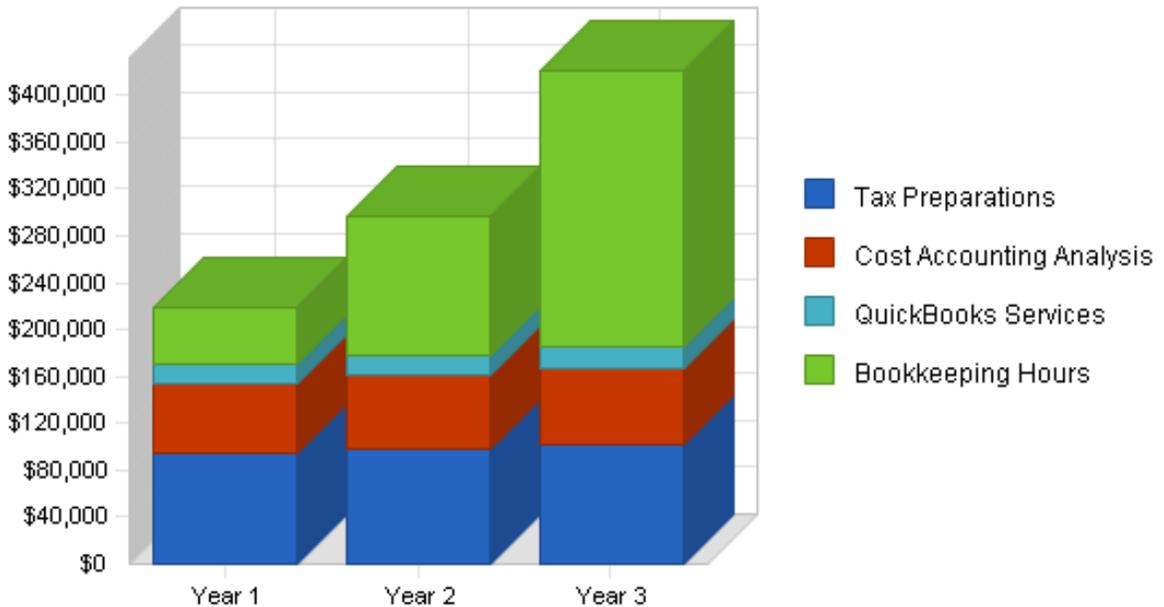
| Sales Forecast | | | |
|--------------------------------------|------------------|------------------|------------------|
| | Year 1 | Year 2 | Year 3 |
| Unit Sales | | | |
| Tax Preparations | 125 | 130 | 135 |
| Cost Accounting Analysis | 60 | 63 | 65 |
| QuickBooks Services | 57 | 59 | 62 |
| Bookkeeping Hours | 1,570 | 3,925 | 7,850 |
| Total Unit Sales | 1,812 | 4,177 | 8,112 |
| Unit Prices | | | |
| | Year 1 | Year 2 | Year 3 |
| Tax Preparations | \$750.00 | \$750.00 | \$750.00 |
| Cost Accounting Analysis | \$1,000.00 | \$1,000.00 | \$1,000.00 |
| QuickBooks Services | \$300.00 | \$300.00 | \$300.00 |
| Bookkeeping Hours | \$30.00 | \$30.00 | \$30.00 |
| Sales | | | |
| Tax Preparations | \$93,600 | \$97,500 | \$101,250 |
| Cost Accounting Analysis | \$60,300 | \$63,000 | \$65,000 |
| QuickBooks Services | \$17,100 | \$17,700 | \$18,600 |
| Bookkeeping Hours | \$47,100 | \$117,750 | \$235,500 |
| Total Sales | \$218,100 | \$295,950 | \$420,350 |
| Direct Unit Costs | | | |
| | Year 1 | Year 2 | Year 3 |
| Tax Preparations | \$37.50 | \$37.50 | \$37.50 |
| Cost Accounting Analysis | \$30.00 | \$30.00 | \$30.00 |
| QuickBooks Services | \$0.00 | \$0.00 | \$0.00 |
| Bookkeeping Hours | \$15.00 | \$15.00 | \$15.00 |
| Direct Cost of Sales | | | |
| Tax Preparations | \$4,680 | \$4,875 | \$5,063 |
| Cost Accounting Analysis | \$1,809 | \$1,890 | \$1,950 |
| QuickBooks Services | \$0 | \$0 | \$0 |
| Bookkeeping Hours | \$23,550 | \$58,875 | \$117,750 |
| Subtotal Direct Cost of Sales | \$30,039 | \$65,640 | \$124,763 |

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Sales Monthly



Sales by Year



12.2 Marketing Expense Budget

Marketing will include the activities listed for 2010 in the milestones table as well as additional runs of print ads in local publications beyond the first few months. Direct marketing is primarily postcard mailings every other month to 2,000 suspects. This expense as a percentage of sales will drop somewhat in future years as marketing returns to the business's focus on referrals

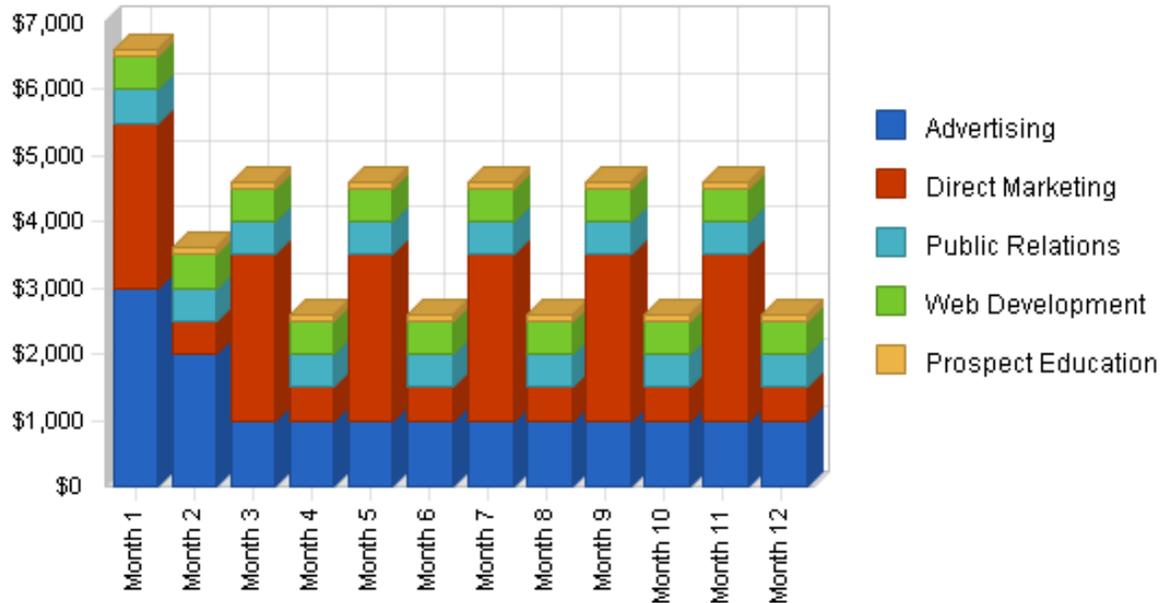
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and word-of-mouth from clients. However, marketing expenses are expected to rise with inflation, estimated at 4%.

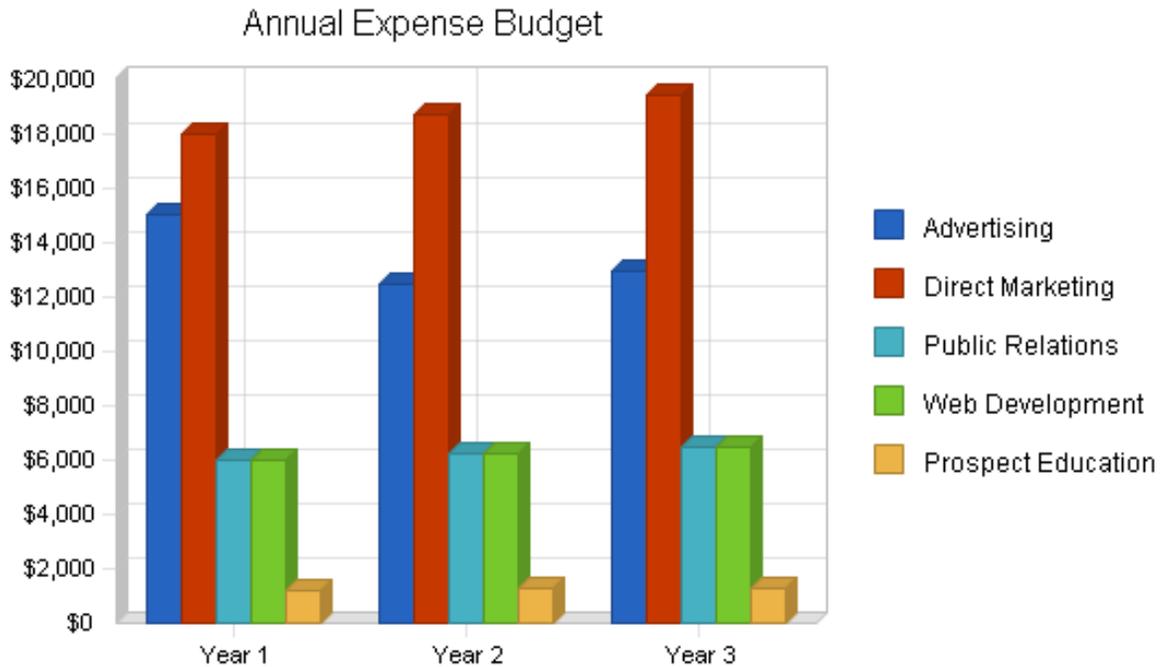
Table: Marketing Expense Budget

| Marketing Expense Budget | Year 1 | Year 2 | Year 3 |
|---|-----------------|-----------------|-----------------|
| Advertising | \$15,000 | \$12,480 | \$12,979 |
| Direct Marketing | \$18,000 | \$18,720 | \$19,469 |
| Public Relations | \$6,000 | \$6,240 | \$6,490 |
| Web Development | \$6,000 | \$6,240 | \$6,490 |
| Prospect Education | \$1,200 | \$1,248 | \$1,298 |
| Total Sales and Marketing Expenses | \$46,200 | \$44,928 | \$46,725 |
| Percent of Sales | 21.18% | 15.18% | 11.12% |

Monthly Expense Budget



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12.3 Key Marketing Metrics

The number of leads generated will be a prime determinant of the success of the business. With an anticipated conversion rate of 10%, a high number of leads must be generated each month to yield customers. It is expected that one referral will be generated, on average, from each client and almost all clients will provide testimonials at some point. Each month's billing for a project (tax or management accounting) or bookkeeping services is considered a transaction for the purposes of tracking.

Table: Key Marketing Metrics

| Key Marketing Metrics | | | |
|----------------------------|-----------|-----------|-----------|
| | Year 1 | Year 2 | Year 3 |
| Revenue | \$218,100 | \$295,950 | \$420,350 |
| Leads | 1,592 | 1,751 | 1,926 |
| Leads Converted | 10.00% | 10.00% | 10.00% |
| Avg. Transactions/Customer | 1.20 | 1.30 | 1.40 |
| Avg. \$/Customer | \$500 | \$500 | \$500 |
| Referrals | 159 | 175 | 193 |
| PR Mentions | 26 | 30 | 35 |
| Testimonials | 87 | 95 | 100 |
| Other | 0 | 0 | 0 |

13.0 Marketing Training Game

Max Greenwood, owner, will interact with clients for higher-level accounting services and for all sales work. The bookkeeping program manager will handle client requests and problems, as well as proactively probe them for their needs within ongoing engagements. Bookkeepers will work

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with clients on a week-to-week basis both at their offices and remotely.

Greenwood will walk employees through the ideal client description, core message, marketing goals, and marketing kit upon their initial training. He will ask each employee to know how to give a 30 second elevator pitch about the company and to be able to answer basic questions about the types of services provided. He will test the employees on this knowledge.

When changes are made to the marketing materials, all employees will be informed by email. For example, as new case studies are written, these will be passed around.

A one hour weekly meeting with Greenwood and all staff will provide opportunity to talk about changes, new services, specific problems that have come up, and to hear feedback on new ideas from staff. Not all ideas or problems can be handled during this time, but the fact of the meeting will remind employees that Greenwood wants to hear their concerns and ideas in general. If not all staff can make the same meeting time (as many are students), two meeting times will be set up with a requirement that staff attend or call in to one or the other.

Appendix

Table: Sales Forecast

| Sales Forecast | | | | | | | | | | | | | |
|--------------------------------------|--------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Unit Sales | | | | | | | | | | | | | |
| Tax Preparations | 0% | 8 | 10 | 11 | 16 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 |
| Cost Accounting Analysis | 0% | 5 | 4 | 2 | 2 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| QuickBooks Services | 0% | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Bookkeeping Hours | 0% | 0 | 50 | 70 | 90 | 100 | 120 | 140 | 160 | 180 | 200 | 220 | 240 |
| Total Unit Sales | | 17 | 67 | 88 | 113 | 121 | 141 | 161 | 181 | 201 | 221 | 241 | 261 |
| Unit Prices | | | | | | | | | | | | | |
| Tax Preparations | | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 | \$750.00 |
| Cost Accounting Analysis | | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 | \$1,000.00 |
| QuickBooks Services | | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 | \$300.00 |
| Bookkeeping Hours | | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 |
| Sales | | | | | | | | | | | | | |
| Tax Preparations | | \$6,000 | \$7,200 | \$8,400 | \$12,000 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 | \$7,500 |
| Cost Accounting Analysis | | \$4,800 | \$3,600 | \$2,400 | \$1,500 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 | \$6,000 |
| QuickBooks Services | | \$1,200 | \$1,200 | \$1,200 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 | \$1,500 |
| Bookkeeping Hours | | \$0 | \$1,500 | \$2,100 | \$2,700 | \$3,000 | \$3,600 | \$4,200 | \$4,800 | \$5,400 | \$6,000 | \$6,600 | \$7,200 |
| Total Sales | | \$12,000 | \$13,500 | \$14,100 | \$17,700 | \$18,000 | \$18,600 | \$19,200 | \$19,800 | \$20,400 | \$21,000 | \$21,600 | \$22,200 |
| Direct Unit Costs | | | | | | | | | | | | | |
| Tax Preparations | 5.00% | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 | \$37.50 |
| Cost Accounting Analysis | 3.00% | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 | \$30.00 |
| QuickBooks Services | 0.00% | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 | \$0.00 |
| Bookkeeping Hours | 50.00% | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 | \$15.00 |
| Direct Cost of Sales | | | | | | | | | | | | | |
| Tax Preparations | | \$300 | \$360 | \$420 | \$600 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 | \$375 |
| Cost Accounting Analysis | | \$144 | \$108 | \$72 | \$45 | \$180 | \$180 | \$180 | \$180 | \$180 | \$180 | \$180 | \$180 |
| QuickBooks Services | | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |
| Bookkeeping Hours | | \$0 | \$750 | \$1,050 | \$1,350 | \$1,500 | \$1,800 | \$2,100 | \$2,400 | \$2,700 | \$3,000 | \$3,300 | \$3,600 |
| Subtotal Direct Cost of Sales | | \$444 | \$1,218 | \$1,542 | \$1,995 | \$2,055 | \$2,355 | \$2,655 | \$2,955 | \$3,255 | \$3,555 | \$3,855 | \$4,155 |

Appendix

Table: Marketing Expense Budget

| Marketing Expense Budget | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|------------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| Advertising | \$3,000 | \$2,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 | \$1,000 |
| Direct Marketing | \$2,500 | \$500 | \$2,500 | \$500 | \$2,500 | \$500 | \$2,500 | \$500 | \$2,500 | \$500 | \$2,500 | \$500 |
| Public Relations | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 |
| Web Development | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 |
| Prospect Education | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 | \$100 |
| | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- | ----- |
| Total Sales and Marketing Expenses | \$6,600 | \$3,600 | \$4,600 | \$2,600 | \$4,600 | \$2,600 | \$4,600 | \$2,600 | \$4,600 | \$2,600 | \$4,600 | \$2,600 |
| Percent of Sales | 55.00% | 26.67% | 32.62% | 14.69% | 25.56% | 13.98% | 23.96% | 13.13% | 22.55% | 12.38% | 21.30% | 11.71% |

Appendix

Table: Key Marketing Metrics

| Key Marketing Metrics | | | | | | | | | | | | |
|----------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
| Revenue | \$12,000 | \$13,500 | \$14,100 | \$17,700 | \$18,000 | \$18,600 | \$19,200 | \$19,800 | \$20,400 | \$21,000 | \$21,600 | \$22,200 |
| Leads | 100 | 105 | 110 | 116 | 122 | 128 | 134 | 141 | 148 | 155 | 163 | 171 |
| Leads Converted | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% | 10.00% |
| Avg. Transactions/Customer | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 | 1.20 |
| Avg. \$/Customer | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 | \$500 |
| Referrals | 10 | 11 | 11 | 12 | 12 | 13 | 13 | 14 | 15 | 16 | 16 | 17 |
| PR Mentions | 0 | 1 | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 |
| Testimonials | 0 | 1 | 2 | 3 | 4 | 5 | 7 | 9 | 11 | 13 | 15 | 17 |
| Other | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |

Appendix

Table: Gap Dashboard

| Gap Dashboard | Month 1 | Month 2 | Month 3 | Month 4 | Month 5 | Month 6 | Month 7 | Month 8 | Month 9 | Month 10 | Month 11 | Month 12 |
|--------------------------------------|------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Personal | | | | | | | | | | | | |
| Invitations for speaking engagements | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 | 5 | 5 |
| Hours spent on business by Greenwood | 280 | 280 | 260 | 252 | 240 | 232 | 232 | 220 | 220 | 220 | 220 | 220 |
| Marketing | | | | | | | | | | | | |
| New leads generated | 400 | 420 | 441 | 463 | 486 | 511 | 536 | 563 | 591 | 621 | 652 | 684 |
| Press mentions | 0 | 1 | 1 | 1 | 2 | 2 | 2 | 3 | 3 | 3 | 4 | 4 |
| Business | | | | | | | | | | | | |
| Sales | \$12,000 | \$13,500 | \$14,100 | \$17,700 | \$18,000 | \$18,600 | \$19,200 | \$19,800 | \$20,400 | \$21,000 | \$21,600 | \$22,200 |
| Net Profit | (\$11,476) | (\$888) | (\$694) | \$1,859 | \$2,027 | \$2,237 | \$2,447 | \$2,657 | \$2,867 | \$3,077 | \$3,287 | \$3,497 |
| Client Satisfaction | | | | | | | | | | | | |
| Surveys completed | 30 | 33 | 36 | 40 | 44 | 48 | 53 | 58 | 64 | 71 | 78 | 86 |
| "Very satisfied" responses | 18 | 20 | 24 | 27 | 33 | 36 | 40 | 44 | 48 | 53 | 58 | 64 |
| "Unsatisfied" responses | 3 | 3 | 4 | 3 | 4 | 3 | 3 | 4 | 3 | 4 | 4 | 4 |