Command Solutions, Inc.

Business Plan

June, 2003

Business Plan for Command Solutions, Inc.

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Jim Eagle and David Waldman
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Executive Summary

Company: Command Solutions, Inc. (CSI), a Class S Corporation was founded in September 2002 in Carmel Indiana to provide innovative Human Resource Management Services. Founders Jim Eagle and David Waldman are seasoned professionals, with more than 25 years of Human Resource and Management experience.

Current status: Resource Management is a broad category, encompassing a wide variety of services. CSI's business model is comprised of three complimentary business services; Human Resource Consulting, Executive and Management Recruiting Services and Command Management Solutions, comprehensive staffing service.

This three-practice approach provides a steady income base for CSI. In economic down cycles, HR Business Consulting and Command Management Solutions are the primary services sought by clients. As the economy improves, there will be more requests for service offerings from the Recruiting Services practice.

Since the beginning of the year, they have established four client partnership relationships with the following companies: Barter Group, XXX Insurance, BBBB Insurance and MMMM North Hospitals. They have reached the final stages of a negotiation with Barter Group for a project which will generate approximately $1.5 MM in revenue for the balance of this year and $5.0 MM in 2004.

Services: As a Resource Management firm, CSI provides expertise to Fortune 1000 and larger middle market companies primarily in the Health Care, IT, and Engineering industries in two Midwest cities, Columbus and Indianapolis.

Their service offering is comprised of three primary areas HR Consulting, Recruiting Services and Management Solutions. The HR Consulting includes: Organizational Development Consulting, HR Infrastructure Development, HR Outsourcing Evaluation, Policy and Procedure development, HR Process training, and Independent HR investigations and audits. Recruiting services encompasses: Executive search, Project management, and HR on-site contract recruiting, screening and evaluation services. Supporting their clients desire to operate more lean and efficient organizations, the Command Management Solutions division offers Employee Leasing, Outsourcing Solutions, Organizational and Departmental Managed Services, Temporary and Contract Labor.

CSI has several unique competitive advantages which have allowed them to “beat out” several large competitors for key contracts. With experience in both consulting and corporate environments, Jim and David bring a uniquely balanced approach to this business. They understand the problems of their clients, because they sat in their chairs.

Description of their market: Human resource managers provide the entry into client companies. These overworked individuals are challenged with meeting both short term and long

term HR demands. While they focus on the day to day operations and core HR responsibilities, they often neglect the long term planning vital to the growth and success of the enterprise, including but not limited to resource planning, recruiting, exploration of outsourcing opportunities, special projects and executive search.

In the next few years the rebounding of the economy combined with the aging of the American workforce will create never before seen demand for qualified labor. Building the relationships Daviday, CSI will be in a position to provide necessary "4-Sight" to guide clients in the development of appropriate long term resource management plans.

Company objectives: CSI is confident they have the strategy to achieve both their long term and short terms goals by leveraging existing relationships and employing a strategy of controlled growth.

- ***Short-term goals:*** Establish ten key partners in 2003 resulting in revenue of $2.0 MM and profit of $200 K
- ***Long-term goals:*** CSI will be a local industry leader within the next three years, achieving recognition as one of the: Top 20 HR agencies, a members of the Inc. 500 and one of the 25 Fastest Growing companies in Indianapolis.

Financial: To date, CSI has funded their growth through operations, adding just one additional staff member. This new Barter Group Project will require a rapid influx of cash to cover payroll and other short term receivables.

Funding plans: Recognizing the new Barter Group Project will require significantly more operating capital then they have need to this point CSI has begun investigating alternative funding sources. Continuing on their process of controlled growth they intend to acquire this capital by factoring or selling their receivables. This will provide cash flow to meet short term obligations and create opportunity for expansion without creating burdensome debt for the growing organization.

History and Position to Date

Background:

Command Solutions, Inc. (CSI) was founded in September 2002, by Jim Eagle and David Waldman, seasoned professionals, with more than 25 years of Human Resource and Management experience. Their intent was to develop a Resource Management Company which would revolutionize the industry.

Traditionally, Human Resource Management is viewed solely as an expense by most corporations. These savvy business professional experienced first hand, the contributions to the overall business and specifically the bottom line which can be made with appropriate Resource Management Planning.

CSI's classification as a Resource Management enterprise encompasses three complimentary business services. The three core services are Human Resource Consulting, Executive and Management Recruiting Services and Command Management Solutions, comprehensive staffing service.

Why business will succeed:

With experience in both consulting and corporate environments, Jim and David bring a uniquely balanced approach to this business. They have the ability to view the business from a client's perspective, recommending alternatives which are cost effective, and make sense as part of a total business strategy.

By leveraging the relationships the founders have developed throughout their careers, providing clients with extraordinary levels of professionalism and customer service, and responding to ever changing market demands, CSI is poised to become a leader in an ever growing market sector.

The three-practice approach provides a steady income base for CSI. In economic down cycles, HR Business Consulting and Command Management Solutions are the primary services sought by clients. As the economy improves, there will be more requests for different service offerings within the Recruiting Services practice.

By offering this mix of services CSI establishes strong partnership relationships today which provide the foundation for growth as the economy rebounds and we are once again faced with critical labor shortages.

Numbers that back up our business concept:

There are a number of economic trends and population trends which indicate there will be significant growth in the Staffing/Consulting sector over the next seven years. CSI's strategy of controlled growth over the next few years will insure they are well positioned to take advantage of the opportunity these trends create.

- Over the past 30 years, the percentage of the total U.S. workforce employed by staffing organizations increased dramatically after each recession.
- Labor demand is expected to outstrip supply dramatically by 2005.
- By 2010, less than half of the work performed in US organizations will be done by full time employees (magazine: *American Demographics*).
- The American workforce is also getting significantly older. The median age will approach 41 by 2008, "a very high level by historical standards" (US Department of Labor).
- According to the US department of Labor the three highest growing sections within Staffing/Consulting will be: IT, Health Care, and Personnel Outsourcing.

Companies will be faced with great challenges recruiting and retaining higher-skilled employees. At the same time, these aging, higher skilled employees will command higher wages and

command greater workplace flexibility. Flexible staffing and contracting will become a way of life for companies to survive in the changing labor market.

Resource Management organizations offer solutions to companies seeking affordable alternatives and individuals seeking more flexibility. With these strong economic indicators and trends, CSI will become a key player in America's next economic expansion.

Achievements to date:

- Generated Net profit of $47,704 on year to date sales of $131,393.
- Established four client relationships (40% of 2003 goal) with several others in various stages of the negotiation process.
- They are in the final stages of a negotiation with Barter Group. Once closed, this contract will represent approximately $1.5 MM in revenue for the balance of 2003 and approximately $5.0 MM in 2004.

Mission Statement

Company vision:

CSI is committed to our clients' success through the development of true business partnerships, extraordinary levels of professionalism, and unquestioned passion to become the world leader in the resource management industry.

Company values:

CSI commitment to its core values is demonstrated throughout their organization. Through innovative processes, sound and proven methodologies, and visionary leadership, CSI will not waver in its quest to become an elite organization for its clients and employees.

In the spirit of its slogan "4C your 4ward movement", CSI inspires employees and clients to continually improve, driving toward attainment of stated objectives.

4C – Clarity, Courage, Commitment and Character

Short-term goals:

- Establish ten key partners in 2003.
- Revenue: $2.0 MM
- Profit: $200 K

Long-term goals:

CSI will be a local industry leader within the next three years, achieving recognition as one of the:

- Top 20 HR agencies
- Members of the Inc. 500
- 25 Fastest Growing companies in Indianapolis

Initially, CSI seeks controlled growth over the next few years, conservatively matching increases in overhead expenditures with growth in sales. This controlled growth will allow them to build a solid foundation as the market continues to recover and move toward significant labor shortages late in the decade.

Business Structure

Command Solutions, Inc, Inc. a Class “S” corporation established in 2002 by partners David Waldman and Jim Eagle in Indianapolis, Indiana.

Management Team

With more than 25 years of combined relevant experience, partners David Waldman and Jim Eagle bring an extraordinary range of expertise to CSI. In addition, they each have a solid network of contacts nationwide which is critical in the foundation of this type of business.

President: Jim Eagle
Jim Eagle is a seasoned professional with over 15 years experience on the “buyer’s” side of the table. In other rolls and as Chief Counsel for a division of a fortune 200 company, Jim was responsible for many similar duties and obligations that face CSI’s customers today. His past training and experience insure an understanding of specific client needs which leads to timely, superior, and cost effective results.

Jim has been recognized for increasing gross revenues over 200% while simultaneously reducing expenses through motivating internal resources and managing external vendor relationships.

Jim views every issue from the “customer’s perspective” giving the customer peace of mind that their goals are aligned with those of CSI resulting in a “true” business partnership.

Jim is a Boston native who attended college at the University of New York in Syracuse and, law school at the John Marshall Law School in Chicago, Illinois. Jim is licensed to practice law in Indiana and Kentucky. He is admitted to the Eastern and Western United States District Courts, and, is a member of the Kentucky Bar Association and the Indiana Bar Association.

Chief Executive Officer: David Waldman
David Waldman, co-founder and chief executive officer of Command Solutions, Inc., has a diverse and successful track record in the areas of Human Resources, Recruiting, Sales and Operations management.

He is familiar with the challenges of start-up entities having done so several times in his career. He was instrumental in creating a start up contract services division for Toledo based AIM Executive in 1990. Then as a member of the senior staff at American XXX Corporation he launched YYY, a consulting firm providing Engineering and IT services to clients in Northeast Ohio. Under his guidance, YYY produced revenues of 3.2 M in its first year

In senior management roles, he has been responsible for the development and direction of many key HR initiatives including recruitment programs, employee orientation and relations, leadership training, benefit restructuring, policy development, internal consulting projects and organizational development.

He has used his human resource management expertise to streamline manufacturing plant attrition/ recruitment issues, coordinated relationships with IT vendors, and implemented several cultural transformation initiatives. His expertise allowed him to significantly reduce operational costs through effective resource management

David is a graduate of Ball State University where he graduated with honors, and received a B.S. in Promotional Communications and a Minor in Business Management. He has spoken at many major national HR conferences on topics relevant to cutting edge issues that challenge an organization’s HR community.

Personnel to be added:
The first staff to be added will be administrative, sales and marketing support so David can concentrate on client service. HR consultants will be added as needed to begin the process of resolving a clients resource issues. These consultants will be seasoned HR Exec's who have a proven track record of providing value –added consulting to its clients.

As the company grows additional staff will be hired to handle resource attainment and candidate screening, as well as providing on-site support to its various clients. Account Executives will be added to attain new prospective clients, and strengthen relationships with current ones.
Eventually, sales divisions supporting each of the three main businesses will be established. Each of these units will need personnel to conduct activities and oversee operations.

Service Offerings

CSI has developed a comprehensive approach to Resource Management, providing services in three key areas. These complementary services meet a wide range of client needs. In each of the areas, CSI works with clients to establish the perception of being value added partner - one that is seen as an integral part of a company's strategic planning process.

HR Consulting

Within their HR Consulting practice, CSI's highly skilled professionals understand today's turbulent and complex business environment. They improve their client's business through streamlined HR best practices, establishing resource management efficiency and effectiveness maximizing profitability.

The HR Consulting group comprises expertise within the following areas: Organizational Development Consulting, HR Infrastructure Development, HR Outsourcing Evaluation, Policy and Procedure development, HR Process training, and Independent HR investigations and audits.

Through their Organizational Development Consulting services CSI helps clients shape their organizations to meet today's turbulent marketplace. They identify issues which prevent these organizations from obtaining desired outcomes. Then they develop strategic roadmaps and assist in the implementation of these plans. They are skilled in conducting critical training in subjects including: such as sexual harassment awareness, sales and management training, and interviewer training.

Growing organizations struggle as they attempt to anticipate their infrastructure needed to support their growth. CSI identifies HR gaps creates a blueprint for the infrastructure required to move the company 4ward. Often discussions regarding infrastructure will involve evaluation of Outsourcing. CSI's uses their expertise to determine the feasibility and relevance of this solution for the client's unique growth objectives.

With today's downward economy, companies often seek to trim costs in order to survive. Staff reduction is often integral part of their strategy. CSI has the background to oversee large scale work force reductions.

Outplacement services help displaced employees make the transition to new careers. CSI services include: Counseling, Resume review, interview techniques, networking techniques, assistance in job placement, and on going coaching. This support for displaced employees also helps prevent internal moral issues with remaining staff.

The continued economic pressures on many companies will create steady demand for this service throughout 2003.

Recruiting Services

Recruiting services encompasses: Executive search, Project management, and HR on-site contract recruiting, screening and evaluation services.

Even in difficult economic times, organizations require top talent to lead them. CSI provides the expertise and the resources to fill these openings in a shortened period of time. They can fulfill larger staffing initiatives, and help organizations in mission critical times.

They expect the market for these services to be fairly flat in 2003, but will pick up significantly throughout the decade. Building relationships through the contracting and outsourcing projects will open the door to lucrative Executive Search opportunities down the road.

Command Management Solutions

Supporting their clients desire to operate more lean and efficient organizations, the Command Management Solutions division offers Employee Leasing, Outsourcing Solutions, Organizational and Departmental Managed Services, Temporary and Contract Labor.

The current economy is creating an opportunity to develop the contracting business. Uncertainty over long-term security of the market has created a situation in which many firms are afraid to hire full time employees. At the same time, there are specific projects which require a high level of expertise to complete.

Contracting services provide these organizations the staffing flexibility required in today's volatile market by leveraging industry experience when needed in a "just in time" manner. CSI possesses over 15 years of experience in resource attainment, has a strong national resource network, and historical successes within various national organizations (Fortune 500, Big 5, mid-market, dot-coms).

Contracting will be viewed as primary offering in 2003, supporting clients and partners with their staffing needs. The intent is to utilize contacting as a pull through for our other service offerings.

As organizations struggle to re-invent themselves for a more profitable future, there is a strong emphasis on eliminating functions which are non-core to the business. Outsourcing provides a vehicle for companies to eliminate non-core functions so they can turn their attention to those critical factors in their business. Industry trends suggest that this will be the fastest growing sector in this decade

CSI will leverage their particular outsourcing expertise are in the following areas: HR, manufacturing, distribution centers, and engineering as the foundation of this business function. They will position themselves as a viable organization to handle its various departmental outsourcing needs.

The Barter Group project will make this their primary service offering in 2003

Present sales volume: As of June 1 - sales revenue of $131,393 was generated primarily from Contracting Services. This service practice will continue to be the primary revenue source throughout 2003.

Guarantees/warranties:

When providing Executive Searches, no payment will be required until an appropriate candidate if hired by the client company.

Cost to administer:

The cost associated with this type of arrangement is the hours invested in the search which does not produce results. To manage these costs, CSI invests significant time up front to clarify client

expectations. In addition, they draw on their large network of contacts across the country to identify qualified candidates for the position.

Competitive advantages:

While many of their competitors rely on large in-house staff to serve client needs CSI has adopted a unique approach. They have leveraged a series of loose affiliations with high quality firms with comparable skills around the country to create a consortium of Human Resource Professionals.

This network, built over 20 years, encompasses a vast and high level of skills. The individuals and companies involved represent some of the best search companies in the United States. The firms involved in this consortium include: FFF, YYY And Associates Of Chicago, Search Inc NYC, Lake Staffing, Columbus, and AAA Placement Services, Indianapolis. CSI is currently evaluating additional affiliation partners on the West Coast.

In addition, CSI will work on-site for individual clients, creating a level of intimacy into the clients business. This allows CSI to become a part of the client organization, rapidly accessing the situation, and developing appropriate solutions.

Market Research

Customers

Fortune 1000 and larger middle market companies primarily in the Health Care, IT, and Engineering industries will make up the core of CSI's customer base.

Geographic scope:

An Indianapolis based firm, CSI will begin by targeting firms in two Midwest cities, Columbus and Indianapolis. These two cities were selected as first targets because the partners have a base of strong existing relationships and because each contains a sizable target population. There are approximately 600 companies with revenues between $50 million and $1 billion in annual sales, whose company headquarters or subsidiary headquarters are located in the metropolitan area surrounding one of these two cities.

In addition the two cities have complementary economic bases. Columbus relies heavily on manufacturing and other blue collar industries. In contrast, the economy of Indianapolis and the surrounding suburbs of Carmel, Fishers, and Noblesville depend heavily on the white collar, financial services and fast growing technology industries.

Each of the cities will be affected differently by economic down cycles and recoveries. Diversifying across industries will provide a more stable project load as each city moves through economic recovery cycles at their own rate.

Customer needs:

Human resource managers provide the entry into client companies. These overworked individuals are challenged with meeting both short term and long term HR demands. While they focus on the day to day operations and core HR responsibilities, they often neglect the long term planning vital to the growth and success of the enterprise, including but not limited to resource planning, recruiting, exploration of outsourcing opportunities, special projects and executive search.

Market growth: Until the economy recovers, the consulting and recruiting markets will be relatively flat. Based on market trends CSI expects steady but slow increases in 2003 and 2004, with more dramatic increases around 2005.

Growth relative to local economy:

Traditionally, staff augmentation has led the recovery. CSI anticipates this will be trend in the next recovery as well. Recognizing this trend CSI will develop relationships through Command Management Solutions. They will rely primarily on Contracting and Outsourcing services as these tend to be the first to grow as the economy recovers. These service offerings will create critical relationships in anticipation of the future market expansion

Innovators:

Even in a down economy, there are some companies who are doing well, and investing in their long term growth. These organizations are likely to use CSI for consulting and contracting. Health care and technology based organizations, and companies such as Barter Group and Clarian Hospital are still moving forward. Other health care, IT, engineering, and human resource companies with accounting will follow.

Product Features

Feature: Attract high quality people not currently looking for new positions

Benefit to customer: High level employees are extremely hard to find. It is difficult for a company to directly approach individuals working for competitors. Also, in current job market, hiring managers may be overwhelmed with responses to jobs posted on the internet or in local papers. Hiring managers may lack the skills to critically assess potential candidates.

Proof: CSI is a qualified resource working on behalf of client, for extremely hard to fill opportunities. They have the ability to approach individuals directly. They have the expertise to sort through 1,000's of resumes and screen out all but the best candidates. Because of the intimacy of their relationship with client companies they can evaluate candidates on the basis of skills, experience and their ability to work within the specific corporate culture.

Feature: Legal – HR advice.

Benefit to customer:
As our society becomes more litigious, HR manages are challenged to protect their companies from wrongful termination and sexual harassment lawsuits. CSI can provide guidance to maneuver through the process. In addition they can provide impartial investigation of sexual harassment claims. The use of an impartial outsider provides stronger protection against lawsuits.

Proof: With Jim's professional background as an attorney, he is the ideal individual to help keep clients out of litigation.

Feature: Specialized expertise for contracting project.

Benefit to customer: Client companies have short term needs for a specialized expertise to complete a given project or address a unique company issue. Typically these assignments are in the areas of HR, engineering and IT. Companies don't want to spend 6 months searching for individuals with specialized knowledge for assignments which may only last 6 months.

Proof: Leveraging a strong national network and a substantial data base of potential candidates, CSI can quickly build project teams for short term initiatives.

Customer Sensitivities

As clients are evaluating potential HR partners the following factors will affect their final decision: quality, professionalism, ease of doing business, reputation, and range of services offered. CSI will work diligently to exceed customer expectations in each of these areas.

To a lesser degree, economic cycles play a role as well. With its broad range of services, CSI will offer solutions which make sense during both sides of the economic pendulum.

Competitors

There are numerous companies which provide some of the services available from CSI, but none offer the full range of services, and emphasis on strategic partnership. The following analysis takes a closer look at several companies who are most likely to serve the same types of clients as CSI.

- **DDD Consulting** – Founded in 1999, DDD was recognized as one of the fastest growing companies in Indianapolis. They are one of the 25 largest staffing firms in Indiana.
- **SSS** – A multinational organization with many offices located throughout the key markets served by CSI. They offer the widest range of services. In addition to staffing, recruiting, outsourcing, and HR consulting, they have a robust technology services division. With revenues of 2.1 billion, their client list includes 85% of the Fortune 100
- **PPP** – Providing an affordable alternative for clients, PPP strengths are in their Executive Search and Contracting services. A local, Indianapolis based firm, they focus primarily on the accounting, financial and IT industries
- **TTT** – Based in Cincinnati, with a branch in Indianapolis, TTT provides contracting support primarily in the areas of technology and logistics management.
- **Manpower** – a world leader in the staffing industry, serving customers through more than 3,900 offices in 63 countries. Headquartered in Milwaukee, Wisconsin, USA since it was founded in 1948, the firm annually provides employment to 2 MMpeople worldwide.

Strengths and weaknesses, relative to CSI: Potential clients will value different characteristics depending on their needs. Several areas which will be particularly relevant to companies are the range of services offered and their "reference-ability". The table below ranks each of these competitors against criteria which are relevant for our clients.

Factor/Capability	CSI	DDD	SSS	PPP	Manpower	TTT
Exec Search	0	-	+	+	--	-
Contracting	++	+	++	+	--	++
Consulting	+	- -	0	- -	--	- -
Outsourcing	0	- -	+ +	- -	++	- -
On-Site Service	++	+	+	+	++	+
Referenceablity	+ +	+	+	+	++	-
Size of Company	-	+ +	+	+	++	+
Certification	-	-	+	-	+	-
Location	-	0	+ +	0	++	+
Price	0	+	+	0	-	++

0 = Meets client expectations or average for the industry. + = Exceeds expectations, better than average for the industry. -- = Less than average for the industry.

Business Strategy

Pricing Policy

Pricing factors:
A number of factors were considered as CSI developed their pricing policy including consumer perception, competitive activities, and current business conditions.

Strategy:
Their goal is to cultivate long term, multi-project relationships with a limited group of clients. Therefore CSI will develop a service offering which fits the budget of each individual client.

- Consulting and Outplacement fees range from $80 - $120 an hour depending upon complexity of project.
- Recruiting fees tend to be 20% - 25% of first year compensation. For projects with a very low likely hood for success this may be as high as 30%.
- Outsourcing and Contracting fees range from 20% - 30% of total fees.

Advertising and Promotion

Long-term promotional goals:

- Build brand awareness in the local Indianapolis and Columbus business communities.
- Be listed among top Human Resource agencies and fastest growing companies in Indianapolis.
- Win Blue Chip Award in 2005.
- Have a reputation as a community presence with a philanthropic image.

Short-term promotional goals:

- Feature articles in industry trade magazines on specific HR issues. Will investigate having professional writer ghost articles for publication.
- Create regular email promotion campaign for key target accounts.
- 1 – 2 Public speaking opportunities each year to broaden exposure and build credibility.
- Launch more comprehensive website.
- Develop company profile, bio and proposal package.
- Several mentions in the IBJ and Columbus business press by year end.

Marketing message:
Use “4-Sight” resource management to move “4-Ward” in tough economic times.

Media:
Initially, CSI will rely on personal contacts and referrals to build their client base. This will be supplemented by low cost public relations and email campaigns. The e-mail campaigns will be used to inform potential and existing clients of specific services and to drive traffic to the web site. There are no plans in the short term for advertising expenditures.

Monitoring marketing effectiveness:
Sales and marketing activities are monitored in a series of Excel spread sheets and reviewed at weekly operation meetings.

Promotional budget: There are no funds available at this point for marketing. CSI expects to begin marketing activities in the third quarter after the finalization of the Barter Group project in July. Total expenditures will be around 2% of annual sales.

Location

Factors in choosing location:

Currently CSI is a home based business. Since much of the work done on-site, in client locations a permanent facility has not been necessary. As part of the Barter Group Project, CSI will have office space in the location in Plainfield. Although not ideal, this will give the team a base of operations.

By late fall, they hope to be in a more convenient location. The facility should be professional and classy in appearance, but not overwhelming. Initially, CSI will require about 1,000 – 2,000 square feet, with room for several offices and a small conference room.

Ideally this facility will be in the Carmel or North Indianapolis area. This area is desirable for several reasons:

- Reasonable rents comparable to downtown without the additional expenditures for parking
- Easy access to growing northern communities, including Noblesville, Fishers, Anderson and Kokomo.
- Proximity to several large potential clients including: Delta Faucet, Thompson Consumer Electronics, and Conseco.

Operations

Sales and Sales Management

Who will conduct sales?

Initially David will conduct sales. As an experienced professional he is able to employ a more consultative approach to selling. Even as the company grows and adds professional sales staff, he or another member of the consulting team will always be integral in the sales process.

Training:

The first sales staff that will be brought on will be professionals with established relationships. These seasoned professionals will require little or no training.

As the organization grows, CSI will expand their sales staff with recent college graduates. While they will require more training, they provide a relatively low cost way to expand the staff of CSI.

David's expertise recruiting in the college campus environment will allow him to identify candidates with the attributes to be successful in this organization.

Sales methods employed:
This is a relationship business and CSI will rely on personal selling and networking to build their client base. Their pipeline contains 20 potential clients they are actively soliciting. As companies fall off the list they are replaced so that there are always 20 companies in the marketing mix. With a market consisting of approximately 600 target companies there is a sizable pool from which to draw.

Sales monitoring:

With a minimum of five face to face visits each week, all serious targets are contacted each month. ACT is used to monitor sales activity and track results of each visit. As more sales staff is added, their activities will be included and ACT will be used to generate company wide sales performance reports.

Incentives:

Early additions to the selling organization will be HR consultants, similar to David. Their incentive will be the revenue stream which is generated from the project as they deliver the services they have sold.

Customer complaints:
Customer complaints channeled directly to one of the partners.

Staffing Issues

Key positions:
To support the Barter Group expansion CSI will need to fill several key roles including on site resource managers and administrative staff. Once the Barter Group initiative is underway, CSI will turn their attention toward expansion of the client base. This expansion will require the addition of several experienced consultants capable of generating their own project load.

Recruitment:
Recruiting, screening and hiring qualified candidates are the foundation of CSI's business. They will use their vast network and combined skills to identify and attract the most qualified candidates for every position. Candidates have already been identified for key resource management positions. These candidates are currently employed elsewhere, and CSI has asked them to remain with their current employer until all details of the Barter Group contract are finalized. Additional candidates have been identified and will be brought on as work load and revenue base expands.

Though their national contacts, CSI has identified five qualified consultants in the Indianapolis and Columbus and markets. They have begun their initial conversations regarding CSI's absorption of their current clients and development of an equitable fee split.

As the organization continues to grow, less seasoned staff will be added. David has a history of successful recruiting, and developing new college graduates. He sees these talented young professionals as the foundation of CSI's second tier growth strategy.

Dress code:
CSI employees present a professional image and dress to match the codes at each client location.

Forecasting

Orders in hand:

Currently CSI has four major clients: Barter Group, XXX Insurance, BBB Insurance and MMM North Hospitals. They are developing project specifications for a number of other companies including: AAAA, RRR Appliance, GGG Manufacturing and OOO Savings Bank.

In addition they are in the final stages of a negotiation with Barter Group for a project they expect to launch on July 1 which will represent approximately $1.5 MM in sales for the balance of 2003 and $5 MM in sales in 2004.

Financial Statements

Detailed financial statements can be found in the appendix of this document.

Financing Requirements

Funds required:

To date, CSI has funded their growth through operations, adding just one additional staff member. This new Barter Group Project will require a rapid influx of cash to cover payroll and other short term receivables.

Recognizing the new Barter Group Project will require significantly more operating capital then they have needed to this point CSI has begun investigating alternative funding sources. Continuing on their process of controlled growth they intend to acquire this capital by factoring or selling their receivables. This will provide cash flow to meet short term obligations and create opportunity for expansion without creating burdensome debt for the growing organization.

Business Controls

Accounting System: CSI has chosen Quick Books as their accounting software.

Reason for choice: This robust program is ideally suited for the start up company. It generates a wide range of reports which CSI uses to manage daily, weekly and monthly operations. In addition it's compatibility with ACT and Outlook allows seamless integration of customer information.

Auditors: Edward Steele, in Westfield Indiana next meeting after tax season.

Sales monitoring:

Weekly reports including Excel spread sheet track actual sales and pipeline activity.

Marketing records:

Relevant customer data and contact information is collected in ACT. Source of new customers is also captured. As email campaign is launched, open and click through rates will be tracked to measure effectiveness of programs. Log files will capture data regarding web traffic.

Customer feedback/complaints:

This information will come directly to owners for immediate action.