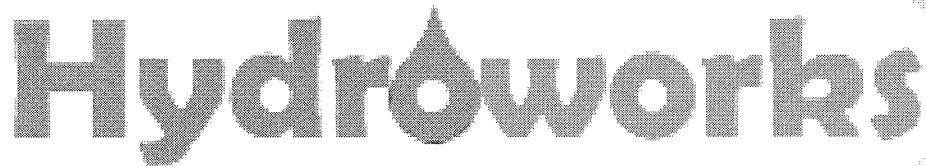


# Missouri

Osceola High School

Loren Coleman and Emily Garver

**Hydroworks**

The logo for Hydroworks features the word "Hydroworks" in a bold, sans-serif font. The letter "o" in "Hydro" is replaced by a water drop shape. To the right of the text is a stylized sunburst or starburst graphic with multiple rays.

**Business Plan Project**

**2013**



# Business Plan

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## **Business Plan**

Founded By:

Loren Coleman, Emily Garver, Ginny Hogan

### **Executive Summary**

HydroWorks is a business providing hydroponic equipment for hobby farming, greenhouses, nurseries and home gardening. As a company, we are focused on providing superior agricultural equipment to our customers. The alternative agricultural methods market has been building strongly in the past five years and is expected to enter a new, accelerated period of growth as demand for food increases. HydroWorks was created to meet this emerging industry and rising demand.

HydroWorks is structured as an S (Subchapter) Corporation with Loren Coleman, Ginny Hogan, and Emily Garver as its three shareholders. Between the three, they have a background in Business Administration, Marketing, and Accounting and Financials and will bring over 30 years' experience in company management.

In order to start this business, we require funds in the amount of \$130,000. This covers start-up expenses, beginning inventory, equipment, and advertising along with covering salaries for the first four months, and utilities and rent for the first six months. Each owner invested \$10,000, making the amount to be financed \$100,000. The loan will have an interest rate of 5.75 percent and will be amortized over 36 months with a payment of \$3,031 per month.

The projected sales level will be sufficient to repay the loan in full within the first three years of operation while still producing a net income. Revenue is expected to increase progressively as we expand our services nationally with online sales and build our market share to 20 percent of the alternative agriculture industry. In future years, additional branches of HydroWorks will be opened in leading agricultural states.



## **Company Profile**

### **Legal Form of Business**

HydroWorks is an S Corporation. We chose this form of legal status because, given our long range plan, this allows us to gain capital through shareholders who invest in our business. Although this may require more organization, we feel that a corporation would best benefit our company and objectives. Another advantage is that we will avoid double taxation being an S Corporation.

### **Effective Date of Business**

Founded in January 2013 by Loren R. Coleman, Emily N. Garver, and Ginny M. Hogan, HydroWorks began operation by opening its retail center in Harrisburg, South Dakota, January 10, 2013.

### **Company Mission Statement/Vision**

HydroWorks' mission is to assist farmers in reaching their full production potential by offering innovative hydroponic products, knowledgeable consultation, and professional installation.

The vision of HydroWorks is to create a company dedicated to serving the agricultural industry. We do this by offering quality products and ongoing support. Our development goals are for steady expansion with profitability by the end of the first year.

### **Company Governance**

We will have the following certifications, licenses and permits:

- Articles of Incorporation for a Subchapter Corporation: South Dakota
- Shareholder Agreement
- Harrisburg City Business Permit
- Lincoln County Business Permit
- Conditional Use Permit
- Alarm Permit
- IRS Form 2553 Election by a Small Business Corporation



### **Company Location**

Our company's sales office will be located at 600 N. Cliff Avenue, Harrisburg, South Dakota. South Dakota is an ideal location for HydroWorks headquarters due to its agriculturally-based economy. Although vast in farmland, land quality lacks the productivity of nearby farming states. Using hydroponic techniques in areas such as these can boost output and turn inefficient farmland into valuable production space. According to *Forbes* magazine, South Dakota's overall tax burden is the best in the country.

### **Immediate Development Goals**

By dealing in a quality product—along with customer support through on-site consultation and installation as well as marketing and industry outreach during the first year—we will strive to meet the following goals:

- Gain 60 percent of the hydroponic system and production market in a four-state area.
- Create an extensive marketing program targeting local farmers in the 45 surrounding counties.
- Work to create relationships with suppliers of local produce and greenhouses.
- Hire additional staff as needed to meet customer demands.

### **Overview of Financial Status**

We have been approved for a loan in the amount of \$100,000, as well as each owner investing \$10,000. The total amount of \$130,000 will be used to cover start-up expenses, beginning inventory, advertising, equipment, utilities and rent for the first six months, and salaries for four months. The \$100,000 loan will have an interest rate of 5.75 percent and will be repaid within 36 months. The payment each month will be \$3,031.