

Q.1 What is Management? Discuss functions of Managers.

Van Fleet and Peterson define management, *'as a set of activities directed at the efficient and effective utilization of resources in the pursuit of one or more goals.'*

Megginson, Mosley and Pietri define management as *'working with human, financial and physical resources to achieve organizational objectives by performing the planning, organizing, leading and controlling functions'*.

Kreitner's definition of management:

'Management is a problem solving process of effectively achieving organizational objectives through the efficient use of scarce resources in a changing environment.'

According to F.W. Taylor, *'Management is an art of knowing what to do, when to do and see that it is done in the best and cheapest way'*.

According to Harold Koontz, *'Management is an art of getting things done through and with the people in formally organized groups. It is an art of creating an environment in which people can perform and individuals can co-operate towards attainment of group goals.'*

Management can be defined in detail in following categories :

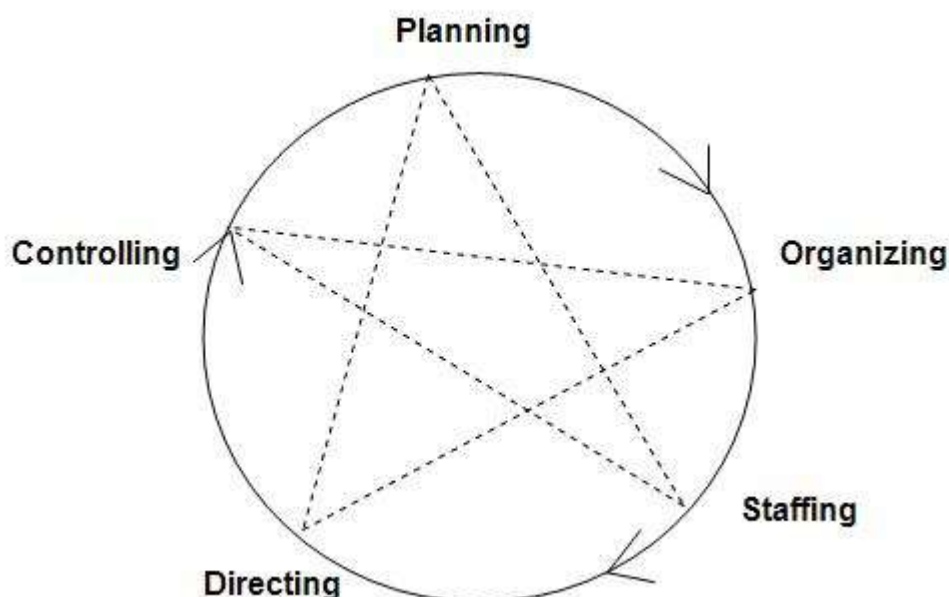
- Management as a Process
- Management as an Activity
- Management as a Discipline
- Management as a Group
- Management as a Science
- Management as an Art
- Management as a Profession

Functions of Managers

According to Henry Fayol, "To manage is to forecast and plan, to organize, to command, & to control". Whereas Luther Gullick has given a keyword '**POSDCORB**' where P stands for Planning, O for Organizing, S for Staffing, D for Directing, Co for Co-ordination, R for reporting & B for Budgeting. But the most widely accepted are functions of management given by KOONTZ and O'DONNELL

i.e. **Planning, Organizing, Staffing, Directing and Controlling.**

For theoretical purposes, it may be convenient to separate the function of management but practically these functions are overlapping in nature i.e. they are highly inseparable. Each function blends into the other & each affects the performance of others.

**1. Planning**

It is the basic function of management. It deals with chalking out a future course of action & deciding in advance the most appropriate course of actions for achievement of pre-determined goals. According to KOONTZ, "Planning is

deciding in advance - what to do, when to do & how to do. It bridges the gap from where we are

& where we want to be”. A plan is a future course of actions. It is an exercise in problem solving & decision making. Planning is determination of courses of action to achieve desired goals. Thus, planning is a systematic thinking about ways & means for accomplishment of pre-determined goals. Planning is necessary to ensure proper utilization of human & non-human resources. It is all pervasive, it is an intellectual activity and it also helps in avoiding confusion, uncertainties, risks, wastages etc.

2. Organizing

It is the process of bringing together physical, financial and human resources and developing productive relationship amongst them for achievement of organizational goals. According to Henry Fayol, “To organize a business is to provide it with everything useful or its functioning i.e. raw material, tools, capital and personnel’s”. To organize a business involves determining & providing human and non-human resources to the organizational structure. Organizing as a process involves:

- Identification of activities.
- Classification of grouping of activities.
- Assignment of duties.
- Delegation of authority and creation of responsibility.
- Coordinating authority and responsibility relationships.

3. Staffing

It is the function of manning the organization structure and keeping it manned. Staffing has assumed greater importance in the recent years due to advancement of technology, increase in size of business, complexity of human behavior etc. The main purpose of staffing is to put right man on right job i.e. square pegs in square holes and round pegs in round holes. According to Kootz & O’Donell, “Managerial function of staffing involves manning the organization structure through proper and effective selection, appraisal & development of personnel to fill the roles designed in the structure”. Staffing involves:

- Manpower Planning (estimating man power in terms of searching, choose the person and giving the right place).
- Recruitment, Selection & Placement.
- Training & Development.
- Remuneration.
- Performance Appraisal.
- Promotions & Transfer.

4. Directing

It is that part of managerial function which actuates the organizational methods to work efficiently for achievement of organizational purposes. It is considered life-spark of the enterprise which sets it in motion the action of people because planning, organizing and staffing are the mere preparations for doing the work. Direction is that inert-personnel aspect of management which deals directly with influencing, guiding, supervising, motivating sub-ordinate for the achievement of organizational goals. Direction has following elements:

- Supervision
- Motivation
- Leadership
- Communication

Supervision- implies overseeing the work of subordinates by their superiors. It is the act of watching & directing work & workers.

Motivation- means inspiring, stimulating or encouraging the sub-ordinates with zeal to work. Positive, negative, monetary, non-monetary incentives may be used for this purpose.

Leadership- may be defined as a process by which manager guides and influences the work of subordinates in desired direction.

Communications- is the process of passing information, experience, opinion etc from one person to another. It is a bridge of understanding.

5. Controlling

It implies measurement of accomplishment against the standards and correction of deviation if any to ensure achievement of organizational goals. The purpose of controlling is to ensure that everything occurs in conformities with the standards. An efficient system of control helps to predict deviations before they actually occur. According to *Theo Haimann*, “Controlling is the process of checking whether or not proper progress is being made towards the objectives and goals and acting if necessary, to correct any deviation”. According to Koontz & O’Donell “Controlling is the measurement & correction of performance activities of subordinates in order to make sure that the enterprise objectives and plans desired to obtain them as being accomplished”. Therefore controlling has following steps:

- a. Establishment of standard performance.
- b. Measurement of actual performance.
- c. Comparison of actual performance with the standards and finding out deviation if any.
- d. Corrective action.

Q.2 How can creative environment be fostered within a business organization?

- Foster an environment where creativity is valued.
- Give employees the tools and techniques to come up with new ideas.
- Make sure employees understand the company’s goals, products and services so employees can come up with relevant, contextual ideas.
- Create a collaborative environment that spawns conversation, problem-solving and great ideas.
- Recognize, reward and celebrate great ideas.
- Understand Great Ideas Come from Many Directions
- Encourage Team Creativity Meetings
- Offer Bonuses and Recognition for Creativity
- Create a Corporate Newsletter or **Blog to Keep Creativity Alive and Well**

Q.3 Why should an organization plan? What are the limitations of planning? Describe.

Organization should plan:-

- Efficient Use of Resources
- Establishing Goals
- Managing Risk And Uncertainty
- Team Building
- Creating Competitive Advantages

Limitations of planning

- Planning Creates Rigidity
 - o Internal Inflexibility
 - o External Inflexibility
- Planning Does Not Work in a Dynamic Environment
- Planning Reduces Creativity
- Planning Involves Huge Costs
- Planning is a Time-consuming Process
- Planning Does Not Guarantee Success
- Inaccuracy in planning
- Capital invested in fixed assets limits planning
- Reluctance to change
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Q.4 Define organization. What are the different elements of organization structure?

- an organized group of people with a particular purpose, such as a business or government department
- An organization or organisation is an entity comprising multiple people, such as an institution or an association that has a particular purpose.
- A social unit of people that is structured and managed to meet a need or to pursue collective goals

Elements of organization structure

- Departmentalization or Grouping Jobs. Departmentalization refers to how the organizational structure groups the company's functions, offices and teams. ...

- Chain of Command. ...
- Span of Control. ...
- Centralization and Decentralization. ...
- Work Specialization. ...
- Formalization.
- Differentiating among positions.
- Coordinating activities among jobs
- Distributing authority among jobs
- Establishing reporting relationships between job

Q.5 What is performance management? Describes disadvantages of poorly implemented performance management system.

Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities.

A performance management system includes the following actions:

- Develop clear job descriptions using an employee recruitment plan that identifies the selection team.
- Recruit potential employees and select the most qualified to participate in interviews onsite.
- Conduct interviews to narrow down your pool of candidates.
- Hold multiple additional meetings, as needed, to get to know your candidates' strengths, weaknesses, and abilities to contribute what you need. Use potential employee testing and assignments where they make sense for the position that you are filling.
- Select appropriate people using a comprehensive employee selection process to identify the most qualified candidate who has the best cultural fit and job fit that you need.
- Offer your selected candidate the job and negotiate the terms and conditions of employment including salary, benefits, paid time off, and other organizational perks.
- Welcome the new employee to your organization.
- Provide effective new employee orientation, assign a mentor, and integrate your new employee into the organization and its culture.
- Negotiate requirements and accomplishment-based performance standards, outcomes, and measures between the employee and his or her new manager.
- Provide ongoing education and training as needed.
- Provide on-going coaching and feedback.
- Conduct quarterly performance development planning discussions.
- Design effective compensation and recognition systems that reward people for their ongoing contributions.
- Provide promotional/career development opportunities including lateral moves, transfers, and job shadowing for staff.
- Assist with exit interviews to understand WHY valued employees leave the organization.

Disadvantages of poorly implemented performance management system.

- **Employees Could Quit Based on Unfair Results**
If an employee performs well and then feels that he/she was assessed unfairly, there's little motivation left for him/her to stay with the company. Even if an employee doesn't quit the company, he/she may become withdrawn and disengaged.
- **Fabricated or Misleading Information Could Affect the Review**
Without performance data to back up the appraisal, there's no way to determine what's true – a manager or peer could provide information about performance that's either false or misleading, thereby skewing the review unfairly.
- **Employees may Lose Self-Esteem**
Employees who feel that they were evaluated unfairly will likely lose self-esteem, which can create resentment towards management and the organization as a whole.
- **Resources – including Time and Money – are Wasted**
Preparing for an annual review takes up a great deal of time – [Deloitte](#) found that the average manager spends 210 hours on performance review activities. Can you spare an extra month of time to prepare

for the annual review? Ongoing performance management is much more time- and cost-efficient, and it produces better results.

- **Employees become Demotivated**
When employees feel unappreciated or unrecognized, their motivation drops, which ultimately leads to lower performance rates.
- **Job Satisfaction Drops and Employees become Burnt Out**
If the performance management system is unfair and invalid, employees are more likely to become dissatisfied and burnt out in their roles.
- **Legal Risks Increase**
Giving negative appraisals with no data or proof to back up claims of poor performance is extremely risky. Employees who feel that they haven't been evaluated fairly could take legal action against your company.
- **Managers are Forced to Give Up Resources**
In addition to the time costs described above, managers may also have to allow their employees to work on peer reviews to prepare for annual appraisals. Basically, an entire department – or even the whole organization – is forced to go into shut-down mode and to put goals on the back burner until yearly reviews are completed.
- **Failure to Set Standards Makes the Process Unfair**
If there are no standards for performance in employees' roles, they won't know what's expected of them, and therefore simply won't know what justifies excellent vs. poor performance.
- **Biases become more Prevalent**
Without data and metrics to rely on to gauge performance, managers are more likely to give biased reviews.

Lack of Employee Engagement: Poor performance management programs can quickly erode employee engagement.

Biased Performance Ratings: Varying and unfair performance standards and ratings can arise under a fragmented [performance management system](#).

Low Employee Self-Esteem

Performance management systems that lack structure are more reactive than proactive, meaning that employees will typically only hear from managers when they've done something wrong—a common practice that takes a toll on staff confidence.

Wasted Time and Money: A poorly implemented performance management program puts a strain on managers

Damaged Relationships: Manager-employee relationships are also at risk under weak performance management systems.

Increased Legal Risks: Giving negative evaluations with no data or proof to back them up can increase litigation risks.

Unclear Reward Systems: Due to poor communication, employees may not understand the link between their behaviors and results, and how those translate into performance ratings

Q.6 What is decision making? What steps are followed while making business decisions? Describes.

- The thought process of selecting a logical choice from the available options
- the process of deciding about something important, especially in a group of people or in an organization.
- Decision-making involves the selection of a course of action from among two or more possible alternatives in order to arrive at a solution for a given problem

Steps of making business decisions

1. Defining the problem
2. Gathering information and collecting data
3. Developing and weighing the options

4. Choosing best possible option
5. Plan and execute
6. Take follow up action
7. Review your decision & its consequences

Q7. Define power. What are the sources of power? Explain.

Power is the ability to influence the behavior of others to get what you want

Sources of power:

- **Legitimate power** is power that comes from one's organizational role or position. For example, a manager can assign tasks to his subordinates, a policeman can arrest a citizen, and a teacher assigns grades to his students. Others comply with the requests these individuals make because they accept the legitimacy of the position, whether they like or agree with the request or not.
- **Reward power** is the ability to grant a reward, such as an increase in pay, a perk, or an attractive job assignment. Reward power tends to accompany legitimate power and is highest when the reward is scarce. Anyone can have reward power in the form of public praise or giving someone something in exchange for their compliance.
- **Coercive power** is the ability to take something away or punish someone for noncompliance. Coercive power often works through fear, and it forces people to do something that ordinarily they would not choose to do. The most extreme example of coercion is government dictators who threaten physical harm for noncompliance.
- **Expert power** comes from knowledge and skills. Technology companies are often characterized by expert, rather than legitimate power.
- **Information power** comes from the ability to access to specific information. For example, knowing price information gives a person information power during negotiations. In organizations, a person's social network can either isolate them from information power or serve to create it.
- **Referent power** comes from the personal characteristics of the person such as the degree to which we like, respect, and want to be like them. Referent power is often called charisma—the ability to attract others, win their admiration, and hold them spellbound.

Q.8 Discuss marketing environment of information technology business in Nepal.

Technology Environments:-

- Level of technology:
- Pace of technology:
- Research & development – R&D:
- Technology transfer:
- **Opportunities**- Low development costs, Business consolidation, IT Park

Q.9 Why human resource management is important? Identify challenges faced by human resource managers of Nepalese business organization?

Human Resource Management

- Activities designed to provide for and coordinate the human resources of an organization
- Traditionally referred to as personnel administration or personnel management

Human resources is important to organizations in myriad areas, ranging from strategic planning to company image. HR practitioners in a small business who have well-rounded expertise provide a number of services to employees. The areas in which HR maintains control can enhance an employees' experience throughout the workforce while strengthening business operations.

Strategic Management

HR improves the company's bottom line with its knowledge of how human capital affects organizational success. Leaders with expertise in HR strategic management participate in corporate decision-making that underlies current staffing assessments and projections for future workforce needs based on business demand.

Wages and Salaries

HR compensation specialists develop realistic compensation structures that set company wages competitive with other businesses in the area, in the same industry or companies competing for employees

with similar skills. They conduct extensive wage and salary surveys to maintain compensation costs in line with the organization's current financial status and projected revenue.

Analyzing Benefits

Benefits specialists can reduce the company's costs associated with turnover, attrition and hiring replacement workers. They are important to the organization because they have the skills and expertise necessary to negotiate group benefit packages for employees, within the organization's budget and consistent with economic conditions. They also are familiar with employee benefits most likely to attract and retain workers. This can reduce the company's costs associated with turnover, attrition and hiring replacement workers.

Safety and Risk Management

Employers have an obligation to provide safe working conditions. Workplace safety and risk management specialists from the HR area manage compliance with U.S. Occupational Safety and Health Administration regulations through maintaining accurate work logs and records, and developing programs that reduce the number of workplace injuries and fatalities. Workplace safety specialists also engage employees in promoting awareness and safe handling of dangerous equipment and hazardous chemicals.

Liability Issues

HR employee relations specialists minimize the organization's exposure and liability related to allegations of unfair employment practices. They identify, investigate and resolve workplace issues that, left unattended, could spiral out of control and embroil the organization in legal matters pertaining to federal and state anti-discrimination and harassment laws.

Training and Development

HR training and development specialists coordinate new employee orientation, an essential step in forging a strong employer-employee relationship. The training and development area of HR also provides training that supports the company's fair employment practices and employee development to prepare aspiring leaders for supervisory and management roles.

Employee Satisfaction

Employee relations specialists in HR help the organization achieve high performance, morale and satisfaction levels throughout the workforce, by creating ways to strengthen the employer-employee relationship. They administer employee opinion surveys, conduct focus groups and seek employee input regarding job satisfaction and ways the employer can sustain good working relationships.

Recruitment and Onboarding

HR recruiters manage the employment process from screening resumes to scheduling interviews to processing new employees. Typically, they determine the most effective methods for recruiting applicants, including assessing which applicant tracking systems are best suited for the organization's needs.

Hiring Processes

HR professionals work closely with hiring managers to effect good hiring decisions, according to the organization's workforce needs. They provide guidance to managers who aren't familiar with HR or standard hiring processes to ensure that the company extends offers to suitable candidates.

Maintaining Compliance

HR workers ensure that the organization complies with federal state employment laws. They complete paperwork necessary for documenting that the company's employees are eligible to work in the U.S. They also monitor compliance with applicable laws for organizations that receive federal or state government contracts, through maintaining applicant flow logs, written affirmative action plans and disparate impact analyses.

Challenges faced by HR managers of Nepalese business organization are:-

- Diversity in the workforce
- Result of changes in government requirements
- Compliance with laws and regulations
- Organizational structures
- Technology
- Management approaches
- Culture

- Insurance, Allowance, Compensation
- Politics, Dealing with trade unions
- Training and Development
- Recruitment and Selection
- Leadership development

10/13. What is creativity? Describe various barriers to creativity?

Creativity is defined as

- Production of novel and useful ideas in any domain
- SEE ORDER IN DISORDER

Creativity is the ability to develop new ideas and to discover new ways of looking at problems and opportunities.

Creativity and innovation are important

- Life is becoming increasingly complex, fast and changing at a faster pace
- Allows adaptation, maintain flexibility and is part of decision making
- Creativity requires originality and flexibility
- Contributes to physical and psychological health and optimal functioning

Barriers to creativity

- **Organizational encouragement** Encouraging of risk taking and idea generation at all levels
Fair supportive evaluation of new ideas, Reward and recognition of creativity, collaborative idea flow and participatory decision making
- **Supervisory encouragement** Goal clarity and clarity of problem definition, open interactions, support for team work and ideas,
- **Work group encouragement** Diversity of team members background, mutual openness to ideas, constructive challenging of ideas, shared commitment
- **Autonomy** Autonomy in day to day conduct of work, sense of ownership and control over work and ideas
- **Resources** Adequacy of allocation indicating importance, time
- **Pressures** Excessive work load pressure, challenge due to intrinsic nature
- **Organizational impediments** Internal strife, conservatism, rigid and formal management structures
- **Fear of Failures** Every organisation needs to take some degree of risk. Those risks might result in successes sometimes and failure at other times.
- **Being Passive** By that I mean waiting for someone else to come up with the answer and then trying to lift it and shoe horn it into your organisation.
- **Over Control** Much is said and written about employee engagement. The fact is employees will only engage if they feel that if they come up with an idea it will be given appropriate consideration. If you want to control everything you will never get creativity.
- **No Incentive** Take a look at the reward structures in your organisation. Do they reward people who come up with good solutions or do they just treat people as if they are all the same?
- **Complacency** The minute you think you have it cracked you are in dangerous waters. Just look at organisations that were around in the past who are not any longer. Don't ever think that you have it all cracked.

At individual level

- Age: creativity decreases with age unless individual is intentionally creative
- Intelligence: certain level required for certain measures of creativity only.
- Personality: high valuation of aesthetic qualities in experiences, interests, attraction to complexity, independence of judgment, autonomy, intuition, self confidence, ability to resolve conflicting traits in self and belief that self is creative
- Dispositions: high level of intrinsic motivation, follow intrinsic interests, free from evaluations and constraints
- Capabilities
- Potential

11. Identify various management problems in Nepal? What are your suggestions for solving those problems?**Management problems are:-**

- Interference
- Lack of finance
- Small market:
- Lack of mutual trust:
- Lack of efficiency manpower
- Lack of technical knowledge
- Labour problems
- Lack of infrastructure
- Politics
- Culture

12. How are leaders different from managers? Differentiate between transformational leaders and transactional leaders.**Ans.** Leaders different from managers:-

- The manager administers; the leader innovates.
- The manager is a copy; the leader is an original.
- The manager maintains; the leader develops.
- The manager focuses on systems and structure; the leader focuses on people.
- The manager relies on control; the leader inspires trust.
- The manager has a short-range view; the leader has a long-range perspective.
- The manager asks how and when; the leader asks what and why.
- The manager has his or her eye always on the bottom line; the leader's eye is on the horizon.
- The manager is the classic good soldier; the leader is his or her own person.
- The manager does things right; the leader does the right thing.
- Leaders create fans, managers have employees.
- Leaders build relationships, managers build systems and processes.
- Leaders take risks, managers control risk.
- Leaders create fans, managers have employees.
- Leaders coach, managers direct.

Transactional Leadership

Transactional leadership is a term used to classify a formally known group leadership theories that inquire the interactions between leaders and followers. A transactional leader focuses more on a series of "transactions". This person is interested in looking out for oneself, having exchange benefits with their subordinates and clarifies a sense of duty with rewards and punishments to reach goals.

Transformational Leadership

Transformational leadership is defined as a leadership approach that causes change in individuals and social systems. In its ideal form, it creates valuable and positive change in the followers with the end goal of developing followers into leaders. Enacted in its authentic form, transformational leadership enhances the motivation, morale and performance of his followers through a variety of mechanisms.

Transactional Leadership	Transformational Leadership
Leaders are aware of the link between the effort and reward	Leaders arouse emotions in their followers which motivates them to act beyond the framework of what may be described as exchange relations
Leadership is responsive and its basic orientation is dealing with present issues	Leadership is proactive and forms new expectations in followers
Leaders rely on standard forms of inducement, reward, punishment and sanction to control followers	Leaders are distinguished by their capacity to inspire and provide individualized consideration, intellectual stimulation and idealized influence to their followers
Leaders motivate followers by setting goals and promising rewards for desired performance	Leaders create learning opportunities for their followers motivate and stimulate followers to solve problems
Leadership depends on the leader's power to reinforce subordinates for their successful completion of the bargain	Leaders possess good visioning, rhetorical and management skills, to develop strong emotional bonds with followers
Leaders often use technical knowledge to determine the change process	Leaders search for adaptive solutions to engage hearts and minds in the change process

The empowering processes	Transformational leadership (Leader)	Transactional leadership (Manager)
Providing direction	Providing the vision and purpose	Providing the path direction
Stimulating	Stimulating comes from exciting idea	Stimulating comes from action
Rewarding	Informal and spontaneously, positive re-inforcement by "strokes"	Formal incentives system
Developing	Setting high standards and "impossible" goals	Involvement into important and relevant decision-making process
Appealing	Appeal to dependency need (followers need to have a direction)	Appeal to individualism via participation process

Source: adapted from Burke, 1986.

BASIS FOR COMPARISON	TRANSACTIONAL LEADERSHIP	TRANSFORMATIONAL LEADERSHIP
Meaning	A leadership style that employs rewards and punishments for motivating followers is Transactional Leadership.	A leadership style in which the leader employs charisma and enthusiasm to inspire his followers is Transformational Leadership.
Concept	Leader lays emphasis on his relation with followers.	Leader lays emphasis on the values, ideals, morals and needs of the followers.
Nature	Reactive	Proactive
Best suited for	Settled Environment	Turbulent Environment
Works for	Developing the existing organizational culture.	Changing the existing organizational culture.
Style	Bureaucratic	Charismatic
How many leaders are there in a group?	Only one	More than One
Focused on	Planning and Execution	Innovation
Motivational tool	Attracting followers by putting their own self interest in the first place.	Stimulating followers by setting group interest as a priority.

14. Compare between rational model of decision making and behavioural theory of decision making

Decision making models are:-

1. Rational or ‘Economic Man Model’:

The classical approach to decision making in economics has used the ‘economic man’ model under conditions of certainty. The economic man is completely rational. It states how a manager should behave in the process of decision making. This approach, besides rational, is also idealistic because it cannot be fully applied to a practical situation. This approach is supported by scientific and logical methods.

2. Behaviour Model:

Bounded Rationality, ‘Administrative Man’. Rationality approach may not always be applicable in practical situations. Management experts have developed ‘behavioural approach’ which is realistic as per the demand of the situation. This approach is pragmatic and holds the view that a manager is a human being and cannot be fully rational because he is confronted with many constraints, problems, limitations and inadequacies.

Taking into consideration various factors of real-life decision-making. Herbert Simon has proposed a theory of ‘Bounded Rationality’. This theory states that the real-life decision maker must cope with

inadequate information about the nature of problem and its solution. The norm of rationality is bounded by many limitations and, therefore, the concept is known as 'bounded rationality'.

Comparison between Rational and Behavioural Model

Rational Models of Decision-Making:

- Rational models are normative.
- They are theoretical or unrealistic in nature.
- Rational models follow deterministic approach to problem-solving.
- They believe there exists the optimum situation for decision-making. Such a situation is hypothetical in nature.
- Rational models presume managers can make optimum decisions.
- They are based on complete information of environment (internal and external) and knowledge of various alternatives that help in arriving at the best alternative.
- Rational models believe that outcome of each alternative is known with certainty and perfection.
- Rational models have no scope for managerial judgment, intuition and personal biases.
- They advocate perfect rationality in decision-making.

Behavioural or Non-Rational Models of Decision-Making:

- Non-Rational or behavioural models are descriptive.
- They are practical or realistic in nature.
- Non-Rational models follow probabilistic approach to problem solving.
- Non-Rational models believe there exists a real situation for decision-making. Such a situation is realistic in nature.
- They presume managers can make satisfying decisions.
- They are based on incomplete information of environmental factors and limited knowledge of alternatives that help in arriving at the best alternative.
- Non-Rational models believe in incomplete knowledge about outcomes of various alternatives.
- Non-Rational models are based on managerial judgment, intuition and personal biases.
- They advocate bounded rationality in decision-making.

15. What marketing strategies are followed in different stage of product life cycle? Explain.

1. Product introduction strategies

Marketing strategies used in introduction stages include:

- rapid skimming - launching the product at a high price and high promotional level
- slow skimming - launching the product at a high price and low promotional level
- rapid penetration - launching the product at a low price with significant promotion
- slow penetration - launching the product at a low price and minimal promotion

During the introduction stage, you should aim to:

- establish a clear brand identity
- connect with the right partners to promote your product
- set up consumer tests, or provide samples or trials to key target markets
- price the product or service as high as you believe you can sell it, and to reflect the quality level you are providing

You could also try to limit the product or service to a specific type of consumer - being selective can boost demand. Read more about the [introduction stage of a product life cycle](#).

2. Product growth strategies

Marketing strategies used in the growth stage mainly aim to increase profits. Some of the common strategies to try are:

- improving product quality
- adding new product features or support services to grow your market share
- enter new markets segments
- keep pricing as high as is reasonable to keep demand and profits high
- increase distribution channels to cope with growing demand
- shifting marketing messages from product awareness to product preference
- skimming product prices if your profits are too low.

Growth stage is when you should see rapidly rising sales, profits and your market share. Your strategies should seek to maximise these opportunities.



3. Product maturity strategies

When your sales peak, your product will enter the maturity stage. This often means that your market will be saturated and you may find that you need to change your marketing tactics to prolong the life cycle of your product. Common strategies that can help during this stage fall under one of two categories:

- market modification - this includes entering new market segments, redefining target markets, winning over competitor's customers, converting non-users
- product modification - for example, adjusting or improving your product's features, quality, pricing and differentiating it from other products in the marking

Read more about the [growth and maturity stage of a product life cycle](#).

4. Product decline strategies

During the end stages of your product, you will see declining sales and profits. This can be caused by changes in consumer preferences, technological advances and alternatives on the market. At this stage, you will have to decide what strategies to take. If you want to save money, you can:

- reduce your promotional expenditure on the products
- reduce the number of distribution outlets that sell them
- implement price cuts to get the customers to buy the product
- find another use for the product
- maintain the product and wait for competitors to withdraw from the market first
- harvest the product or service before discontinuing it

Another option is for your business to discontinue the product from your offering. You may choose to:

- sell the brand to another business
- significantly reduce the price to get rid of all the inventory

16. What skills should a good manager have to possess? Discuss.

6 Essential Skills for Managers

- Good communication. ...
- Good Organisation. ...
- Team Building. ...
- Leadership. ...
- Ability to Deal with Changes Effectively. ...
- Domain Knowledge.

17. Describe various types of plan an organization prepares.

Types of Plan:-

- 1) **Hierarchical plans:** These plans are drawn at three major hierarchical levels, namely, the institutional, the managerial and the technical core.
 - a) Strategic
 - b) Administrative and,
 - c) Operational respectively.
- 2) **Standing plans:** Standing plans are drawn to cover issues that managers face repeatedly. For example, managers may be facing the problem of late- coming quite often.
 - a) Mission or purpose
 - b) Strategy
 - c) Policies
 - d) Rules
 - e) Procedures
- 3) **Single-use plans:** Single-use plans are prepared for single or unique situations or problems and are normally discarded or replaced after one use.
 - a) objectives/goals,
 - b) programs,
 - c) projects,
 - d) budgets.
- 4) **Contingency plans:** Contingency plans are made to deal with situations that might crop up if these assumptions turn out to be wrong. A contingency plan allows management to act immediately if such unforeseen events as strikes, boycotts, natural disasters or major economic changes render existing plans inoperable or unsuitable.

18. How is SWOT analysis conducted? Why is this analysis important?

A SWOT analysis lists the good and bad things about your business, both from an internal and external viewpoint, by identifying strengths, weaknesses, opportunities and threats.

Conducting a SWOT analysis

A SWOT analysis is a tool for documenting internal strengths (S) and weaknesses (W) in your business, as well as external opportunities (O) and threats (T). You can use this information in your business planning to help achieve your goals. To work out if something is an internal or external factor, ask yourself if it would exist even if your business didn't. If it would, then it's an external factor (e.g. new technology).

Use the following 8 steps to conduct a SWOT analysis.

1. Decide on the objective of your SWOT analysis

To get the most out of your SWOT analysis, you should have a question or objective in mind from the start. For example, you could use a SWOT analysis to help you decide if you should introduce a new product or service, or change your processes.

2. Research your business, industry and market

Before you begin the SWOT analysis you need to do some research to understand your business, industry and market. Get a range of perspectives by talking to your staff, business partners and clients. Also conduct some market research and find out about your competitors.

3. List your business's strengths

The first step is to identify and list what you think are your business's strengths. Examples could include strengths relating to employees, financial resources, your business location, cost advantages and competitiveness.

At this stage of the SWOT analysis, the list does not need to be definitive. Any ideas and thoughts are encouraged. Step 7 is where the list is prioritised.

4. List your business's weaknesses

List things in your business that you consider to be weaknesses (i.e. that put your business at a disadvantage to others). Weaknesses could include an absence of new products or clients, staff absenteeism, a lack of intellectual property, declining market share and distance to market.

Make sure you address the weaknesses raised in your SWOT analysis. The list of weaknesses can indicate how your business has grown over time. When you review the SWOT analysis after a year, you may notice that your weaknesses have been resolved. While you may find new weaknesses, the fact that the old ones are gone is a sign of progress.

5. List potential opportunities for your business

Think about the possible external opportunities for your business. These are not the same as your internal strengths, and are not necessarily definite - an opportunity for one aspect of your business could be a threat to another (e.g. you may consider introducing a new product to keep up with consumer trends, but your competitors may already have a similar product). Keep this in mind, but for the SWOT analysis, the same item shouldn't be listed as both an opportunity and a threat.

Opportunities could include new technology, training programs, partnerships, a diverse marketplace and a change of government.

6. List potential threats to your business

List external factors that could be a threat or cause a problem for your business. Examples of threats could include rising unemployment, increasing competition, higher interest rates and the uncertainty of global markets.

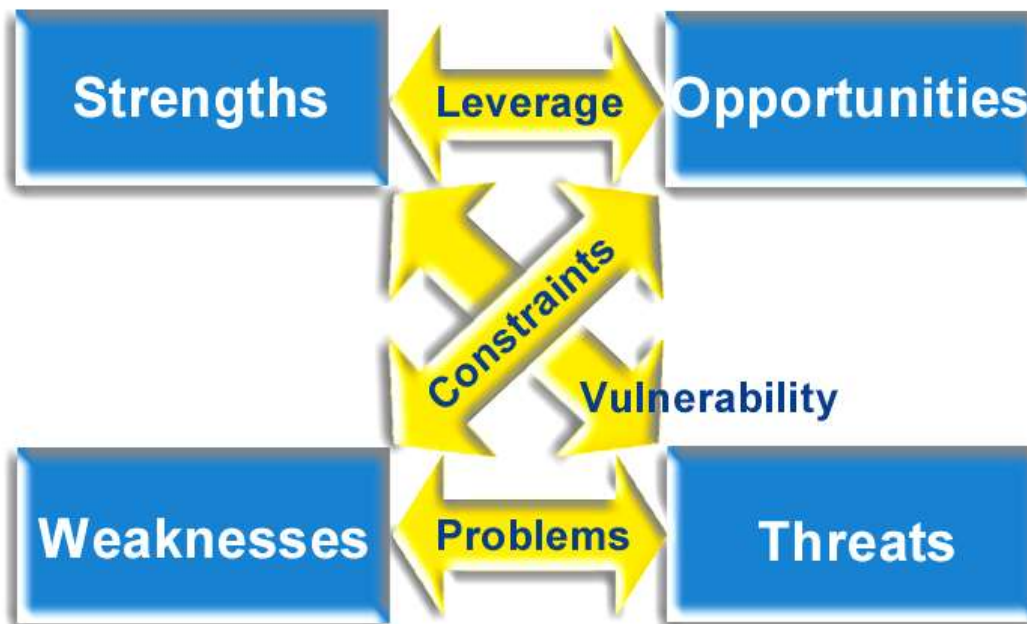
7. Establish priorities from the SWOT

When you have completed the steps above, you will have 4 separate lists. Ideally, these lists can be displayed side-by-side so you can have an overall picture of how your business is running and what issues you need to address. You can then work out what issues are the most important and what can be dealt with later (i.e. develop 4 prioritised lists).

The SWOT Matrix

TOWS Analysis	Strengths	Weaknesses
Opportunities	S-O Strategies	W-O Strategies
Threats	S-T Strategies	W-T Strategies

- **S-O strategies** pursue opportunities that fit well the company's strengths.
- **W-O strategies** overcome weaknesses to pursue opportunities.
- **S-T strategies** identify ways that the firm can use its strengths to reduce its vulnerability to external threats.
- **W-T strategies** make a defensive plan to prevent the firm's weaknesses from making it susceptible to external threats.



Important of SWOT Analysis

- A SWOT analysis guides you to identify the positives and negatives inside your institution (S-W) and outside of it, in the external environment (O-T).
- Developing a full awareness of your situation can help with both strategic planning and decision-making.
- SWOT is not the only assessment technique you can use, but is one with a long track record of effectiveness. The strengths of this method are its simplicity and application to a variety of levels of operation.
- SWOT analysis gives an acceptable perspective of your strengths, and permits you to expand on them to meet your business targets.
- It shows your weaknesses and gives an opportunity to overturn them.
- It provides for you a sneak peak into the opportunities that dwell ahead. Utilizing this you can draft your vital development arrangements focused around your weaknesses and strengths.
- It helps you examine conceivable threats to your business, and roll out essential improvements to the business arrangements and development plans. Moreover, it encourages making supplementary or optional plans, emergency arrangements, and so on.
- It helps you utilize a methodology to match your strengths and opportunities; utilize those methods for changing over your weaknesses and threats into your strengths and opportunities.
- The whole SWOT analysis methodology brings to light your resources, and gives inspiration and the essential drive to continue your marketing strategies in spite of all odds.
- SWOT Analysis brings to light whether the business is healthy or sick.
- An undertaking comes to know of both internal as well as external factors affecting its success or failure.
- It helps in the formation of a strategy so as to make preparations for the possible threats from the competitors.
- SWOT analysis evaluates the business environment in a detailed manner so as to take strategic decisions for the future course of action.
- **Dealing with Risks:** A threat in SWOT analysis is another term for risk--an occurrence outside the company's control that could have a negative impact on performance.
- **Competitive Positioning:** Combined with the information from the company's SWOT analysis of itself, the management team begins to get a picture of how the company should position itself against competitors.
- **Discovering Opportunities:** Growth in business requires seeking out new opportunities, including new potential customer groups, broader product distribution, developing new categories of products and services and geographic expansion

- **Using Resources Efficiently:** Evaluating the company's strengths helps it determine how to allocate these resources in a manner that will result in the highest possible potential for revenue growth and profitability.
- **Improving Operations:** When the management team looks at the company's weaknesses, it is not to assign blame for past shortfalls in performance. It is to identify the most critical areas that need to be improved in order for the business to more effectively compete.

19. What is performance management? Why is good performance management system necessary in an organization?

Definition as Q5.

Importance of performance management system

- Higher Productivity
- Employee Advancement
- Higher-Quality Products & Services
- Corrective Action & Terminations
- Boost Engagement and Productivity
- Create Development Strategies
- Ensure Workplace Clarity

20. Define authority. Why should authority be delegated?

Authority is:-

- The power or right to give orders, make decisions, and enforce obedience.
- The right to exercise power, which can be formalized by a state and exercised by way of judges, appointed executives of government, or the ecclesiastical or priestly appointed representatives of a God or other deities.
- The power or right to give orders, make decisions, and enforce obedience, a person or organization having political or administrator.
- The power to determine, adjudicate, or otherwise settle issues or disputes; jurisdiction; the right to control, command, or determine.

Delegated authority is an authority obtained from another that has authority since the authority does not naturally exist.

Typically this is used in a government context where an organization that is created by a legitimate government, such as a Board, City, Town or other Public Corporations to allow them to legally function in the name of the constitutional government.

The **Delegation of Authority** is a process through which a manager assigns responsibility to the subordinate to carry out the work on his behalf. Also, a certain authority is delegated to the subordinate to the extent, which is sufficient to accomplish the assigned responsibility.

Principles of Delegation of Authority

Importance of Delegation

- Two is better than one
- Develop your skills as a manager
- Increasing communication
- Collective success
- Delegate to build An efficient team
- Preserving good skilled people in your team
- Delegate to Save time

21. What are macro environmental forces of business? How do they affect business organization?

The company is not alone in doing business. It is surrounded by and operates in a larger context. This context is called the Macro Environment. It consists of all the forces that shape opportunities, but also pose threats to the company.

The Macro Environment consists of 6 different forces. These are: **Demographic, Economic, Political, Ecological, Socio-Cultural, and Technological** forces. This can easily be remembered: the **DESTEP** model, also called DEPEST model, helps to consider the different factors of the Macro Environment.

[... Read more](#)

[...click... The Impact Of Micro and Macro Environment Factors on Marketing](#)

22. Discuss marketing environment of information technology related business in Nepal.

[...read more](#)

- Impact on Customer Outreach
- Impact on Human Resources
- Impact on Operating Costs
- Impact on Security
- The Day to Day Impact on Business
- Technology helps in Developing Marketing Strategies
- Technology Transforms Operations

23. What types of information are required for preparation of a good business plan? How is this plan prepared?

Types of Information for business plan:-

- a) Executive Summary. The executive summary provides an overview of your business venture.
- b) Marketing Strategy.
- c) Financial Information.
- d) Operational Information.

Steps of plan prepared:-

- Executive summary - a snapshot of your business.
- Company description - describes what you do.
- Market analysis - research on your industry, market, and competitors.
- Organization and management - your business and management structure.
- Service or product - the products or services you're offering.
- Marketing and sales - how you'll market your business and your sales strategy.
- Funding request - how much money you'll need for next 3 to 5 years.
- Financial projections - supply information like balance sheets.
- Appendix- an optional section that includes résumés and permits.

24. What is a business plan? Identify purposes of preparing a business plan and reasons behind its failure.

A business plan is a written description of your business's future. That's all there is to it--a document that describes what you plan to do and how you plan to do it.

Business plans can help perform a number of tasks for those who write and read them. They're used by investment-seeking entrepreneurs to convey their vision to potential investors.

A good business plan follows generally accepted guidelines for both form and content. There are three primary parts to a business plan:

- **Business concept**, where you discuss the industry, your business structure, your particular product or service, and how you plan to make your business a success.
- **Marketplace section**, in which you describe and analyse potential customers: who and where they are, what makes them buy and so on. Here, you also describe the competition and how you'll position yourself to beat it.
- **Financial section** contains your income and cash flow statement, balance sheet and other financial ratios, such as break-even analyses. This part may require help from your accountant and a good spreadsheet software program.

Purposes of preparing a business plan

- To clear direction to business
- To future vision
- To attract financing
- To attract investors.
- To see if our business ideas will work.
- To outline each area of the business.
- To set up milestones.
- To learn about the market.
- To secure additional funding or loans.
- To determine your financial needs.
- To attract top-level people.
- To manage and monitor our business.
- To devise contingency plans.

Reasons behind its failure

- Cost in time and money to prepare the plan
- Preferences of the management team
- Complexity of the business
- Competitive environment
- Level of uncertainty
- **Lack of Persistence:** Even Google was turned down by numerous banks, angel investors and venture capital firms in its early years. The fact is that most investors and lenders will say “no” when presented with the opportunity to invest in your company.
- **Failure to Include Milestones:** Successful people and companies set goals and milestones. This is particularly important if you are seeking outside funding. In addition to stating for what you will use the funding, you must detail the milestones you expect to achieve.
- **Business Plan Is Boring:** Treat your business plan like a marketing document, because that's what it is. You are marketing your company to investors, lenders and others
- **Failure to Include Your Unique Success Factors:** The most important part of your business plan is to identify your “unique success factors.” That is, what are the reasons your company is uniquely qualified to succeed?

26. Write short notes on any THREE

- a) Organizational culture
- b) Human resource planning
- c) Matrix organization
- d) Sources of debt capital
- e) Centralization vs. decentralization
- f) Market segmentation

a) Organizational culture

Organizational culture is a system of shared assumptions, values, and beliefs, which governs how people behave in organizations. These shared values have a strong influence on the people in the organization and dictate how they dress, act, and perform their jobs. Every organization develops and maintains a unique culture, which provides guidelines and boundaries for the behavior of the members of the organization. Let's explore what elements make up an organization's culture.

Principles of Organizational Culture

- Work with and within your current cultural situations.
- Change behaviors, and mind-sets will follow
- Focus on a critical few behaviors
- Deploy your authentic informal leaders
- Don't let your formal leaders off the hook
- Link behaviors to business objectives.
- Demonstrate impact quickly.
- Use cross-organizational methods to go viral
- Align programmatic efforts with behaviors
- Actively manage your cultural situation over time.

Organizational Culture Types

- a) **Person culture and market culture:** How members of an organization conduct business, treat employees, customers, and the wider community are strong aspects of person culture and market culture
- b) **Adaptive culture and adhocracy culture:** The extent to which freedom is allowed in decision making, developing new ideas and personal expression are vital parts of adaptive cultures and adhocracy cultures
- c) **Power culture, role culture, and hierarchy culture:** How power and information flow through the organizational hierarchy and system are aspects of power cultures, role cultures, and hierarchy cultures.
- d) **Task culture and clan culture:** How committed employees are towards collective objectives are parts of task cultures and clan cultures. In a task culture, teams are formed with expert members to solve particular problems

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b) Human resource planning

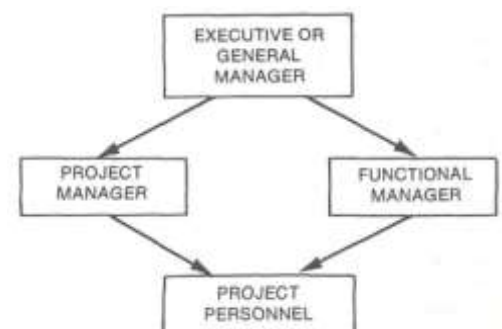
Human resource planning is the continuous process of systematic planning to achieve optimum use of an organization's most valuable asset — its human resources. The objective of HRP is to ensure the best fit between employees and jobs while avoiding manpower shortages or surpluses.

Steps in human resource planning

- i. Analysing Organizational Objectives:
- ii. Inventory of Present Human Resources:
- iii. Forecasting Demand and Supply of Human Resource:
- iv. Estimating Manpower Gaps
- v. Formulating the Human Resource Action Plan:
- vi. Monitoring, Control and Feedback

c) Matrix organization

A matrix organizational structure is a company structure in which the reporting relationships are set up as a grid, or matrix, rather than in the traditional hierarchy. In other words, employees have dual reporting relationships - generally to both a functional manager and a product manager.



The matrix developed as a natural evolution of organizational structures in answer to a very definite capable of managing the recent very large and very complex programs, projects, and problems, and for managing limited resources. The conventional hierarchical management organization could not cope with the added complexity and the enormous amount of information that had to be processed, and conventional management theory was of little help in solving these new and unique problems real-world need. The need was for an organizational form

Figure 1. The basic unit of the matrix organization

d) Sources of debt capital

The firm's total capital that is loan capital or short term loans for overdraft.

Debt capital is the capital that a business raises by taking out a loan. It is a loan made to a company that is normally repaid at some future date. Debt capital differs from equity or share capital because subscribers to debt capital do not become part owners of the business, but are merely creditors, and the suppliers of debt capital usually receive a contractually fixed annual percentage return on their loan, and this is known as the coupon rate.

Debt capital ranks higher than equity capital for the repayment of annual returns. This means that legally, the interest on debt capital must be repaid in full before any dividends are paid to any suppliers of equity.

Sources of Debt Capital

- Commercial Banks
- Lenders of first resort for small business owners →Provide 50% of the dollar value of loans to small businesses
- Focus on a company's ability to generate positive cash flow when evaluating loan proposals
- Company's track record→Small banks are most likely to lend money to small businesses

Types of short term loans:

- Commercial loans or traditional bank loans
- Line of credit: →Short-term loan with a preset limit that provides much-needed cash flow for day-to-day operations
- Floor planning→Used for "big ticket" items

e) Centralization vs. decentralization

Centralization is a form of organizational structure where solely one unit is authorized to make autonomous decisions, set strategy, determine goals and objectives.

Decentralization relates to a transfer of power from a high level of government to a lower one

f) Market segmentation

Market segmentation is the process of dividing a market of potential customers into groups, or segments, based on different characteristics. The segments created are composed of consumers who will respond similarly to marketing strategies and who share traits such as similar interests, needs, or locations.

Types of Market Segmentation

- a) **Geographic Segmentation:** divides the market on the basis of geography
- b) **Demographic Segmentation:** on the basis of demographic variables like age, gender, marital status, family size, income, religion, race, occupation, nationality, etc
- c) **Behavioural Segmentation:** based on audience's behaviour, usage, preference, choices and decision making
- d) **Psychographic Segmentation:** divides the audience on the basis of their personality, lifestyle and attitude

ABC Pvt. Ltd.

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Personal communications and Unified messaging products and services

Jan 1, 2018

For

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Q.6(25) Prepare a business plan for new business that you want to start that is related to information technology and/or telecommunication area.**Telecommunications Business Plan****Executive Summary**

The telecommunications revolution has arrived: Personal communications and unified messaging systems are at the vanguard of this technological phenomenon. Dating from the 1984 deregulation of local and long distance telephone service, competition has accelerated and sought out every nook and cranny of telecom products and services for both consumers and businesses. From that day only 15 years ago, when consumers were tied to a fixed phone with its fixed phone number, mobile and cellular phones have proliferated to meet the demand for communication anytime, anywhere in the world. Companies that have not foreseen change—or kept up—are quickly consigned to the technological and financial graveyard, Iridium being just the latest example. Financial muscle has been displaced by quality and depth of management and speed of execution as the final arbiter in the marketplace. AT&T finally realized this and brought in a technology-savvy CEO who could pull the trigger on needed change; Iridium did not and paid the price.

TeleSpace is well positioned to become the market leader in personal communications and unified messaging. Now that business and the consumer have telecommunications mobility with numerous phone and fax numbers, pagers, and email, they are demanding simplicity and speed: One identifier for their complex business and personal lives that will find them anytime, anywhere, and deliver their communications. They want and need MyLine.

MyLine has been an operating system for over five years and has a loyal, though small, core of customers. The technology is clean, elegant and maintainable. The system has a complex array of features, some critical, most not. MyLine has had limited success because it was engineered and marketed like the pocket knife of the early TV ads: Rather than the sleek cutting tool the consumer wanted, the early knife had a corkscrew, screwdrivers, awl, key chain, etc. It weighed twice as much as it had to, and came with instructions, instructions for a pocket knife! Consumers knew they were in trouble before they even used the product.

Internal market research has shown what the consumer wants, and MyLine has it! There are five primary target markets, three of which will be discussed below, starting with the businessman and consumer who just wants to get phone calls no matter where: In the office, in a car, in a plane, playing golf, wherever. If the customer is on earth, MyLine will find him/her. Then there's the Soccer/Sports Mom, totally mobile and often just as totally unreachable—except with our toll-free, 800 MyLine. And the military market, for both professional and personal use, is inviting. They demand mobile, reliable, and confidential communications—MyLine is ready and able to enlist.

The overall telecommunications market is huge, well over \$200 billion. The personal communications and unified messaging sub-industry, with its hundreds of millions of actual/potential users, is difficult to quantify at this stage. Management estimates that projected sales of about \$40 million in the third year, with sales running at the rate of \$5 million per month by the end of that year, would still be only approximately a one percent market share. To become the market leader, a five to ten percent market share would probably be needed. Management plans to achieve this within five years.

1.1 Objectives

TeleSpace's primary corporate objectives are:

- To become the market leader in personal communications and unified messaging products and services within five years.
- To become the lowest cost provider and drive an aggressive pricing model through the industry.

- To have the best and most responsive customer service by year-end Year 1.

1.2 Mission

MyLine is already the most technologically-superior personal communications system in the world. TeleSpace management will build on MyLine's brand and technical reputation to become the market leader in personal and business communications, and unified messaging systems within five years.

1.3 Keys to Success

There are three keys to success for TeleSpace:

- Marketing must generate sufficient sales volume to drive an aggressive pricing model while still achieving planned profitability projections.
- Strategic partners must be found to private label MyLine and promote it through their distribution channels.
- Equity capital must be secured at a reasonable valuation.

Company Summary

TeleSpace, Inc. develops and markets programmable personal communications and unified messaging services for individuals and businesses. The company was incorporated in early Year 1, and operates as a wholly-owned subsidiary of AmericomUSA, Inc., a public reporting company. In response to overtures from AmericomUSA senior management, TeleSpace management has proposed a leveraged buyout of the company from Americom and has incorporated this proposal in a Letter of Intent (LOI) sent to Americom. A copy of this LOI is included in the plan appendix. Briefly, the proposal calls for TeleSpace management to purchase 81% of TeleSpace common stock from Americom, with an option to acquire an additional 10% within two years. Americom will deliver all rights and ownership of the MyLine technology and customer base and cease active association with the company. They will not be represented on the Board of Directors. Management expects this negotiation to be completed by the end of October, Year 1, when management will actively pursue equity capital to finalize the acquisition and fund corporate operations.

*Attachments are not included in this sample plan.

2.1 Company Ownership

TeleSpace, Inc. is a wholly-owned subsidiary of AmericomUSA, Inc., a public reporting company. Mr. Robert Cezar, Chief Executive Officer of AmericomUSA, Inc., owns approximately 58% of the common stock of AmericomUSA.

2.2 Start-up Summary

Start-up costs, shown below (exclusive of salaries), are comprised mostly of legal fees, marketing collateral, advertising, and consulting fees. Start-up costs are being financed by the parent company, AmericomUSA.

2.3 Company Locations and Facilities

TeleSpace corporate offices are located in Arroyo Grande, CA. Existing space of 900 square feet is adequate for existing staff, but new facilities have to be leased when sales representatives are hired.

Products and Services

TeleSpace, Inc. develops and markets programmable personal communications and unified messaging services for individuals and businesses. The MyLine system can best be described as a personal communications platform, a remotely programmable "telocation" service which allows the user to access MyLine services from any telephone device or personal computer anywhere in the world.

3.1 Product and Service Description

The MyLine system can best be described as a personal communications platform, a remotely programmable “telocation” service which allows the user to access MyLine services from any telephone device or personal computer anywhere in the world. MyLine is a virtual telephone number which allows the user to control inbound telephone, fax, and data calls and receive them anywhere, but only on demand. MyLine is the only telephone number users will ever need. They receive every telephone call, fax, or email sent to their MyLine number in real time or stored for later use. Or they can screen and elect not to receive any particular communication, delete or divert for later handling. MyLine includes a proprietary security system to prevent unauthorized access and has real-time billing and accounting capabilities. The latter can generate, using a telephone or personal computer, comprehensive billing records by project and/or general ledger account.

3.2 Sales Literature

Initial radio and Internet ads and sales collateral will be developed by the company’s marketing, advertising, and public relations agency in Silicon Valley. This is a well-known firm specializing in high-tech clients.

3.3 Competitive Comparison

In 1992, AT&T launched their Easy Reach service which, although simplistic in design and use, signified the need for a universal telocation virtual number and thus found immediate acceptance. MCI reacted by introducing its Personal 800 Follow Me Service. These services today require users to subscribe to their networks, lack a broad range of integrated services, and offer limited remote control capability.

There is one striking difference between MyLine and competing technologies: The competition has not integrated all means of communication. Some offer voice mail and follow me technology, others offer this, and other features, on a piece meal basis, not totally integrated. MyLine is the only totally integrated voice, fax, data, and email system on the market.

3.4 Fulfillment

The company now maintains its servers locally for supporting MyLine. As volume grows, management plans to co-locate at Above.Net’s facilities in San Jose, CA. A strategic marketing partner will also be sought, especially for the toll-free, 800 number.

3.5 Technology

The MyLine hardware platform is a state-of-the-art digital industry standard, and its design provides unique redundancy and flexibility. The MyLine system places the user on an electronic highway of digital call processing, operating on a Novell Local Area Network (LAN), integrating computer and telephone information into computer telephony technology. The LAN is connected to the Public Switch Network with the capability of using the ISDN/DSL features provided by the long distance carriers.

MyLine users have a personal communications exchange as a zero-blocking private global network providing voice, fax, and data transfer between themselves and any other MyLine or non-MyLine user. MyLine overlays and utilizes the Public Switched Telephone Network (PSTN) or the Public Switched Data Network, providing access to anyone with a MyLine number. The network routes all incoming and outgoing requests and data to a central hub for distribution to external routers, the Internet if needed, or delivers the request directly to local destinations.

The MyLine switching center provides the telephonic connection to the PSTN, which the network utilizes as its gateway. The MyLine system utilizes a Novell Netware Global Messaging Service which operates on Novell Netware file servers, providing a standardized platform and format for global message

distribution to other Novell Netware servers, compatible applications and Internet addresses. Thus, access to the MyLine system is virtually unlimited. All communications within the network are encrypted, either with public/private key algorithms or with the proprietary MyLine rotational encryption algorithms.

3.6 Future Products and Services

MyLine features can be summarized in the following categories. A comprehensive feature set is available upon request by potential investors.

- Call forwarding.
- Selective call screening.
- Automatic callback.
- Wake-up services.
- Conference calling.
- Call waiting.
- Call conferencing (integrating call waiting and conferencing).
- Voice messaging.
- Paging.
- Real time billing/accounting.
- Information on demand.
- Number referral.
- Fax store and forward.
- Email.

Market Analysis Summary

Dun and Bradstreet estimates that 1999 sales of the U.S. telecommunications market will be over \$150 billion, of which the personal communications and unified messaging market is three percent, or \$4 billion. If the company can achieve a one percent market share within three years, its sales would be \$40 million in a market growing eight percent per year. These estimates are conservative, given the accelerating growth rate of telecommunications and unified messaging in particular. There is ample space for the company, and many competitors, in this huge and fast-growing marketplace.

4.1 Market Segmentation

TeleSpace has targeted five primary market segments:

- General consumer and business market.
- Sports Mom toll-free.
- Domestic Traveler/Calling Card.
- International Traveler.
- Military.

4.2 Target Market Segment Strategy

The company will market its products to customer segments that require the basic mobile telecommunication services (such as voice messaging, fax, and email) in a single solution. Other features will be specific to each customer segment. The company will spend substantial marketing efforts in determining which set of features are the most attractive to each customer segment. Offering customized quality product to each customer segment at a competitive price level will be one of the marketing goals of TeleSpace.

4.2.1 Market Needs

All customer segments that we target seek reliable communications that are easy to use. However, feature preferences vary in between the segments. ‘Soccer moms’ that spend so much time driving their kids around are in need of an ‘always on’ accessibility. A permanent 800 number is what they covet. Business

travelers, on the other hand, have a strong need for a universal communications portal that will take care of all their communication needs. In this respect, TeleSpace will specifically tailor its market offering to each customer segment.

4.3 Service Business Analysis

TeleSpace is part of the telecommunications industry, including the following sub-industries:

- National and international carriers (AT&T) which dominate the long distance market and offer unified messaging system (UMS) to their customers.
- Regional operating companies (Pacific Bell, GTE) which provide local service and switch long distance traffic to the carriers and CLECs. They also offer UMS to their customers.
- Competitive local exchange carriers (CLECs) provide both local and long distance service and market UMS to their customers.
- Resellers aggregate traffic and provide discount long distance service and UMS to their customers.
- Unified messaging and personal communications service providers with in-house switching capability, such as TeleSpace, that offer MyLine and similar services to all consumers and businesses.

4.3.1 Business Participants

The personal telecommunications and unified messaging system sub-industry of the overall telecommunications market is a new, technology-driven, and immature industry characterized by a high growth rate, low barriers to entry, several large, and many small, competitors. The industry evolved during the last ten years as a spin-off the the telecommunications de-regulation, and subsequent explosion in competition and technological innovation. Overall industry sales should continue to accelerate for at least the next three years as consumers learn they can have their own unique local and 800 phone numbers for anyone to find them anytime, anywhere. Several industry leaders have emerged including:

- AT&T: The overall industry leader is expanding both vertically and horizontally into new markets and technologies and will probably have an impressive UMS.
- Excel Communications, Inc. is a wholly-owned subsidiary of Teleglobe, Inc., a large public telecommunications company. Excel is aggressively marketing its UMS.
- Linx Communications, Inc. is a leading national communications service provider which recently received venture capital financing. See Competitors, Section 4.3.3.
- Nextel Communications, Inc. is a large public company providing digital and analog wireless communications services throughout the U. S. See Competitors, Section 4.3.3.
- Sprint PCS offers a wide variety of UMS services marketed primarily to its long distance customers.
- Voice Mobility, Inc. is a public company offering UMS for CLECs, wireless and other communication providers. They offer a MyLine clone to providers who re-market to their consumers.

There are numerous small competitors, the primary of which are described in the competitor section.

4.3.2 Competition and Buying Patterns

The primary buying factors in personal telecommunication systems are price, accessibility, and ease of use. There is significant brand loyalty based on the company's experience with its current customer base. Once an individual has acclimated to the MyLine system and memorized the access routine, he tends to be reluctant to switch to another service. Very much the same attitude prevails in consumer long distance, where demonstrable savings fail to sway a large segment of the population to switch carriers. AT&T still has over 60% of the market even though they are the highest cost carrier in a commodity business. Powerful branding and advertising, even with premium pricing, will create a significant barrier to competitors taking our customers. Being the market leader, like AT&T, will strengthen the company's branding position and also make it more difficult for the competition.

Management feels the primary competition will be other well-branded companies like Nextel and Linx Communications, which have deep advertising pockets, feature-rich and competitive services, and an established brand. All the major telecommunications companies, including the Baby Bells, are moving into UMS because they have the infrastructure to support it and the brand to promote it. They will have the initial advantage in branding and marketing muscle, but their services to date are inferior. The marketplace is big enough to support all this competition and then some.

4.3.3 Main Competitors

Our main competitors include both telecommunications and unified messaging companies, most of whom have deep financial pockets, and all of whom appear to be competent at packaging and marketing their products. They are shown below with brief descriptions of the company and product(s):

1. Webley Systems offers a UMS called the personal assistant, which Small Business Computing and Communications Magazine has rated the most sophisticated product they have rated. The personal assistant provides subscribers with a phone number where you can leave faxes and voice messages. Messages may be accessed either through a password-protected website or by phone, where you can listen to voice mail or have email or fax headers read. It also supports fax forwarding and broadcasting and offers an effective voice recognition engine to navigate through menu choices. The assistant will notify you by pager when new messages arrive and can also screen and selectively forward calls to any phone number you designate. You can also load your contact list into the assistant and have it place calls for you while on the road, including conference calls. However, the assistant only supports one email account at a time.
2. StarTouch International, Ltd. entered the UMS arena in July, 1996 with its Electronic Secretarial Administrator (ESA). ESA offers a switch-based service including call answering, forwarding, voice mail, fax, broadcasting, and conference calling. The company claims to be debt-free and to own their own switch. Overall, ESA is impressive and competitive, though sign-up is difficult and rates confusing.
3. Nextel Communications, Inc. is a large public company offering a digital, nationwide service competing with other cellular service providers such as GTE, Cellular One and AT&T. Nextel operates on radio taxi frequencies, and their system is based on radio “walkie talkie” style communications for short-range communications. The service is thus tied to the range of their wireless transmission system. Within that range they do offer many features including caller ID, paging, voice mail, call waiting and forwarding, and conference calling. Nextel offers a national system within their transmission range with unlimited long distance. For example, a national account with 1,000 minutes costs \$135/month with an additional \$.10 per minute for call forwarding.
4. Linx Communications, Inc. offers a Web-based unified communications platform called LinxWeb, a personal Web portal that manages personal daily communications including phone calls from any landline or mobile phone, messages, pages, and faxes. LinxWeb is very similar to MyLine. Linx has teamed with Focal Communications to co-locate their switches in Focal facilities across the U.S.
5. JFAX.COM unified messaging provides a single phone number in one of 60 cities world-wide allowing faxes, emails, and phone calls to be managed via your email account. The system is accessible via phone but best accessed through computer.

Strategy and Implementation Summary

MyLine has an impressive array of features that will quickly overwhelm the typical prospect, unless the sales presentation is focused on the key features that especially appeal to the particular target market. The feature set is so rich, in fact, that many potential customers have admitted they decided MyLine is too

much for their needs, that the system is overqualified. Management has decided to focus on a few features that have the broadest appeal and aggressively market these features to our five target markets.

Management will emphasize speed in penetrating selected markets and implementing advertising and public relations campaigns. Financial results will be compiled and reported weekly so that gross and net margins can be reviewed and benchmarked against the competition. Marketing will be continually monitored and adjusted as needed to maximize market penetration and profitability. Cost control and brand management will be critical to the overall strategy.

5.1 Competitive Edge

One of TeleSpace's major competitive advantages is its technological lead over the major competitors. None of the incumbent companies has managed to seamlessly integrate the voice, fax, and data communications needed by the target market. At the same time, the company boasts a superior management team with decades of experience in the telecommunications industry. These people have a track record of capitalizing on the technology market and have all the means to make TeleSpace another success.

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5.2 Marketing Strategy

The strategy used in the past by GST for MyLine was an evident failure because MyLine was presented as being all things to all people but nothing critical to anyone. Almost no one will use even 90% of the system's capabilities, so why try to market MyLine that way? The potential market is so huge, segmenting markets AND the Myline feature set would seem a viable marriage and be the foundation for a viable business model. So, for example, marketing the unique 800 number service to several tightly focused market segments such as "soccer moms" and the general military population seems feasible. The former market has a critical need for the 800 service and can be migrated to the long distance services; the latter is a prime mobile market that can be sold MyLine as a unique add-on to their basic service.

MyLine or its predecessors has been available for over a decade. These systems have had limited success in the marketplace but overall have not lived up to their potential and achieved the market penetration they should have. The primary target market has been the so-called "road warrior" as this market is large, well-defined, relatively affluent, and well-educated, the very definition of an early adopter market. MyLine, though, is difficult to understand if the prospect is shown most or all of the features and capabilities at once. To the new and/or unsophisticated user, MyLine is simply overwhelming in its

complexity and capability. Any successful marketing strategy must focus on the core features of the system and treat other features as "icing on the cake:" Nice if you can use them but not a reason to buy.

The key to selling MyLine is the ability to identify a singular market and its unique needs, develop channels to these markets, so configure the MyLine system, and market that particular feature set to that market. This strategy has the distinct advantage, critical with a potentially complex product, of a focused and simple sales message.

5.2.1 Promotion Strategy

A company has been retained to coordinate the marketing, advertising and promotion strategy, which will rely heavily on radio and print advertising for MyLine and trade shows for CLEC, carrier, and business prospects. This firm has already begun organizing focus groups to determine the best feature set and pricing for the present MyLine service.

5.2.2 Pricing Strategy

TeleSpace will have the lowest cost structure in the industry, but premium pricing based on its uniquely rich feature set and quality service. The company will be the pricing leader, manage both the TeleSpace and MyLine brands for this identification and do whatever it takes to maintain this leadership. As a well-known telecom CEO once said, being the lowest-cost provider covers a lot of sins. MyLine services will be priced to match significant competitors, such as Pacific Bell or Excel Communications.

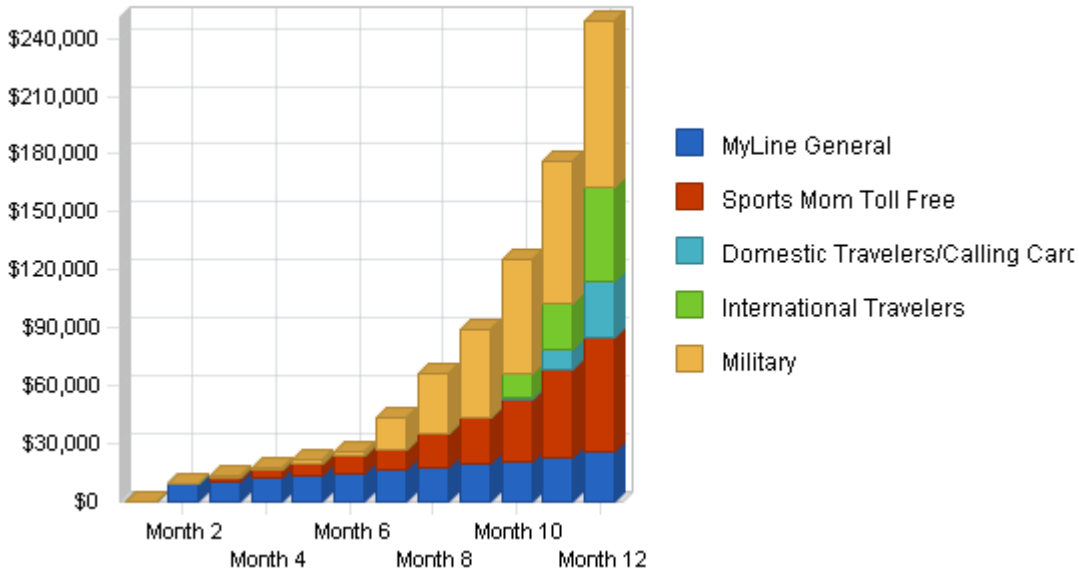
5.3 Sales Strategy

Sales strategies will vary depending on the target market and the result of focus group marketing research currently underway, managed by our marketing relations firm in Silicon Valley. Trone Miller and Matt van Steenwyk will present to close carriers, CLECs, and corporate prospects identified from personal contacts and trade show leads. The marketing firm is also developing the sales strategy for the consumer markets, which will rely heavily on radio and print advertising.

5.3.1 Sales Forecast

The sales forecast for the first three years, beginning with the July first fiscal year, is shown in the following table. Even if this forecast is achieved, the company will still have less than one percent of market share. There is substantial room for high sales growth and industry competition.

Sales Monthly

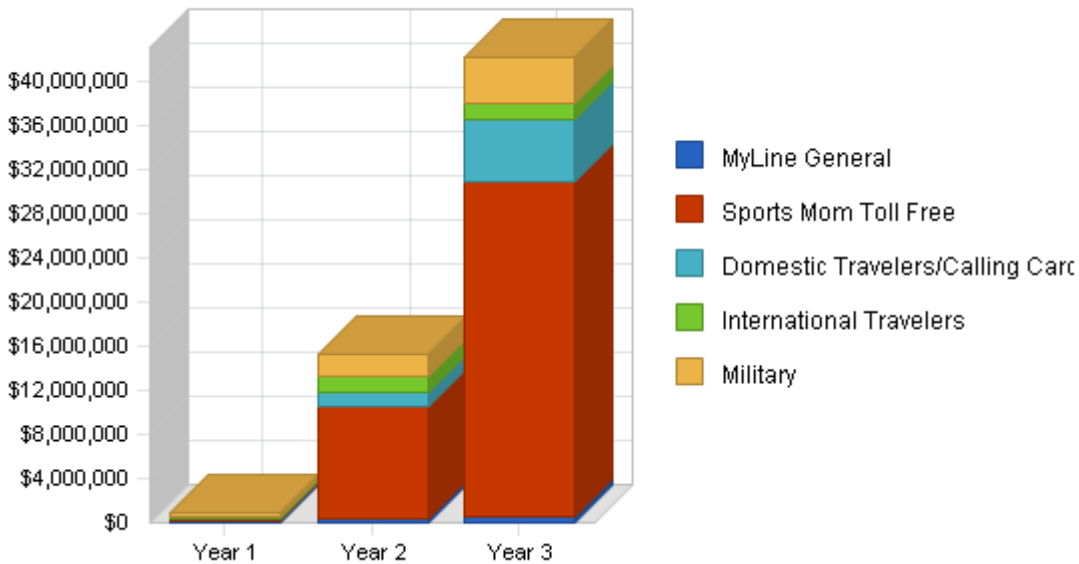


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Sales by Year



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SALES FORECAST

	YEAR 1	YEAR 2	YEAR 3
Sales			
MyLine General	\$183,000	\$420,000	\$635,000
Sports Mom Toll Free	\$210,000	\$10,100,000	\$30,300,000
Domestic Travelers/Calling Cards	\$42,550	\$1,300,000	\$5,600,000
International Travelers	\$84,000	\$1,400,000	\$1,500,000
Military	\$317,800	\$2,100,000	\$4,200,000
TOTAL SALES	\$837,350	\$15,320,000	\$42,235,000

Direct Cost of Sales	Year 1	Year 2	Year 3
MyLine General	\$0	\$0	\$0
Sports Mom Toll Free	\$0	\$0	\$0
Domestic Travelers/Calling Cards	\$0	\$0	\$0

International Travelers	\$0	\$0	\$0
Military	\$0	\$0	\$0
Subtotal Direct Cost of Sales	\$0	\$0	\$0

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5.3.2 Sales Programs

TeleSpace will utilize five primary sales programs:

1. Direct Sales: This will be done by the CEO, Director of Marketing and Sales Channel Managers, all of whom have extensive contacts in the industry and have already been invited by several key prospects to present MyLine and other company services.
2. Radio advertising: This will be the main entree to the consumer market, which the company will approach on a target market basis. Personal endorsements by celebrities will be emphasized.
3. Print advertising: This will be used primarily for MyLine and placed in magazines and newspapers targeted to amateur sports and military officers and enlisted personnel, probably with endorsements by our contracted endorsers.
4. Trade shows: Will be used to promote MyLine, mostly to businesses, CLECs, and small carriers.
5. Web advertising: The company is now developing ads to be run on customer websites of its sister company, AdCast, Inc., which markets advertising delivery systems for the Internet.

5.4 Milestones

The following table lists important corporate milestones, with completion dates, budgets and responsible executive for each. This milestone schedule indicates our emphasis on planning for implementation.

ENLARGE **MILESTONES**

Milestone		Start Date	End Date	Budget	Manager	Department
Retain Company	IBW	11/1/1999	11/1/1999	\$10,000	Matt	Sales
Set up focus group program		12/1/1999	12/1/1999	\$10,000	Matt	Marketing
Secure funding	equity	12/31/1999	12/31/1999	\$50,000	Phil	Finance
Hire employees	initial	1/1/2000	1/1/2000	\$1,000	Betty	Admin
Complete secrets/patent review	trade	1/1/2000	1/1/2000	\$5,000	Trone	Corporate
Implement advertising program		11/15/1999	11/15/1999	\$20,000	Matt	Marketing
Retain Dunaway	Rob	9/1/1999	9/1/1999	\$5,000	Phil	Corporate
Retain Ventures Group	Alliance	11/15/1999	11/15/1999	\$0	Phil	Corporate
Secure/equip MyLine network		9/15/1999	9/15/1999	\$1,000	Russ	Operations

Finalize agreement	buyout	10/31/1999	10/31/1999	\$0	Trone	Corporate
Close investor	strategic	12/15/1999	12/15/1999	\$0	Phil	Corporate
Complete 2000	MyLine	7/1/2000	7/1/2000	\$0	Russ	Corporate
Other		1/1/2000	1/1/2000	\$0	ABC	Department
Totals				\$102,000		

Management Summary

TeleSpace's management philosophy is to outsource all possible non-critical corporate functions and to focus on building a telecommunications marketing and sales internal team, accelerating MyLine sales penetration into our target markets, and completing the MyLine 2000 upgrade.

The company now has four executives and will be hiring a Sales Channel Manager in January, 2000.

6.1 Organizational Structure

TeleSpace is organized into three primary functional disciplines: Marketing and sales, operations and product development and finance and administration. Each is managed by a senior executive who reports to the Chief Executive Officer.

TeleSpace, Inc. is now a wholly-owned subsidiary of AmericomUSA, Inc., a public reporting company. When the management buyout is complete, Telespace's current board of directors will be replaced by Trone Miller, Chairman and Chief Executive Officer, Phil ErkenBrack, the Chief Financial Officer, and an investor representative.

6.2 Management Team

Mr. Trone Miller is the founding Chairman and CEO of TeleSpace. ***Personal information has been removed for confidentiality.*

Mr. Phillip ErkenBrack, Jr. is the Chief Financial Officer, Director and a co-founder. ***Personal information has been removed for confidentiality.*

Mr. Russell Rish is the Vice President of Operations. ***Personal information has been removed for confidentiality.*

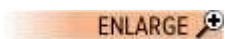
Mr. Matthew van Steenwyk is the Vice President of Marketing and Business Development. ***Personal information has been removed for confidentiality.*

6.3 Management Team Gaps

The company will be hiring a Sales Channel Manager in the near term. This will complete the management team for the first year.

6.4 Personnel Plan

There are four executives now and a Sales Channel Manager will be hired shortly. Two sales representatives will be hired shortly after the advertising program starts, completing the hiring for the first year.



PERSONNEL PLAN			
	YEAR 1	YEAR 2	YEAR 3

Production Personnel

VP of Operations-Russ Fish	\$78,400	\$100,000	\$130,000
Sr. Systems Engineer-Dana Gilliam	\$54,400	\$65,000	\$75,000

Systems Engineer-David Gabler	\$45,600	\$55,000	\$60,000
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SUBTOTAL	\$178,400	\$220,000	\$265,000
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Sales and Marketing Personnel

VP of Mkg.& Bus.Dev't-M.van Steenwyk	\$78,000	\$100,000	\$130,000
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Sales Channel Managers	\$40,000	\$120,000	\$150,000
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Resource Analyst-Amber Higgins	\$36,975	\$45,000	\$50,000
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Account Manager-Brenda Thomasi	\$36,375	\$45,000	\$50,000
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Sales Representatives	\$12,500	\$230,000	\$550,000
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SUBTOTAL	\$203,850	\$540,000	\$930,000
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General and Administrative Personnel

CEO-Trone Miller	\$112,998	\$150,000	\$180,000
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CFO-Phil ErkenBrack	\$103,002	\$130,000	\$150,000
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Controller	\$0	\$60,000	\$70,000
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Billing Supervisor-Hector Padilla	\$43,500	\$50,000	\$55,000
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Accountants	\$26,000	\$150,000	\$300,000
Administration Manager-Betty Benedix	\$37,000	\$45,000	\$50,000
Asst. Manager	\$9,000	\$30,000	\$35,000
Receptionist	\$4,500	\$25,000	\$30,000
Human Resources Clerk	\$0	\$30,000	\$35,000
SUBTOTAL	\$336,000	\$670,000	\$905,000
Other Personnel			
Name or title	\$0	\$0	\$0
Other	\$0	\$0	\$0
SUBTOTAL	\$0	\$0	\$0
TOTAL PEOPLE	17	26	36
Total Payroll	\$718,250	\$1,430,000	\$2,100,000

Financial Plan

TeleSpace, Inc. seeks a seed round of equity capital to initiate corporate operations, secure office and engineering space, hire the executive staff and initial employees, and initiate billing and customer service for the core MyLine customers. The company seeks start-up equity financing to accelerate market

penetration through a multi-media national advertising campaign, hire additional sales, marketing, customer service and engineering personnel, and upgrade the operational hardware and software capability of the existing MyLine system. There is also a need to invest over the next year in hardware infrastructure. This capital investment will be sufficient to take the company to profitability and ongoing positive cash flow until the acquisition of the company, or initial public offering of common stock.

The company is offering 20% of its fully-diluted common stock, on a post-funding basis, for this investment, which can be Series A convertible preferred stock or any reasonable form the investor prefers. The company has also reserved one seat on its Board of Directors for the investor(s) or his representative.

The financial exit strategy would preferably be through acquisition by a public competitor or potential competitor. The company plans to be generating sales at a "high run rate" within three years, with commensurate gross margins and net margins. We should be an attractive stock acquisition for a large company contemplating the time and cost of competing against an established brand and experienced and successful management team. Management will naturally assess the viability of the public stock markets with its investment banker and will take the company public through an initial offering of its common stock if that vehicle offers superior returns to our investors at that time.

The following financial plan details the staffing plan and pro forma income statement, cash flow, balance sheet and other financial analysis over the next three years. Management assumes that its present owner, AmericomUSA, Inc., will pay all costs and expenses through 1999. The sale of the company is assumed to be effective January 1, 2000. Profitability should be achieved by June, 2000 and positive cash flow by September, 2000.

7.1 Important Assumptions

The financial plan depends on important assumptions, most of which are shown below. The key underlying assumptions are:

- A stable U.S. and world economy, with no worse than an average cyclical recession in the next year.
- As unified messaging technology continues to evolve, no new proprietary technology obsolesces the MyLine technology.
- The federal government does not significantly alter the regulatory climate and continues to allow the evolution of telecommunications into a more competitive industry.

GENERAL ASSUMPTIONS				
	YEAR 1	YEAR 2	YEAR 3	
Plan Month	1	2	3	
Current Interest Rate	10.00%	10.00%	10.00%	
Long-term Interest Rate	9.00%	9.00%	9.00%	
Tax Rate	25.42%	25.00%	25.42%	
Other	0	0	0	

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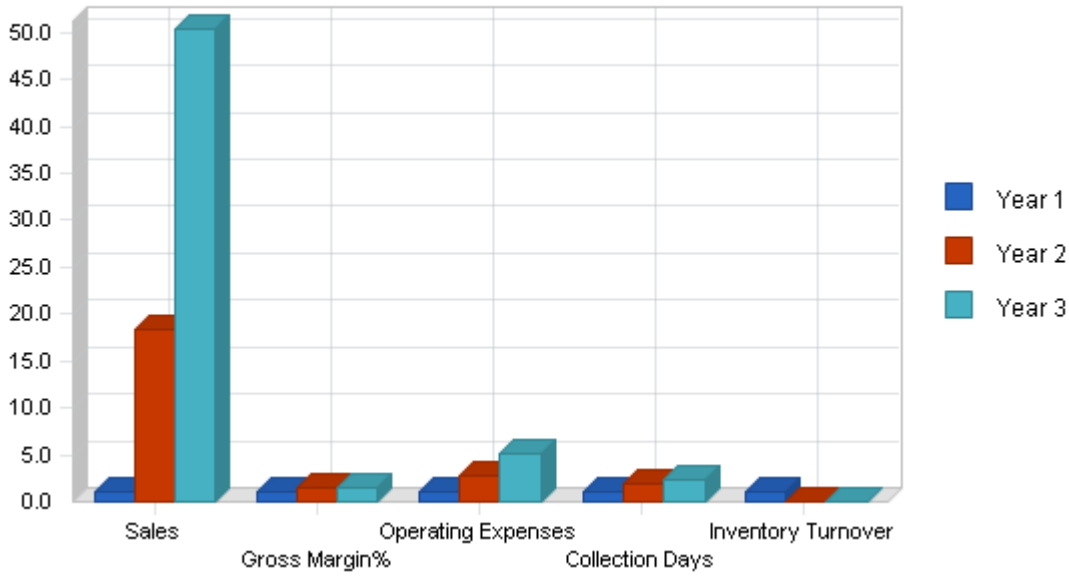
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7.2 Key Financial Indicators

The key financial performance measures for TeleSpace are:

- Sales growth: The company must demonstrate steady and accelerating growth to establish market presence in this huge marketplace.
- Gross margins must remain high to provide the internal growth capital needed.
- Productivity as measured by sales per employee must be at least \$130,000 by the end of the first year and should approach \$1 million by the end of year three.

Benchmarks



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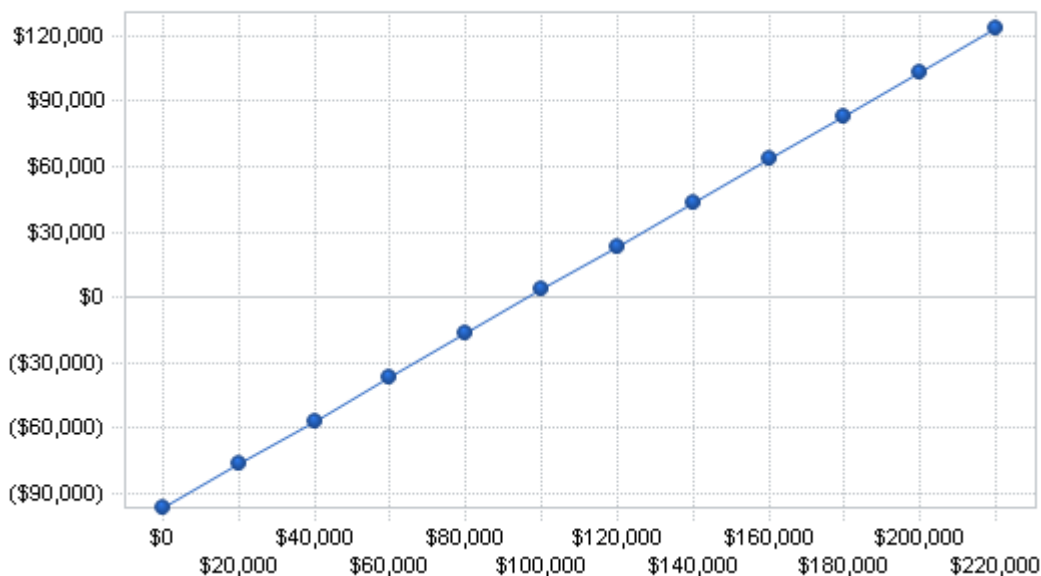
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7.3 Break-even Analysis

The break-even analysis shows that the company has a good balance of steadily increasing operating costs and sales, and where the break-even point will be reached in monthly sales.

Break-even Analysis



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BREAK-EVEN ANALYSIS

Monthly Revenue Break-even	\$96,546
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Assumptions:

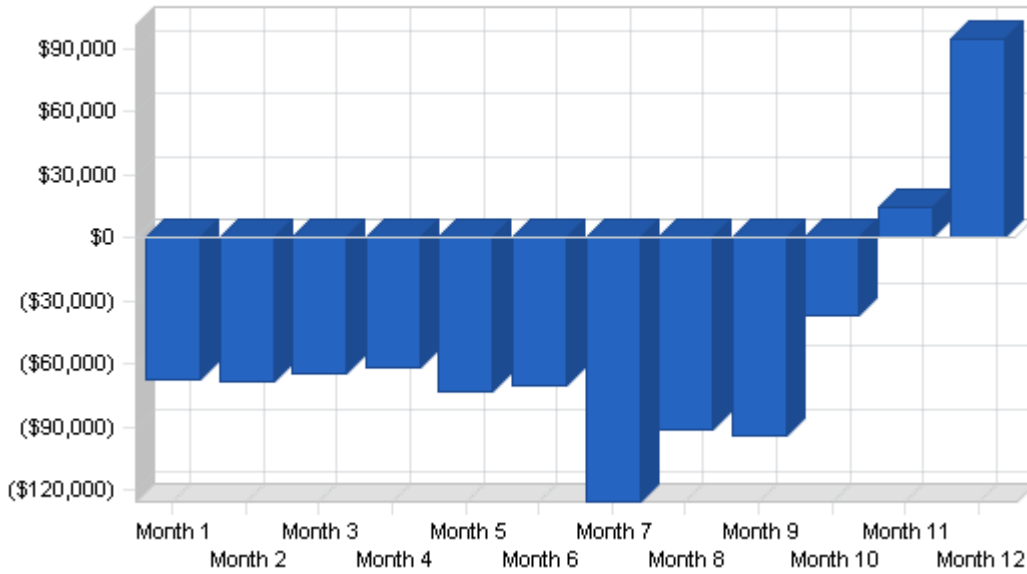
Average Percent Variable Cost	0%
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Estimated Monthly Fixed Cost	\$96,546
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7.4 Projected Profit and Loss

Profitability will be reached in June, 2000 resulting in a loss for the first year. Consistent high gross profit margins and net margins will be achieved within one year.

Profit Monthly

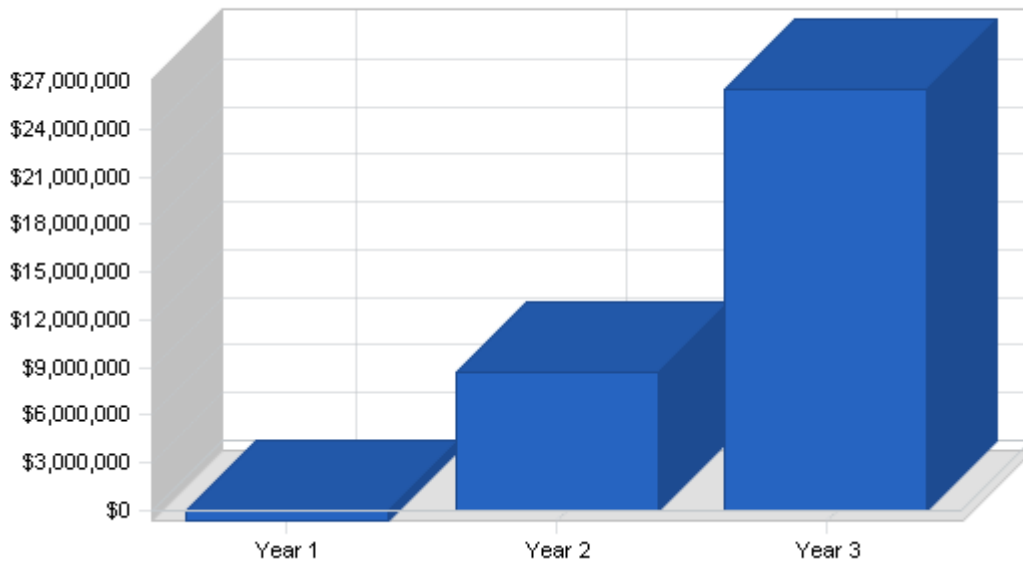


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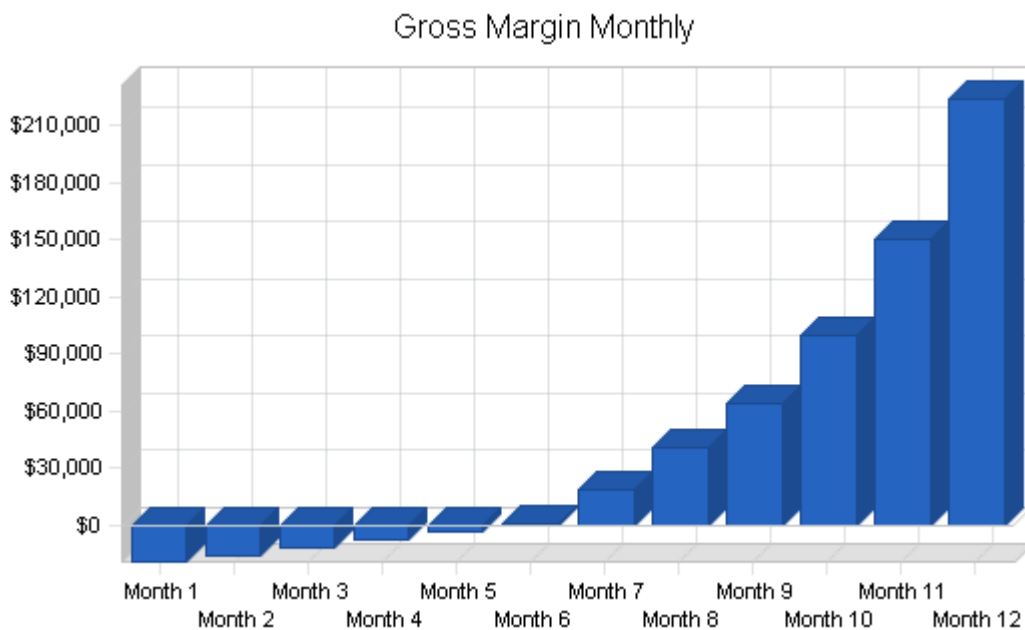
Profit Yearly



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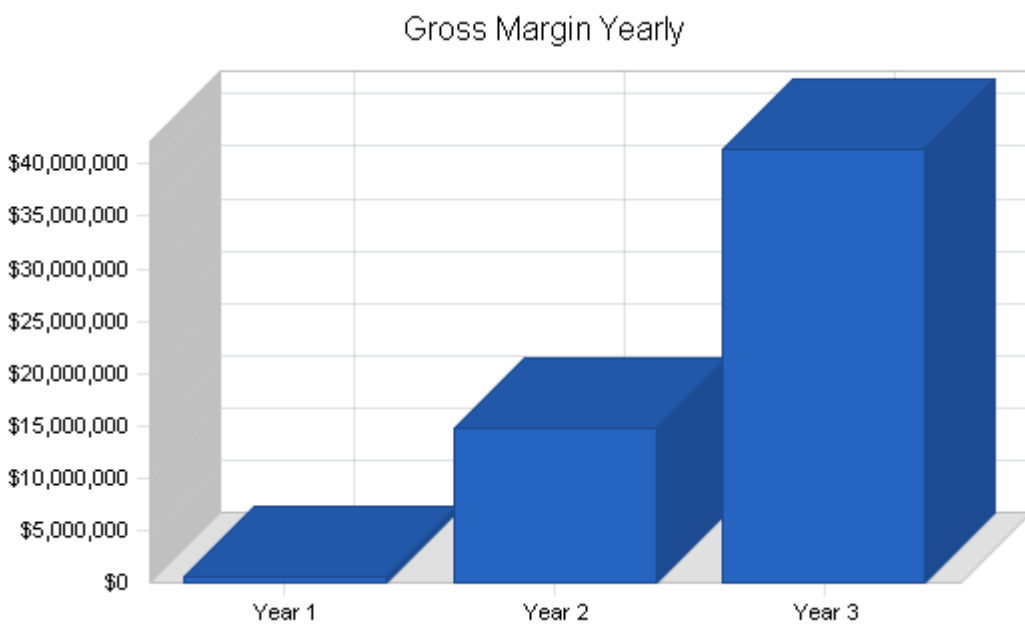
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PRO FORMA PROFIT AND LOSS			
	YEAR 1	YEAR 2	YEAR 3
Sales	\$837,350	\$15,320,000	\$42,235,000
Direct Cost of Sales	\$0	\$0	\$0
Production Payroll	\$178,400	\$220,000	\$265,000
Network expense	\$120,000	\$250,000	\$500,000
TOTAL COST OF SALES	\$298,400	\$470,000	\$765,000
Gross Margin	\$538,950	\$14,850,000	\$41,470,000
Gross Margin %	64.36%	96.93%	98.19%
Operating Expenses			
Sales and Marketing Expenses			
Sales and Marketing Payroll	\$203,850	\$540,000	\$930,000

Advertising/Promotion	\$270,000	\$1,000,000	\$2,000,000
Trade Shows	\$10,000	\$30,000	\$60,000
Travel	\$36,000	\$100,000	\$200,000
Marketing Collateral & Supplies	\$21,000	\$75,000	\$150,000
Publications	\$6,500	\$20,000	\$40,000
Demos and Samples	\$10,000	\$50,000	\$100,000

TOTAL SALES AND MARKETING EXPENSES	\$557,350	\$1,815,000	\$3,480,000
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Sales and Marketing %	66.56%	11.85%	8.24%
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General and Administrative Expenses

General and Administrative Payroll	\$336,000	\$670,000	\$905,000
Sales and Marketing and Other Expenses	\$0	\$0	\$0
Depreciation	\$36,000	\$290,000	\$790,000
Leased Equipment	\$17,000	\$35,000	\$75,000
Utilities	\$9,000	\$20,000	\$40,000

Insurance	\$12,000	\$25,000	\$50,000
Rent	\$26,000	\$50,000	\$100,000
Other	\$0	\$0	\$0
Payroll Taxes	\$165,198	\$328,900	\$483,000
Other General and Administrative Expenses	\$0	\$0	\$0

TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$601,198	\$1,418,900	\$2,443,000
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General and Administrative %	71.80%	9.26%	5.78%
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Other Expenses:

Other Payroll	\$0	\$0	\$0
Consultants	\$0	\$0	\$0
Contract/Consultants	\$0	\$0	\$0

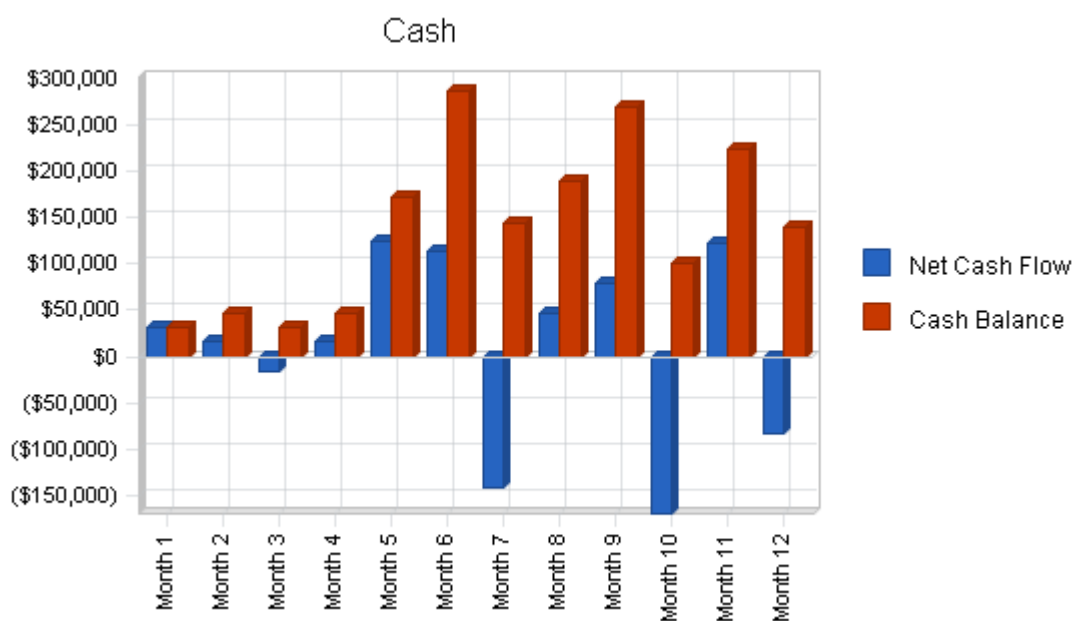
TOTAL OTHER EXPENSES	\$0	\$0	\$0
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Other %	0.00%	0.00%	0.00%
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Total Operating Expenses	\$1,158,548	\$3,233,900	\$5,923,000
Profit Before Interest and Taxes	(\$619,598)	\$11,616,100	\$35,547,000
EBITDA	(\$583,598)	\$11,906,100	\$36,337,000
Interest Expense	\$22,625	\$9,500	\$0
Taxes Incurred	\$0	\$2,901,650	\$9,034,863
Net Profit	(\$642,223)	\$8,704,950	\$26,512,137
Net Profit/Sales	-76.70%	56.82%	62.77%


7.5 Projected Cash Flow

Management expects that equity capital will be required to take the company to permanent positive cash flow by September, 2000.



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	YEAR 1	YEAR 2	YEAR 3
Cash Received			
Cash from Operations			
Cash Sales	\$41,868	\$766,000	\$2,111,750
Cash from Receivables	\$397,018	\$7,662,226	\$27,315,367
SUBTOTAL CASH FROM OPERATIONS	\$438,885	\$8,428,226	\$29,427,117
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$350,000	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0

New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$1,250,000	\$1,500,000	\$0

SUBTOTAL CASH RECEIVED	\$2,038,885	\$9,928,226	\$29,427,117
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Expenditures	Year 1	Year 2	Year 3
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Expenditures from Operations

Cash Spending	\$718,250	\$1,430,000	\$2,100,000
Bill Payments	\$660,561	\$4,557,479	\$12,180,440

SUBTOTAL SPENT ON OPERATIONS	\$1,378,811	\$5,987,479	\$14,280,440
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Additional Cash Spent

Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$160,000	\$190,000	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0

Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$360,000	\$1,000,000	\$2,000,000
Dividends	\$0	\$0	\$0
SUBTOTAL CASH SPENT	\$1,898,811	\$7,177,479	\$16,280,440
Net Cash Flow	\$140,074	\$2,750,747	\$13,146,677
Cash Balance	\$140,074	\$2,890,822	\$16,037,499

7.6 Projected Balance Sheet

The balance sheet projects substantial growth in net worth by the end of fiscal year 2002.

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PRO FORMA BALANCE SHEET

	YEAR 1	YEAR 2	YEAR 3
Assets			
Current Assets			
Cash	\$140,074	\$2,890,822	\$16,037,499

Accounts Receivable	\$398,465	\$7,290,239	\$20,098,122
Inventory	\$20,000	\$20,000	\$20,000
Other Current Assets	\$10,000	\$10,000	\$10,000
TOTAL CURRENT ASSETS	\$568,539	\$10,211,060	\$36,165,621

Long-term Assets

Long-term Assets	\$360,000	\$1,360,000	\$3,360,000
Accumulated Depreciation	\$36,000	\$326,000	\$1,116,000
TOTAL LONG-TERM ASSETS	\$324,000	\$1,034,000	\$2,244,000
TOTAL ASSETS	\$892,539	\$11,245,060	\$38,409,621

Liabilities and Capital

Year 1

Year 2

Year 3

Current Liabilities

Accounts Payable	\$64,762	\$402,333	\$1,054,756
Current Borrowing	\$190,000	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0

SUBTOTAL CURRENT LIABILITIES	\$254,762	\$402,333	\$1,054,756
Long-term Liabilities	\$0	\$0	\$0
TOTAL LIABILITIES	\$254,762	\$402,333	\$1,054,756
Paid-in Capital	\$1,337,500	\$2,837,500	\$2,837,500
Retained Earnings	(\$57,500)	(\$699,723)	\$8,005,228
Earnings	(\$642,223)	\$8,704,950	\$26,512,137
TOTAL CAPITAL	\$637,777	\$10,842,728	\$37,354,865
TOTAL LIABILITIES AND CAPITAL	\$892,539	\$11,245,060	\$38,409,621
Net Worth	\$637,778	\$10,842,728	\$37,354,865

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7.7 Business Ratios

Standard financial ratios are shown below and indicate a plan for manageable yet aggressive growth. Industry profile ratios based on the Standard Industrial Classification (SIC) code 4899, Communications Services, nec., are shown for comparison.

ENLARGE **RATIO ANALYSIS**

	YEAR 1	YEAR 2	YEAR 3	INDUSTRY PROFILE
Sales Growth	0.00%	1729.58%	175.69%	4.80%
Percent of Total Assets				
Accounts Receivable	44.64%	64.83%	52.33%	14.30%
Inventory	2.24%	0.18%	0.05%	2.50%
Other Current Assets	1.12%	0.09%	0.03%	46.50%
Total Current Assets	63.70%	90.80%	94.16%	63.30%
Long-term Assets	36.30%	9.20%	5.84%	36.70%
TOTAL ASSETS	100.00%	100.00%	100.00%	100.00%
Current Liabilities	28.54%	3.58%	2.75%	43.60%
Long-term Liabilities	0.00%	0.00%	0.00%	26.30%
Total Liabilities	28.54%	3.58%	2.75%	69.90%

NET WORTH	71.46%	96.42%	97.25%	30.10%
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Percent of Sales

Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	64.36%	96.93%	98.19%	57.80%
Selling, General & Administrative Expenses	141.99%	40.24%	35.13%	35.50%
Advertising Expenses	32.24%	6.53%	4.74%	1.00%
Profit Before Interest and Taxes	-74.00%	75.82%	84.16%	1.90%

Main Ratios

Current	2.23	25.38	34.29	1.17
Quick	2.15	25.33	34.27	0.95
Total Debt to Total Assets	28.54%	3.58%	2.75%	69.90%
Pre-tax Return on Net Worth	-100.70%	107.05%	95.16%	4.20%
Pre-tax Return on Assets	-71.95%	103.22%	92.55%	14.00%

Additional Ratios	Year 1	Year 2	Year 3
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Net Profit Margin	-76.70%	56.82%	62.77%	n.a
Return on Equity	-100.70%	80.28%	70.97%	n.a
Activity Ratios				
Accounts Receivable Turnover	2.00	2.00	2.00	n.a
Collection Days	51	96	125	n.a
Inventory Turnover	0.00	0.00	0.00	n.a
Accounts Payable Turnover	11.20	12.17	12.17	n.a
Payment Days	27	17	21	n.a
Total Asset Turnover	0.94	1.36	1.10	n.a
Debt Ratios				
Debt to Net Worth	0.40	0.04	0.03	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	\$313,778	\$9,808,728	\$35,110,865	n.a

Interest Coverage	-27.39	1,222.75	0.00	n.a
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Additional Ratios

Assets to Sales	1.07	0.73	0.91	n.a
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Current Debt/Total Assets	29%	4%	3%	n.a
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Acid Test	0.59	7.21	15.21	n.a
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Sales/Net Worth	1.31	1.41	1.13	n.a
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Dividend Payout	0.00	0.00	0.00	n.a
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Appendix



SALES FORECAST

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
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Sales

MyLine General	0%	\$0	\$9,000	\$10,500	\$12,000	\$13,500	\$15,000	\$16,500	\$18,000	\$19,500
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Sports Mom Toll Free	0%	\$0	\$0	\$2,100	\$4,200	\$6,300	\$8,400	\$10,500	\$17,500	\$24,500
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Domestic Travelers/Calling Cards	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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International Travelers	0%	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Military	0%	\$0	\$0	\$700	\$1,400	\$2,100	\$2,800	\$16,800	\$30,800	\$44,800
TOTAL SALES		\$0	\$9,000	\$13,300	\$17,600	\$21,900	\$26,200	\$43,800	\$66,300	\$88,800
Direct Cost of Sales		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9
MyLine General		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sports Mom Toll Free		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Domestic Travelers/Calling Cards		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
International Travelers		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Military		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Subtotal Direct Cost of Sales		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

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PERSONNEL PLAN

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6 MONTH 7 MONTH 8 MONTH 9

Production Personnel										
VP of Operations-	Russ Fish	\$1,400	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000	\$7,000
Sr. Systems Engineer-Dana Gilliam		\$4,200	\$4,200	\$4,600	\$4,600	\$4,600	\$4,600	\$4,600	\$4,600	\$4,600
Systems Engineer-David Gabler		\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800	\$3,800
SUBTOTAL		\$9,400	\$15,000	\$15,400	\$15,400	\$15,400	\$15,400	\$15,400	\$15,400	\$15,400
Sales and Marketing Personnel										
VP of Mkg.& Bus.Dev't-M.van Steenwyk		\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$6,000	\$7,000	\$7,000	\$7,000
Sales Channel Managers		\$0	\$0	\$0	\$0	\$0	\$0	\$2,500	\$5,000	\$7,500
Resource Analyst-Amber Higgins		\$2,600	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125
Account Manager-Brenda Thomasi		\$2,000	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125	\$3,125
Sales Representatives		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL		\$10,600	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$15,750	\$18,250	\$20,750

General and Administrative Personnel

CEO-Trone Miller	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$10,833	\$10,833	\$10,833
CFO-Phil ErkenBrack	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$8,000	\$9,167	\$9,167	\$9,167
Controller	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Billing Supervisor-Hector Padilla	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500	\$3,500
Accountants	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000	\$4,000	\$4,000
Administration Manager-Betty Benedix	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000	\$3,000
Asst. Manager	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$1,000	\$2,000
Receptionist	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$900	\$900
Human Resources Clerk	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

SUBTOTAL	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$28,500	\$32,400	\$33,400
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Other Personnel

Name or title	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

SUBTOTAL	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
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TOTAL PEOPLE	10	10	10	10	10	10	12	15	15
Total Payroll	\$42,500	\$49,750	\$50,150	\$50,150	\$50,150	\$50,150	\$59,650	\$66,050	\$69,550

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GENERAL ASSUMPTIONS

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10
Plan Month	1	2	3	4	5	6	7	8	9	10
Current Interest Rate	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%	10.00%
Long-term Interest Rate	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%	9.00%
Tax Rate	30.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%	25.00%
Other	0	0	0	0	0	0	0	0	0	0

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PRO FORMA PROFIT AND LOSS

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8
Sales	\$0	\$9,000	\$13,300	\$17,600	\$21,900	\$26,200	\$43,800	\$66,300
Direct Cost of Sales	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Production Payroll	\$9,400	\$15,000	\$15,400	\$15,400	\$15,400	\$15,400	\$15,400	\$15,400
Network expense	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000

TOTAL COST OF SALES	\$19,400	\$25,000	\$25,400	\$25,400	\$25,400	\$25,400	\$25,400	\$25,400
Gross Margin	(\$19,400)	(\$16,000)	(\$12,100)	(\$7,800)	(\$3,500)	\$800	\$18,400	\$40,900
Gross Margin %	0.00%	-177.78%	-90.98%	-44.32%	-15.98%	3.05%	42.01%	61.69%
Operating Expenses								
Sales and Marketing Expenses								
Sales and Marketing Payroll	\$10,600	\$12,250	\$12,250	\$12,250	\$12,250	\$12,250	\$15,750	\$18,250
Advertising/Promotion	\$0	\$0	\$0	\$0	\$10,000	\$10,000	\$50,000	\$45,000
Trade Shows	\$0	\$0	\$0	\$0	\$0	\$0	\$10,000	\$0
Travel	\$0	\$0	\$0	\$0	\$3,000	\$3,000	\$5,000	\$5,000
Marketing Collateral & Supplies	\$0	\$0	\$0	\$0	\$1,500	\$1,500	\$3,000	\$3,000
Publications	\$0	\$0	\$0	\$0	\$0	\$0	\$6,500	\$0
Demos and Samples	\$0	\$0	\$0	\$0	\$1,000	\$1,000	\$1,000	\$1,000
TOTAL SALES AND MARKETING EXPENSES	\$10,600	\$12,250	\$12,250	\$12,250	\$27,750	\$27,750	\$91,250	\$72,250
Sales and Marketing %	0.00%	136.11%	92.11%	69.60%	126.71%	105.92%	208.33%	108.97%
General and Administrative Expenses								
General and Administrative Payroll	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$22,500	\$28,500	\$32,400
Sales and Marketing and Other Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0

Depreciation	\$0	\$0	\$0	\$0	\$1,000	\$2,000	\$3,000	\$4,000
Leased Equipment	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000
Utilities	\$500	\$500	\$500	\$500	\$500	\$500	\$1,000	\$1,000
Insurance	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000	\$1,000
Rent	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000	\$2,000
Other	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll Taxes	23% \$9,775	\$11,443	\$11,535	\$11,535	\$11,535	\$11,535	\$13,720	\$15,192
Other General and Administrative Expenses	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	\$36,775	\$38,443	\$38,535	\$38,535	\$39,535	\$40,535	\$50,220	\$57,592
General and Administrative %	0.00%	427.14%	289.73%	218.95%	180.52%	154.71%	114.66%	86.87%
Other Expenses:								
Other Payroll	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Consultants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Contract/Consultants	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL OTHER EXPENSES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Other %	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Total Operating Expenses	\$47,375	\$50,693	\$50,785	\$50,785	\$67,285	\$68,285	\$141,470	\$129,842

Profit Before Interest and Taxes	(\$66,775)	(\$66,693)	(\$62,885)	(\$58,585)	(\$70,785)	(\$67,485)	(\$123,070)	(\$88,942)
EBITDA	(\$66,775)	(\$66,693)	(\$62,885)	(\$58,585)	(\$69,785)	(\$65,485)	(\$120,070)	(\$84,942)
Interest Expense	\$625	\$1,375	\$1,875	\$2,583	\$2,458	\$2,333	\$2,208	\$2,083
Taxes Incurred	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Profit	(\$67,400)	(\$68,068)	(\$64,760)	(\$61,168)	(\$73,243)	(\$69,818)	(\$125,278)	(\$91,025)
Net Profit/Sales	0.00%	-756.31%	-486.91%	-347.54%	-334.44%	-266.48%	-286.02%	-137.29%

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PRO FORMA CASH FLOW

	MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
Cash Received									
Cash from Operations									
Cash Sales	\$0	\$450	\$665	\$880	\$1,095	\$1,310	\$2,190	\$3,315	\$4,440
Cash from Receivables	\$0	\$0	\$285	\$8,686	\$12,771	\$16,856	\$20,941	\$25,447	\$42,315
SUBTOTAL CASH FROM OPERATIONS	\$0	\$450	\$950	\$9,566	\$13,866	\$18,166	\$23,131	\$28,762	\$46,755
Additional Cash Received									
Sales Tax, VAT, 0.00% HST/GST Received	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Current Borrowing	\$75,000	\$100,000	\$75,000	\$100,000	\$0	\$0	\$0	\$0	\$0

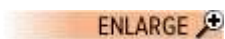
New Other Liabilities (interest-free)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0	\$0	\$250,000	\$250,000	\$0	\$250,000	\$250,000	\$250,000
SUBTOTAL CASH RECEIVED	\$75,000	\$100,450	\$75,950	\$109,566	\$263,866	\$268,166	\$23,131	\$278,762	\$296,000	\$296,000
Expenditures	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10
Expenditures from Operations										
Cash Spending	\$42,500	\$49,750	\$50,150	\$50,150	\$50,150	\$50,150	\$59,650	\$66,050	\$69,500	\$70,000
Bill Payments	\$830	\$24,981	\$27,337	\$27,933	\$29,130	\$43,989	\$45,953	\$105,789	\$87,900	\$87,900
SUBTOTAL SPENT ON OPERATIONS	\$43,330	\$74,731	\$77,487	\$78,083	\$79,280	\$94,139	\$105,603	\$171,839	\$157,400	\$157,400
Additional Cash Spent										
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$10,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000

Other Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0	\$0	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000	\$45,000
Dividends	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
SUBTOTAL CASH SPENT	\$43,330	\$84,731	\$92,487	\$93,083	\$139,280	\$154,139	\$165,603	\$231,839	\$217,000	\$217,000
Net Cash Flow	\$31,670	\$15,719	(\$16,537)	\$16,483	\$124,586	\$114,028	(\$142,472)	\$46,923	\$79,200	\$79,200
Cash Balance	\$31,670	\$47,389	\$30,852	\$47,335	\$171,921	\$285,949	\$143,477	\$190,400	\$269,600	\$269,600

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PRO FORMA BALANCE SHEET

		MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9
Assets	Starting Balances									
Current Assets										

Cash	\$0	\$31,670	\$47,389	\$30,852	\$47,335	\$171,921	\$285,949	\$143,477	\$190,400	\$
Accounts Receivable	\$0	\$0	\$8,550	\$20,900	\$28,934	\$36,968	\$45,002	\$65,670	\$103,208	\$
Inventory	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000	\$
Other Current Assets	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$10,000	\$

TOTAL CURRENT ASSETS	\$30,000	\$61,670	\$85,939	\$81,752	\$106,269	\$238,889	\$360,950	\$239,147	\$323,608	\$
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Long-term Assets

Long-term Assets	\$0	\$0	\$0	\$0	\$0	\$45,000	\$90,000	\$135,000	\$180,000	\$
Accumulated Depreciation	\$0	\$0	\$0	\$0	\$0	\$1,000	\$3,000	\$6,000	\$10,000	\$

TOTAL LONG-TERM ASSETS	\$0	\$0	\$0	\$0	\$0	\$44,000	\$87,000	\$129,000	\$170,000	\$
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TOTAL ASSETS	\$30,000	\$61,670	\$85,939	\$81,752	\$106,269	\$282,889	\$447,950	\$368,147	\$493,608	\$
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Liabilities and Capital		Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	M
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Current Liabilities

Accounts Payable	\$0	\$24,070	\$26,407	\$26,979	\$27,664	\$42,526	\$42,406	\$102,880	\$84,366	\$
Current Borrowing	\$0	\$75,000	\$165,000	\$225,000	\$310,000	\$295,000	\$280,000	\$265,000	\$250,000	\$
Other Current Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$

SUBTOTAL	\$0	\$99,070	\$191,407	\$251,979	\$337,664	\$337,526	\$322,406	\$367,880	\$334,366	\$
CURRENT LIABILITIES										
Long-term Liabilities	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$
TOTAL LIABILITIES	\$0	\$99,070	\$191,407	\$251,979	\$337,664	\$337,526	\$322,406	\$367,880	\$334,366	\$
Paid-in Capital	\$87,500	\$87,500	\$87,500	\$87,500	\$87,500	\$337,500	\$587,500	\$587,500	\$837,500	\$
Retained Earnings	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)	(\$57,500)	(\$
Earnings	\$0	(\$67,400)	(\$135,468)	(\$200,227)	(\$261,395)	(\$334,638)	(\$404,456)	(\$529,733)	(\$620,758)	(\$
TOTAL CAPITAL	\$30,000	(\$37,400)	(\$105,468)	(\$170,227)	(\$231,395)	(\$54,638)	\$125,545	\$267	\$159,242	\$
TOTAL LIABILITIES AND CAPITAL	\$30,000	\$61,670	\$85,939	\$81,752	\$106,269	\$282,889	\$447,950	\$368,147	\$493,608	\$
Net Worth	\$30,000	(\$37,400)	(\$105,467)	(\$170,227)	(\$231,395)	(\$54,638)	\$125,545	\$267	\$159,242	\$