

Traveler LLC.



PUT THE WORLD INTO YOUR POCKET

Striving to make the world a smaller place through universally accessible travel

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Los Osos High School California 2018-2019

TABLE OF CONTENTS

1.0 Executive Summary	3
2.0 Company Profile	4
2.1 Legal Form of Business	
2.2 Effective Date of Business	
2.3 Mission Statement	
2.4 Company Governance	
2.5 Immediate Development Goals	
2.6 Financial Status	
2.7 Company Location	
3.0 Industry Analysis	5
3.1 Travel Industry Analysis	
3.2 Description, Trends, and Opportunities	
4.0 Target Market	7
4.1 Market Analysis Summary	
4.2 Market Segmentation	
4.3 Market Needs	
5.0 Competition Analysis	9
5.1 Main	
5.2 Possible/Future Competitors	
5.3 Competitive Advantage	
5.4 Barriers for Future Entry	
6.0 Marketing Strategy	10
6.1 Key Message	
6.2 Message Delivery	
6.3 Marketing to Tour Guides	
6.4 Sales Procedures and Methods	
7.0 Operations	15
7.1 Business Facility	
7.2 Product/Service Plan and Development	
7.3 Workforce Plan	
7.4 Impact of Technology	
8.0 Management and Organization	20
8.1 Key Employees, Board of Directors, and Human Resources	
8.2 Identifying, Recruiting, and Securing Key Participants	
8.3 Compensation and Incentive Plans	
9.0 Company Analysis	21
9.1 Important Assumptions	
9.2 Short and Long-Term Development	
9.3 Risk Analysis	
9.4 SWOT Analysis	
10.0 Financial Plan	24
10.1 Accounting System	
10.2 Revenue Model	
10.3 Year 1 Cash Flow	
10.4 Year 1 Monthly Income Statement	
10.5 Year 1, 3, 5 Income Statement	
11.0 Appendix	29

1.0 EXECUTIVE SUMMARY

Since the dawn of time humans have traveled the entire world, but in recent centuries instead of traveling for survival or migration, most daily forms of travel are for the purpose of finding leisure. Each traveler, whether a family looking for a fun vacation or a backpacker exploring the world, seeks a genuine travel experience. With the growth of technology, finding this genuine experience has become much easier, and travel is no longer limited by a lack of communication or planning. In fact, according to Tourism Worldwide, the tourist industry has experienced tremendous growth with almost 1.19 billion international tourist arrivals in 2015 (Tourism Worldwide). Tourism has especially expanded in the Asian Pacific region, the fastest growing tourist origin region. However, while the industry has enlarged, the way people travel has stayed unchanged. Traditional travel agencies have been the go-to method of travel for decades and while many agencies have adapted to the rise of the internet and social media, there remains a gap between travel and modern technology. For sojourners of the new world, Traveler will be the bridge between this gap, creating genuine travel experiences through the sharing economy.

Traveler is a unique travel booking application that utilizes the sharing economy model to promote more convenient forms of excursion while also providing opportunities for anyone to be able to be a tour guide and earn a living. By developing a phone application, travelers will be directly connected to tour guides on a 24/7 basis and can book tours with the swipe of their fingers. Traveler will offer a wide range of services, from real-time and future booking, to tour guide language selection, and share a tour. With an always functioning multilingual tour guide base, travelers will not have to worry about the hassles of travel planning, strict schedules, or language barriers, but instead fully enjoy their time in the destination they journeyed to.

The sharing economy has expanded rapidly over the last decade, finding itself in many niches such as ridesharing, apartment/home lending, peer-to-peer lending, and co-working (Forbes). This has come as the new digital era and “minimalist movement”, led by millennials, have made sharing much more popular and a frugal option to owning. With more openness to “sharing”, traditional industries such as tourism can adapt to the sharing economy without fear, as while it is still a developing market, it has been tested and seen success.

The southern California city of Rowland Heights will serve as Traveler’s central location. Rowland Heights is an Asian-dominated district with over 58% of its residents that are Asian-American. Although this location also is home to many other Chinese tourism companies, Traveler’s peer-to-peer system will make it unique to the many Chinese residents of the city. Ultimately, by basing in a largely Asian city with a high population of Traveler’s target audience, Traveler will open the options for travel to residents not only in the home-city but neighboring ones as well.

For its financial expenditures, Traveler will obtain an SBA 7(a) Small Business Loan for \$3.5 million. The loan will be used as short-term capital for the start of the company as well as for building the application and servers necessary for use. The loan will be paid off at 7.5% interest over a 13 year period and will include a loan guarantee fee. Although Traveler does expect to

face financial difficulties during the beginning of its start-up, we are confident that eventually, Traveler will profit. Overall, Traveler aims to lead the movement of the sharing economy into the tourist industry, and although its first aim is to reach a Chinese target audience, we believe Traveler will expand to a broader domestic market.

2.0 COMPANY PROFILE

2.1 Legal Form of Business

Traveler is a Limited Liability Corporation (LLC) whose ownership is shared equally among its three founding members. The reason for choosing a limited liability company was so that Traveler could retain the benefits of a sole proprietorship or partnership in the “pass-through” tax structure, and a corporation with its limited liability. This allows for a lower risk for the owners of Traveler as their personal assets will not be considered as a liability.

2.2 Effective Date of Business

Operations for Traveler will begin on January 2nd, 2020, but its application will not be available until February 1st, its launch date.

2.3 Mission Statement

Traveler’s mission is to make the world a smaller place through universally accessible travel, wherever, whenever. Whether a backpacker looking for a local experience, or a family looking for a fun time, Traveler seeks to provide all travelers with affordable, yet authentic tours that can be booked easily and at any time. By eliminating the need to heavily plan out excursions and follow strict schedules, Traveler is able to enhance the traveling experience for all.

2.4 Company Governance

The three chief executive officers of Traveler will be Joshua Zhang, Mingwei Zhu, and Aidan Monsale. Under the LLC format, all three executive officers will have limited liability in Traveler. Joshua will act as the company’s Chief Executive Officer (CEO), while Mingwei will act as Chief Financial Officer (CFO), and Aidan will act as Chief Operations Officer (COO).

2.5 Immediate Development Goals

In order to carry out Traveler’s mission and objectives, there are several development goals that must be fulfilled immediately. The first part of any business is to first build its team. Traveler will recruit its team members in the branches of marketing, development, finance, and operations. Once the team is set, the second development goal includes making the application, marketing to our target segment, testing its use, and projecting financials. The next step will be to seek investments from venture capitalists and other angel investors. After finding investments, we will test the application in the real market. Once tested and updated to provide the best features, the next step will be to get market exposure and build a network of users. In addition, we will collaborate with many tourist destinations in both Los Angeles to promote our services.

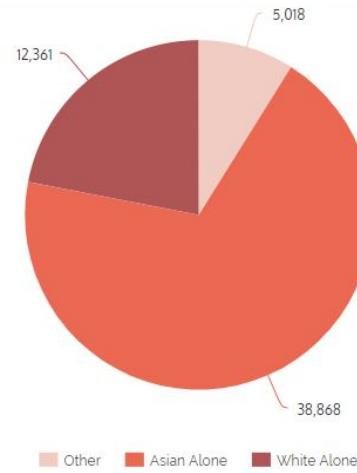
2.6 Financial Status

Traveler's three co-founders have already used parts of their personal assets to formulate the structure of the company. Besides personal assets, Traveler will obtain additional funds through the Small Business Association by applying for an SBA 7(a) loan for 3.5 million with an interest rate of 7.5%. The initial capital will be used to kick off the business for application development and starting promotions.

2.7 Company Location

Traveler's home city will be based in the Chinese-filled Rowland Heights, a suburban city near Los Angeles.

Traveler will lease a suite within the Hong Kong Plaza at 18406 Colima Rd Rowland Heights, CA, a 1,650 sq. ft facility. The Hong Kong Plaza is a bus pick up area for many Chinese excursions and is within walking distance of other Chinese tourist agencies. Although this provides additional competition, it also puts Traveler into a central Chinese tourist location, opening up Traveler's target market. The plaza is also located in one of the busiest sections of the city and provides many different entertainment, food, and shopping options.



3.0 Industry Analysis

3.1 Travel Industry Analysis

Travel and tourism is one of the largest industries in the world, contributing \$7.6 trillion to the global economy in 2016. Along with this growth, countless tour agencies, do-it-yourself guides, travel blogs, and more have been competing to take and dominate a part of the market. While some travelers prefer to rely on themselves and backpack around the world, many consumers value convenience and appropriate costs when journeying around the world.

Currently the Chinese travel industry is in a traditional state. Outbound travel into the United States especially to Los Angeles, has often been dictated by brick-and-mortar travel agencies. Chinese travelers will utilize these agencies to book tours which will often have preset schedules and have the additional convenience of booking living situations for the traveler. Although this method of travel has been the go-to for many centuries, there has been a shift to mobile applications for booking travel expenditures. This is evident within different new emerging competitors in the field with Chinese mobile applications such as Figgy. Traveler aims to take advantage of these emerging trends to distinguish itself from other travel agencies focusing on a Chinese target market.

Size and Growth

- Tourism created seven million new jobs and outperformed the growth of the economy at 4.6% in 2017 contributing \$8,272 billion to the global economy
- Of the global contribution, China's Travel and Tour industry totaled \$1,349 billion
- By 2021, 7.3 million Chinese would visit America yearly, making \$85 billion a year to the economy and over 440,000 jobs
- Chinese tourists spend \$261.1 billion in 2016 up from \$10 billion in 2000
- Only seven percent of Chinese possess a passport
- 34% of all Chinese tourists traveling to the United States visit Los Angeles
- The global growth of outbound travel in China is projected to rise 18% per year, with 4.9 million more arrivals from China, thus showing tremendous opportunity for all travel organizations in the U.S. who can capture just a small percentage of the market.

3.2 Description, Trends, and Opportunities

An emerging trend for Chinese tourism is the development and integration of a mobile application into the travel and payment process. In a study conducted by *Outbound Chinese Tourism and Consumption Trends* in 2016, 65% of Chinese Tourists used mobile payment platforms during overseas travel. The following quote, “At present, the proportion of Chinese tourists using mobile payment (28%) is quickly approaching that of cash payments (30%). Compared with the previous two years, the proportion of cash payment has declined while the use of mobile payments has increased” exemplifies this shift. Furthermore, the study shows that Chinese tourists primarily use mobile payments for shopping, dining, and visits to tourist attractions when visiting overseas. Finally, evidence suggests that increased adoption of mobile payment platforms by overseas merchants encourages spending by outbound Chinese tourists. All of such examples constitute and prove the necessity of a mobile application in Chinese tourism, in which Traveler will not disappoint.

Traveler will apply peer-to-peer technology and GPS tracking technology into its application. While still a maturing business model, peer-to-peer systems have been growing in popularity, and have worked extremely well in the market, as Uber’s peer-to-peer driving system has led to them growing to be worth over \$68 billion. GPS tracking has been frequented in many industries. However, with the increase in issues of privacy, some customers have come to fear this type of personal tracking. Yet, to survive in this industry, GPS tracking is necessary to verify the safety of consumers and ensure convenience in their travels. As aforementioned, as society has become more and more tech-savvy, a new market of digital travel companies has arisen, and with it the decline of the traditional Chinese travel agency. This rise can be directly associated with the growth of mobile and increases in 4G as the internet has become available to 3.6B people or over half the world’s population.

4.0 Target Market

4.1 Market Analysis Summary

Vacations are the ultimate getaway from one's worries. Despite this, venturing into unfamiliar territory can always be a struggle, especially when it comes to traveling the world. When consumers want to go on a journey, they often do so through do-it-yourself traveling or traveling through a tour agency. Do-it-yourself guides require lots of time and planning, and traveling through an agency can prove very costly.

Additionally, most tour guides receive relatively low payment, especially in big travel agency companies due to there being a stifling amount of competition in the tourism industry. *Traveler* is designed to be a remedy for these issues. Traveler can help consumers to go on a trip at any time with a relatively lower cost than other companies, as well as provide tour guides with more business opportunities, and subsequently, more income.

The current environment is well-suited for the success of Traveler. By focusing on a certain epicenter of Chinese tourism, specifically the west coast, Traveler can truly thrive by dedicating itself to portions of the industry.

4.2 Market Segmentation

The following factors heavily contributed to our decision on a target market:

Geographic: The U.S. is the country most visited by Chinese tourists, and of those tourists, 34% visited California. Los Angeles attracts the highest number of Chinese tourists. In 2017 alone, Los Angeles welcomed a record 1.1 million Chinese tourists. This made Los Angeles the first ever American city to receive over one million Chinese tourists in a single year.

Demographic: More and more middle-class Chinese families are growing rich and are traveling outside of China. These numbers are steadily rising and show the growth in the Chinese tour market that is unprecedented in any other country. A hotspot of such Chinese tourism will always be America, namely California, as many Chinese already have family residing in California as a result of Chinese immigration in earlier centuries.

Behavioral: As society progresses to become more technology-focused, efficiency along with convenience have become of greater importance to all consumers. In the touring business, customers seek convenience, but also greatly value the price and quality of the touring time. Additionally, there has been a general shift towards the use of mobile applications in the visiting process. VisitCalifornia, a California tourism website, states, "Young travelers expect digital transaction methods to be available."

Psychological: Middle-class Chinese are spending a periodically increasing amount of money on U.S. goods and trips each year. Whether it's for shopping, or going to see a national monument, the middle-class have the money and show a trend for greater spending. Furthermore, an

emerging positive image has increased Chinese tourism in America. VisitCalifornia.com, a California tourism website, states, “Chinese travelers see California as a welcoming, free-spirited land of abundance.” As such, Chinese tourists cognitively view California as the premier location for experiencing American culture.

Political: Before Deng Xiaoping’s opening of the Chinese economy in the 1980s, there was little to no tourism industry in China. However, after his economic reforms and the Approved Destinations Status program, tourism emerged as a viable, proficient industry in China. Many other reforms have been made to ease travel ventures including loosened Visa regulations. Additionally, China’s president Xi Jinping has increasingly encouraged outbound travel in order to project Chinese power.

With these conditions in mind, Traveler will cater towards native Chinese families and tourists specifically visiting the areas of Los Angeles. All segments show positive growth in our segment of the market, and if we are able to even catch just a small portion of it, we will be able to profit.

4.3 Market Needs

In Traveler’s tourism market, there are two customers: the tourists and the tour guides. Each customer has their own needs. Currently, most American tourist destinations do not have a Mandarin-supportive tour experience, making it difficult for Chinese tourists to fully comprehend the information in the tour and thus leading to a fulfilling experience. And while there are Chinese travel agencies that offer Mandarin tours, the cost of these tours are often very expensive. In addition, booking for these tours requires months of pre-planning and is often a very tiring process for the consumer. As a result, the Chinese traveling market has developed three important needs: cheap prices, common language, and convenience, that if met, can hold great benefits for a company. For the tour guides, however, there are different needs to be addressed, mainly the issue of income. Most of the tour guides in the Chinese tourism industry work for low wages, about \$8.67 dollars an hour. While the minimum wage is \$11, these guides work for this little amount because it is enough to sustain their families in China. However, there remains a need for a higher wage for these guides. To satisfy both parties, Traveler will only earn 15% commission from the \$15.29/hr tour guide service rate charged for customers, and the other 85% or \$13 will be paid to the tour guides. While this rate is already almost \$5 more than what a typical Chinese travel agency will pay, Traveler will additionally provide more opportunities for tour guides to make money through tips and bonuses. Though there is a higher service rate, the prices for Traveler will still be cheap as Traveler will only raise prices of tickets by \$1.

5.0 Competition Analysis

5.1 Main Competitors

Ctrip

Strengths: Ctrip has been able to develop deep roots within China over the years, building a strong brand portfolio. It has a strong base of reliable suppliers of raw material thus enabling the company to overcome any supply chain bottlenecks. They also have a highly skilled workforce as a result of successive and modern training courses and programs. It is ultimately one of the captains of Chinese national tourism with much experience.

Weaknesses: With the immense amount of training and programs dedicated to the employees, Ctrip retains a high rate of attrition as it commits much more of its budget towards training than necessary when compared to their competitors. Furthermore, the marketing of the products leaves a lot to be desired. Even though the product is a success in terms of sales, its positioning and unique selling proposition are not clearly defined which can lead to the attacks in this segment from the competitors. Traveler specifically focuses on Chinese tourism in regards to California, specifically Los Angeles and thus we can attack Ctrip's Achilles' heel. Further evidence of such is seen in that Ctrip has trouble adapting to various product segments in its current international culture.

Figgy

Strengths: Figgy is one of the fastest growing traveling applications for Chinese tourists. It has packages of destinations for you to select from and is backed by Alibaba. Figgy is adapting to a preference for technology in tourism and thus has online and in-application services, as well as multiple payment methods.

Weaknesses: Figgy's servers are prone to going offline. With their package system, Figgy tends to overwhelm customers with a plethora of information and no method of guidance through their application. Finally, there have been reports of issues in refunds for customers, where they get no money back after canceling their trip. Traveler aims to succeed in our mobile and internet services with fully functioning applications. Our system maintenance team and programmers will ensure the full functionality and accessibility of the application, avoiding the flaws that have befallen Figgy.

5.2 Possible/Future Competitors

Big touring agencies such as Vistator already hold a great share of the entire traveling market. These agencies have been in the game for a long time and their experience propels them to be the number one tourism company year after year. Vistator provides prices of tours from other travel agencies and puts them together. The company also allows consumers to select from many different languages they want their tour in.

Do-it-yourself companies like Rick Steve's also draw in customers and are possible competition. Because there is no company putting margins on ticket prices, and you become the traveler and tour guide, do-it-yourself guides are the cheapest options to travelers. While cheap, do-it-yourself guides require more time, planning, and research into traveling and cater to the very independent travelers. This creates a different target of consumers, most often backpackers or other frugal tourists.

5.3 Competitive Advantage

Tourism is a competitive and mature market now, but Traveler has a competitive edge over other Chinese travel agencies in that Traveler provides consumers with a more local and authentic travel service as tour guides are the people who reside in California and subsequently know more about California than traditional Chinese tour guides. As a result, Traveler's consumers can have more deep and unforgettable travel experiences in Los Angeles. Traveler's strength over American travel agencies is that Traveler provides Chinese people with a bilingual tour, which means they can choose to have their tour in English or Chinese in order to provide them the most pleasant trip. Furthermore, Traveler focuses on hiring local university students who are seeking employment and other young and enthusiastic individuals, in which these individuals often bring more energy to the tour, make the tour more relaxed and immersive. These tours, on average, can communicate in English much better than the tours from traditional American travel agencies. We did numerous competitive investigations in the Rowland Heights area, in which we found many travel agents were unable to speak English at a sufficient level.

5.4 Barriers to Entry

Initial Ambiguity

Initially, one of the biggest challenges Traveler will face is developing a unique and respected identity in the Chinese tourism industry. In competition with other recognizable tourism agencies, Traveler will originally struggle to differentiate themselves for the public. With Traveler projected to potentially benefit the most from a healthy population of users, building that population will initially be the greatest obstacle Traveler faces.

Initial Pricing

Once Traveler has developed a strong user count, we will be able to fully profit off of our cheaper margin and booking fees. Until then, it will be difficult to determine an efficient price that will both entice potential customers and develop our identity without doing away on our emphasis on cheaper prices.

6.0 Marketing Strategy

6.1 Key Message

At Traveler, we believe that genuine travel experiences are ones that give complete control to the traveler. Traveler in and of itself aims to exemplify what it means to be a traveler. Exploration, independence, freedom: all are themes we pride ourselves on providing to customers as they trust

in our ability to provide them a unique experience and taste of culture. Thus, our key message to users: “Traveler will give **you** the power to travel whenever, where ever, however, so that you can enjoy a genuine travel experience.”

6.2 Message Delivery

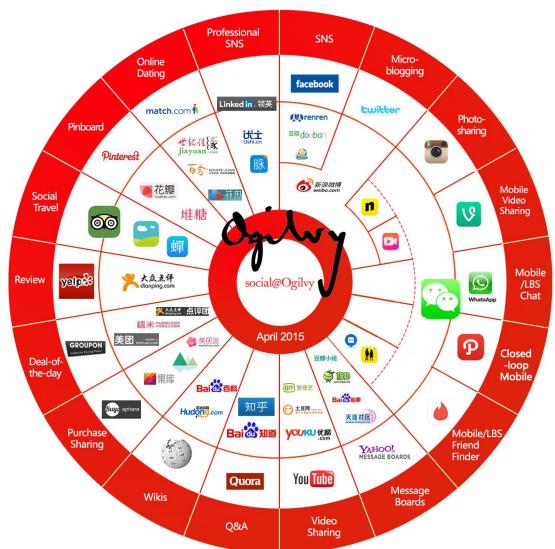
Peer to Peer (P2P)

As Traveler is a sharing application, our company will implement a peer-to-peer strategy to reach all of our consumers: Chinese tourists and tour guides. Understanding this, Traveler will market to both of these consumers through a vast range of social media platforms, email marketing, and an online website. Traveler’s marketing team will focus on creating a brand image of safe and adventurous travel, and a pro-employees based organization through a variety of promotions, and videos.

Adapting to Chinese Media

Social media is globally trending towards becoming a direct means of communication and promotion between a producer and consumer. One of the most common mistakes foreign companies make when marketing to the Chinese population is marketing through incorrect marketing channels. It is imperative to understand the sheer reach and impact of applications such as WeChat and Sina Weibo. WeChat sports an active 700 million monthly active users, serving as an epicenter for Chinese marketing as a multi-channel advertising platform. Thus, while WeChat is an application, it qualifies as the platform necessary to essentially do anything in China. Another important platform for Chinese marketing is Weibo. Weibo is one of the most famous social networks in China, with its reach being comparable to Instagram or Twitter in America.

Weibo- Weibo has an in-built, advanced search function that allows for the browsing of accounts, posts & fan pages. On the discover page of Weibo, the search engine, there is a search tool to help users find what their intended search subject. This Weibo search promotion feature focuses on increasing the visibility of the company’s account itself. Users will use the search bar and then encounter Traveler’s account as a top listed search result. The benefit is that the search results also bring up “hot topics/trending discussions”, with Traveler’s account being seen in-line with this, serving as a great boost for both visibility and reputation. Another method of marketing on Weibo, specifically utilized to bring in new customers and generate interest, is the fan tunnel feature. Fan tunnels will allow Traveler to promote either a specific post or the account itself. It functions like a ‘headline’ that appears at the top of a user’s news feed. For new brands that don’t already



have a large following, this is the best way to build a following as fan tunnels focus on the whole of the Weibo community, not just existing followers. It will place Traveler's content at the top of news feeds based on targeted audiences defined by age, gender, region, interests, and even device types. Traveler will direct such promotions towards those, but not limited to, interested in travel.

WeChat- Much like Weibo, Traveler would also create an official account, specifically an enterprise account, to base WeChat media marketing off of. Links to the official Traveler website and payment methods will be made available on the account. WeChat marketing consists of attracting followers to an account, engaging them, and eventually converting them to customers. The key to such production would be quality, consistent content. On the website, as well as WeChat itself, Traveler will release weekly videos of scenic American locations where a Traveler tour may take place. Video content is an expanding source of entertainment on WeChat and is necessary for Traveler to stand out as both interesting and a viable option for travel. This will help to attract followers and capture their attention, as a certain fascination can be cultivated by such videos. After gaining a certain amount of followers, the Traveler official account will establish an online shop through WeChat, allowing for high accessibility to Traveler's provisions and ultimately encouraging followers to participate in the tours they view weekly. The engaging weekly tour videos will continue to be produced as to not lose followers.

By focusing and cultivating a following on the two most important media platforms in Chinese society, Traveler aims to establish a foothold on Chinese tourism to America, specifically in California.

Internet Accessibility

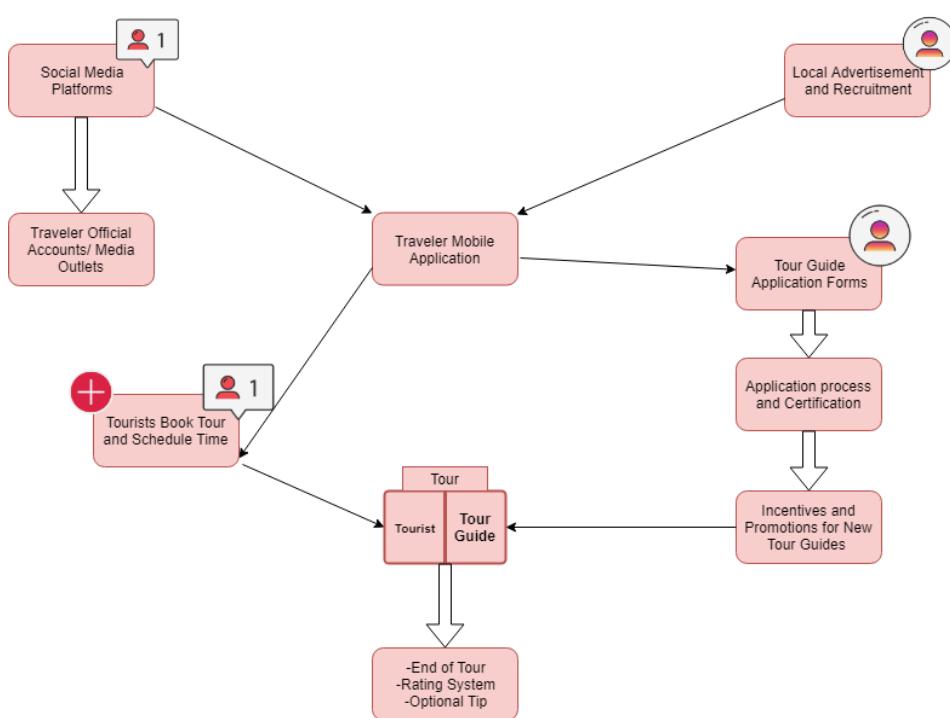
As aforementioned, an official Traveler website will be established to serve as a central hub for all Traveler services and transactions. The website can be easily accessed through Traveler's WeChat and Weibo accounts, where most customers would have found their initial interest in the first place. From there, possible tours will be listed as well as the required fees and necessary payment methods. Traveler aims to design the website's tour-booking process to be as accessible and simple as possible as a means of encouraging customers. To further entice customers, all tour video highlights would be posted to accompany the prospective tours listed. Customer service information would be featured to ensure all inquiries may be answered, and with such information, Traveler will retain a "Frequently Asked Questions" page for all customers.

Traveler's mobile application will further contribute to their growing media presence and internet accessibility. Links from WeChat and Weibo will lead to a prompt to install Traveler's mobile application for mobile users. The Traveler application will further build off of all the information present on the website, with nearby tour guides and tour opportunities listed in a Global Positioning System (GPS) -operated map, signifying the user's position in relation to such services. It will be a necessary application for both customers and tour guides.

6.3 Marketing to Tour Guides

One initial concern for such recruitment, especially in the Los Angeles would be that there are already a plethora of drivers for services such as Lyft and Uber. To validate the viability of marketing to tour guides in these areas, it has been proven that 65% of drivers work for 2 or more platforms, indicating that prospective tour guides would most likely not be tied to any specific travel service (Sherpa).

The most simple method for marketing to tour guides would be to institute advertisements based initially in California, specifically large, commercialized cities. Advertisements would be frequented on television and social media, with the volume of the advertisements varying according to our budget. Flyers will be placed on the bulletins of local shops, such as coffee shops, laundromats, and grocery stores. These flyers are not to be underestimated as they can be effective, viable options for unemployed people desperate for occupation. Such stores are also regularly visited by those new to the city, effective for both recruiting prospective tour guides as well as those that might be interested in going on a tour through our services. A final method of tour guide recruitment would be through our aforementioned platforms, WeChat and Weibo. Much of the Chinese population in America also use these two platforms, and by advertising that our business is offering opportunities to lead tours, local fans of our platforms will have the chance to play a vital role in our business. Displaying our desire to recruit new tour guides on WeChat and Weibo will allow Traveler to effectively publicize their business as well as gain valuable personnel: skilled bilingual Chinese speakers with ample knowledge of their local cities.



6.4 Sales Procedures and Methods

Traveler's sales procedure is unique in that it integrates two target markets, the customers and the tour guides, in a system based around our mobile application. Sales will originate on Traveler's social media platforms such as Weibo and WeChat, attracting customers. Tour guides will be recruited through local advertising in our target cities such as Los Angeles. Our social media and local advertising will

lead to our Traveler mobile application, the central nervous system for all Traveler services and operations. The two most important operations in this procedure are the tour scheduling feature, where Traveler will profit the most, and the tour guide job application feature, where Traveler will hire prospective tour guides. Tour guides will initially be incentivized for a set amount of hours of service to ensure their loyalty and interest in Traveler. In the final phase of the standard sales procedure, Traveler will combine their two target markets for the main tour.

GROW Strategy

Gratify: In the Gratify stage, Traveler will aim to effectively advertise that they will gratify the customer's need for a genuine experience, cheaper prices, and unique service that breaks the language barrier. During this stage, we will mass produce media to increase awareness about the benefits of traveling with Traveler. This is only the initial phase of the GROW Strategy in which we aim to secure the initial interest of consumers, eventually leading to their willingness to either apply as a tour guide or go on a tour via Traveler's mobile application.

Register: The second stage of the GROW model is the Register phase. In this stage, both our target markets will undergo some type of registration. Prospective tour guides are able to apply and register to be a tour guide through the mobile application, a process that includes a personal interview if one's application is selected. On the other side of the spectrum, the most essential feature of the mobile application is the registration process for tours that tourists can use. Thus, both of Traveler's target markets go through a necessary registration process in preparation for the Operation phase.

Operate: The Operate phase of the GROW Strategy is where we integrate the two markets, tourists and tour guides, into the main service- a tour. Tour guides will orchestrate the events of the tour for the tourists.

Widen: Customer satisfaction is essential to the final phase of the GROW Strategy. The Widen phase of the GROW Strategy is focused on establishing reliability and identity through personal experience on the tour. After the tour, both tourists and tour guides rate their accompanying tour guide/ tourists, with an additional tip feature. For tourists, a prompt will appear on the app to share their experience on social media, increasing Traveler's media presence. Word-of-mouth growth will hopefully result from a genuine, fulfilling tour as well.

Pricing

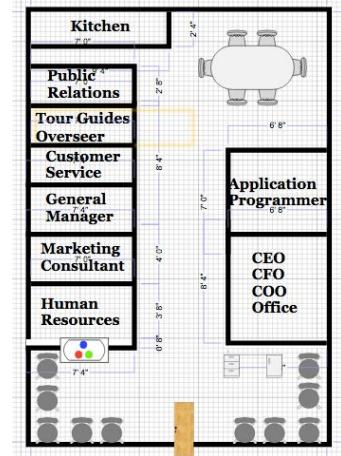
Traveler combines cheaper tour costs with higher tour guide wages and also makes a profit at the same time. The two services that Traveler will provide is a tour guide service and travel destination tickets. The base price for Traveler I, our normal tour guide service, is \$15.29/hr for 1-3 people. For 4-7 people and 8-12 people, the price goes up 20% each time from the base price becoming \$18.35/hr and \$21.41/hr. For a majority of tourist agencies, ticket margins are a large source of profit, but at Traveler, every ticket will only have a \$1 margin. Of the hourly touring service rate, 85% will be given as commission to the tour guide, and the rest of 15% will be

income for Traveler. At this rate, the minimum wage for tour guides would be \$13/hr, almost \$5/hr more than Chinese agencies pay their guides, and \$1/hr more than the median salary of American tour guides. Additionally, tour guides will be able to earn more through tips. Lastly, there will be a \$1 booking fee for every tour booked, of which \$0.10 will go towards the programs helping train the unskilled, uneducated, and without job populations. Looking at our pricing, it may be hard to make a profit, but at Traveler, we believe fully in the new sharing economy, and that we will profit based off of user growth. By promoting very low margins and a reasonable price for service, it allows for tour costs to be cheaper than many other companies.

7.0 Operations

7.1 Business Facility

The business facility of Traveler will be located in Rowland Heights, at 18406 Colima Rd Rowland Heights, CA. The main usage of our business facility is to serve as not only the headquarter of our travel agency, but also as a customer service center in which customers can come in and seek further assistance about tours or the Traveler application. Our business facility will only have one floor, but it will encompass all the necessary elements needed for our consumers as well as our employees. In front of our facility will be a consumer area with chairs and other office amenities as well as a front desk. Behind the desk, employee offices will be separated by position. Although the facility is only 1,650 sq ft. there will be enough room to fit all 16 of our employees, and as our business grows we will consider moving into a larger space. There will be no bathrooms in the Traveler facility, but the plaza does include suite shared restrooms that both our employees and consumers will be able to use. In the very back of our facility will be a kitchen and eating area for our employees to cook food and relax in when not working. Additionally, to create an environment of modernity and professionalism, all office doors and windows will be made of glass.



7.2 Production/Service Plan and Development

Traveler offers consumers a service, not a good, meaning that Traveler will not have to work with any manufacturers or distributors to receive our product. This format simplifies the production plan, but there are still many other factors to be considered. As Traveler has two consumers, there will be two applications: one made for tourists and one for tour guides. These two applications will be developed by four hired programmers as well as Joshua Zhang who has a background in Computer Science.

For the Traveler application, this includes creating a pricing algorithm, time of tour algorithm, real-time GPS locator, peer-to-peer technology, surge pricing, and money transfer technology. For the tour guide application, it will include real-time GPS locators, peer-to-peer technology, offline-online, and money transfer technology. These systems will be modeled similar to that of

Lyft, Uber, and DiDi, but will be made specifically for the usage of travel and tourism. Since these systems will be unique to Traveler's application, the company will also apply for design patents for each one. After coding and producing both applications, Traveler will find local tour guides in the Los Angeles areas. Once processed, Traveler will run trial runs of our application to see its real-life functioning. The trial analysis will show what changes should be added to the application, and once the changes are added and the final test runs done, Traveler will start releasing its applications.

Features

Traveler Application

The Traveler application has many features that all add to the experience of travel. Firstly, Traveler offers travelers the ability to book tours for any day and to book tours "right now". After selecting a destination to tour, travelers are able to choose how large their tour group is. There will be choices for the traveler to book a tour for one to three people, four to seven people, and eight to twelve people. Lastly, the traveler would be able to choose which language they would like their tour guide in, Mandarin or English. After booking, the customer will be able to see the profile of their tour guide, which includes languages spoken, interests, and a photo. To ensure that the tour guide will provide an authentic experience, there will be a rating system included into Traveler, which the tourists can dictate. Rating scores will determine which tour guides are matched first meaning that low rated tour guides will have a harder time finding tourists to make money from. Higher rated tour guides will have more opportunities to earn more, thus creating a system that promotes high quality touring services. These features also add more flexibility to travel and ensure that any size group, or any type of traveler, common or expert, will have a great experience. One common issue that consumers will have is safety. All share-based companies deal with this issue, but Traveler will treat the safety of both travelers and tour guides with utmost importance. To ensure the traveler that their tour guides will not be dangerous, Traveler will have a careful tour guide selection process. This will include doing background checks on applicants, requiring social security number, proof of residency, and a photo of California ID, providing 24-hour real-life tracking of every tour, and having a Call 911 tool directly on the application. In addition to these layers of security, Traveler's tourist application will also include a feature called "Family and Friend Tracker." The tourist will be able to set five loved ones as their Traveler contacts, and these contacts will be able to track the tourist's journeys.

Tour Guide Application

Since Traveler caters toward two types of customers -- travelers and tour guides -- there will also be a second application for tour guides to use. Similar to other peer-to-peer model applications, the tour guide application will be used from the perspective of someone working a job. Nevertheless, it will still contain many beneficial features that will enhance the user's experience. Whenever the tour guide opens the application there will be a feature where the user can go online or offline. If they want to work, tour guides go online, allowing our peer-to-peer system to match them with adventure-seeking travelers. Once they are done working, they go

offline. When a tour guide is online, our system will start working to find them a tour. Once found, the tour guide can either accept or decline the tour and will be given a description of where the tour is, how long the tour will be, and the rating of the tourist. If accepted, the tour guide will be shown the tourist profile, which consists of the tourist photo, their interests, and their phone number. The tour guide will then also meet the tourist at the desired location to begin the tour. Because of the peer-to-peer format, tour guides will also be treated as a customer of Traveler and should be both respected and listened to. If a traveler acts up, the tour guide can share their concerns as the travelers will also be rated at the end of the tour. This will deter any inappropriate actions from customers, and keep the relationship between tourist and tour guide positive and beneficial to both parties. Additionally, tour guide safety is one of Traveler's main concerns, and by making tourists sign up with a verified phone number and email, putting a 911 calling feature directly onto the tour guide application, and also providing the "Family and Friend Tracker" feature to tour guides, we can ensure tour guide safety.

7.3 Workforce Plan

Traveler focuses on employing young and energetic local Chinese students at college institutions that are looking for a part-time job as our travel tour guides. In terms of direct business operations, we will have numerous separate job positions available. We will be including three main officers, who are the three co-founders: Chief Executive Officer Joshua Zhang, Chief Financial Officer Mingwei Zhu, and Chief Operation Officer Aidan Monsale. Underneath the three founders will be our General Manager and Human Resources. Together, these two positions along with the three founders will be leading the third level of employment, including Marketing Consultants, Customer Service Workers, Public Relations Officers, System Programmer and Maintenance, as well as Tour Guide Overseers. Specific job requirements and job responsibilities will be specified below, but all jobs do require applications and interviews. Our business will only be employing 16 employees at the beginning, but as our business grows, we will be recruiting more to sustain the viability of our business and branch out our service.

General Manager:

Employee Needed: 1

Description: General Manager will be the overseer of the operation of our business as well as the performance of our employees to make sure all tasks are completed timely and efficiently and all objectives are being met. The responsibilities of the General Manager are immense as the role is vital for the well-being of our business as well as the quality of our service to our clients. **Job Requirements:** Due to the crucial responsibilities carried by General Manager, we require applicants either to have a master degree or a four-year college degree in management. We also require at least two years of work experience prior, preferably in a leadership position.

Human Resources

Employee Needed: 1

Description: Human Resources is another vital management and middle-level leadership role for our business in which he or she will be responsible for distributing tasks, planning, and carrying out objectives that we strive to achieve as a business as well as maintaining order and decorum

within our workspace to keep our productivity at the maximum every day. Human Resources will also be the primary person in recruiting new employees as well as interviewing them.

Job Requirements: Due to the immense responsibilities this position requires such as the planning of tasks, we require at least a four-year college degree and two years of working experience with no criminal records, demonstrates clear competencies in working as well as is a cooperative individual.

System Maintenance and Programmer

Employees Needed: 4

Description: As an online app-based company whose primary service platform is through the Internet and technology, programmers are extremely vital in maintaining the stability of our services as well as providing a user-friendly online environment for our clients to enjoy. Programmers will be responsible for creating our online community, our app, as well as maintaining and protecting it from potential dangers.

Job Requirements: Applicants need to have at least a two-year college degree in computer science and should at least have some level of prior experience in creating online apps.

Marketing (Business) Consultant

Employees Needed: 1

Description: At Traveler, we strive to become the best in our travel agency industry. Consequently, we believe that we need professional assistants in carrying out our daily operations in order to reach our goals as a business quickly and effectively. Thus, recruiting a marketing consultant is vital for the well-being of our business and the vital survival of it as well as help to set ourselves apart from our competitors.

Job Requirements: The applicant should have at least a four-year college degree in business and should have some level of prior experiences and successes in assisting other businesses.

Customer Service Workers

Employees Needed: 3

Description: We understand that our clients might have certain questions regarding our business such as details on our prices or reports on incidents that occurred during the tour, thus it's imperative for us to have a customer service crew there to help out our clients. Customer service workers are the ones who represent our business and demonstrate our values to the public by solving certain questions they might have.

Job Requirements: Our customer service workers need to have a great and welcoming manner, relaxed temperament, and patience as well as great interpersonal skills.

Public Relations

Employees Needed: 2

Description: Public Relations are responsible for spreading the name of our enterprise to the greater public and publicize our idea of peer-to-peer tours to the Southern California population, especially to the Chinese population in this region. Public Relations are imperative for the

development of our company and are absolutely necessary for our business to become one of the most prominent ones in this industry.

Job Requirements: Due to the immense responsibilities carried by this position and the public relation skills needed, the applicant needs to be extremely skilled in operating social media as well as have strong interpersonal skills for PR is ultimately the representation of our business.

Tour Guide Overseers

Employees Needed: 4

Description: Tour Guide Overseers are another extremely crucial role in Traveler in which they will be recruiting, interviewing, as well as viewing the applications of tour guide applicants. Furthermore, they will be responsible for maintaining the outstanding service we provide as a company, ensuring the safety and the professionalism presented by the tour guides as well as assuring the quality of their services.

Job Requirements: The applicant needs to be quite observant because this position requires the person to interview tour guides applicants in a careful and responsible manner. The applicant also needs to be equipped with decisive judgment skills as well as great interpersonal skills, in which this job also requires reading the job applications, interviewing and deciding the ultimate candidate for the tour guide position in an efficient manner.

7.4 Impact of Technology

Technology in the 21st century has rapidly expanded and brought changes not only to society but also to business. In order to stay competitive with other travel companies, Traveler will implement new and emerging technology into our operations. For Traveler's employees, this means providing them with the relevant software they need, relative to position. Additionally, with the growth of social media and other platforms such as the internet, Traveler will utilize these platforms to market and build the Traveler brand. Overall Traveler will implement technology in these key areas:

Traveler's Applications: Both of Traveler's mobile applications are crucial to the success of Traveler as the applications will be the means of pay, communication, and tours for Traveler's consumers. In order to ensure the success of these applications, Joshua Zhang, along with four other programmers will have full access to any coding program such as Javascript, Python, and C++.

Financials and Accounting: To accurately measure the company's finances, the chief financial officer will utilize TurboTax. This program allows for quick and easy accounting, but also provides safeguards so that finances can be recorded precisely.

Marketing: In order to better market the Traveler application, our company will create a website, email and social media accounts across all platforms (Twitter, Instagram, Facebook). These outlets will allow Traveler to update consumers with all the latest news and promotions while simultaneously build a brand image of professionalism and responsibility.

Communication: While consumers can contact Traveler by social media or via the consultant feature on the Traveler website, our company will also have a 24/7 hotline for customer service as well as a Gmail. By providing many outlets for communication, it allows consumers to always be able to contact our organization and keep them loyal and informed.

8.0 Management and Organization

8.1 Key Employees, Board of Directors, and Human Resources

As previously mentioned, Traveler will start off by having 16 employees and gradually employ more as our company expands over time. The key employees of our business are stated previously in Section 7.6, which consist of General Manager, Human Resources, System Maintenance and Programmer, Marketing (Business) Consultant, Customer Service Workers, Public Relations as well as Tour Guide Overseers. These key employees are imperative for the well-being of our enterprise and will together establish a firm foundation for our business along with our tour guides. The Board of Directors will consist of the three co-founders, Chief Executive Officer (CEO) Joshua Zhang, Chief Financial Officer (CFO) Mingwei Zhu and Chief Operation Officer (COO) Aidan Monsale. The three co-founders are going to be sharing responsibilities among themselves in governing the business. As CEO, Joshua Zhang will be overseeing all the services we provide here at Traveler, ensuring all objectives and goals of our enterprise are met as well as making executive decisions and planning for the direction of our enterprise. As CFO, Mingwei Zhu will be monitoring the financial health of the company, maintaining the stability of our financial situations as well as making reasonable decisions based on the availability of our budget. As COO, Aidan Monsale will work closely with the Human Resources and General Manager of our business to plan out the future of our business as well as ensuring the utmost dedication and productivity of our employees. In terms of our human resources, we will assign different responsibilities to each of our key employees and have our Human Resources and COO work collectively in managing the productivity of our employees and making sure all objectives are met. In addition, Traveler will be employing consultants that were ex-employees of AirBnb Experiences and of Uber as our advisory committee for the company. The ex-employees of these sharing-industry companies would already have had extensive experience in similar platforms of business. Subsequently, they would be acquainted with the intricacies of the inner workings of such businesses. With the advantage of having already engaged in this industry, the consultants in our advisory committee board is able to present to us the most in-depth analysis of the trends of the industry, the growth of the market, as well as the directions our company needs to take in order to fulfill our long-term goals.

8.2 Identifying, Recruiting and Securing Key Participants

Traveler recognizes the importance and the values of our key employees as well as participants. Consequently, it is imperative for us to identify and secure hardworking employees. In terms of identifying key participants, our COO Aidan Monsale and our Human Resources officer will be working closely together in evaluating the performances of all our employees semi-annually as well as finding new potential employees through job postings on websites such as Indeed.com. Additionally, as Traveler is located near Los Angeles, there are a plethora of local universities

such as UCLA and USC that we can source young passionate adult from. In terms of recruiting key participants, Traveler focuses primarily on young, newly-graduated college students who have a decent education and ethical background to work as either the Programmer, Public Relations, or Customer Service. For Marketing Consultant and Tour Guide Overseer, we will be looking into college-graduates who have a certain level of prior work experience and reliable backgrounds. For General Manager and Human Resources, we will be looking into highly educated individuals with extensive work experiences. Traveler will post job applications and recruitment advertisements through social media, online flyers, online sites, newspaper and other means of media. Another key participant that needs to be secured is Traveler's tour guides. While there are many Chinese companies recruiting tour guides within our area, our company plans to target young students in the LA area. These students must be able to speak Mandarin and be familiar with the city. Similarly to Uber and other sharing companies we will offer a guaranteed commission to tour guides in order to secure their place on our Traveler network.

8.3 Compensation and Incentive Plans

Traveler recognizes that if we want to retain valuable and skillful employees, we need to provide a great set of incentives and compensation to attract them. Thus, Traveler will provide healthcare, 401(k) plans, as well as reduced Traveler tour costs to all of our office employees. Staff that stay with the organization for 2 years will receive an even greater reduced price on their tours, and receive a few free tours a year. Understanding that Traveler is a sharing-based company, usage and user retention is crucial to our success. Thus, we will incentivise our marketing and public relations team with commission based on user marks. This will push them to always think of creative marketing strategies and obtain the most users every year.

9.0 Company Analysis

9.1 Important Assumptions

Some important assumptions that will be used when projecting finances and evaluating the success of Traveler will be:

- The sharing economy will continue to mature and grow as a business structure with more consumers accustomed to the sharing structure
- The tourist industry will continue to grow, and especially tourism from Asia will continue to be the fastest pace region
- The United States, as well as China and California will not face significant recessions in the near future
- Mobile consumerism will grow more popular with the general population of the United States and China
- International relations between the United States and China will remain friendly to allow tourism between both regions

To ensure that Traveler is on a path to achieve its mission and remain profitable, there are many short-term and long-term goals that must be set. These goals will act as objectives for the company to reach and promote Traveler's success and impact on consumers.

9.2 Short and Long-Term Development

Short Term 3 Year Goals

Traveler expects the first few years of operation to be filled with challenges and is prepared to face profit loss. In order to successfully fulfill Traveler's business model, two standards must be met: a large amount of users, and a high usage rate. Thus the first objective of Traveler will be to establish a user population. In order to do this Traveler will have the short term goals of:

- Securing a user population of 25,000 as well as building a base of 5,000 tour guides within the first year of operation
- Establish relations and obtaining investments from different investment groups and individuals to have capital for company use
- Reach out to local small tourist destinations and partner with these businesses in a effort to bring benefit to both sides
- Make connections with local colleges as a source of future employment and internships for Traveler
- Break even by Year 2 of operation

Long Term 5 Year Goals

After the initial years of development, Traveler will gear its focus on becoming an industry leader in the sharing tourism business as well as create larger impacts for our consumers and communities. This step to prominence will involve many long term goals such as an expansion beyond just Los Angeles and include:

- Open up the target market of Traveler to Americans and other ethnicities instead of just focusing on Chinese tourists in Los Angeles
- Expand the languages Traveler can offer for tours as well as expand tour guides to complement the ethnicities of tourists
- Establish Traveler in new tourist friendly domestic cities such as San Francisco, New York City, and Las Vegas
- Create a network with all the tourist destinations in Los Angeles and focus on exploring new travel experiences that are local and not as known
- Make new offices within each opened city and add 30+ employees for each location

As Traveler grows in locations and user population, having an organized expansion is key to maintaining success and achieving long term goals. Growing at a faster rate than our company can handle will lead to subpar service and lower consumer loyalty. Thus Traveler must maintain a large group of employees and maintain a consumer base that is also high in usage. Building a brand and establishing a professional, friendly reputation will also aid the shift into Traveler's long term goals. One of the key characteristics Traveler wants to be known for is community impact. This will be achieved by highlighting smaller tourist destinations as well as through our Traveler Tour guide builder program which will help low SES populations develop into Traveler's tour guides.

9.3 Risk Analysis

Although there is a plethora of opportunity with Traveler, there are many potential risks that must be analyzed in order to overcome any potential obstacles Traveler faces in its operation.

Business Model Risks

Traveler's largest risk is within its business model. Since it is a peer-to-peer system, the user population of both consumers is essential to success. However, this also causes two different areas of risk as if there is either a lack of users or lack of tour guides, Traveler will be unable to function. Additionally although the sharing economy has been known and adopted by many consumers, even in China, the reception of a sharing based traveling business is unknown and may not be as popular as these other sharing models. Finally the tour industry is a very large market with many different competitors from American to Chinese travel companies. It may be very hard to break into the industry, especially with a new structure of travel. Because of these business model risks, Traveler may face a low user population. This will result in decreased profits of Traveler and may lead to its inability to function.

Financial Risks

While Traveler does expect to face financial obstacles in its early years, lack of capital still remains a large risk for the company. As of 2018, Traveler has yet to obtain any large investments from investing organizations and individuals, and besides the SBA 7(a) type loan and personal assets of the board of directors, the remaining capital will come through revenue generated from Traveler. As mentioned before, this revenue is at risk if the user population or usage is low. Although there are factors in place to prevent the failure of Traveler, capital and investments are still needed to make Traveler's long term success possible.

Solutions

In order to prevent adverse results and take Traveler toward its long term goals, we will stress the convenience of the Traveler application as well as its additional benefits such as Chinese language tours and local authenticity to our target market. Traveler will also stress the safety of the touring application through features such as direct 911 call feature and a 24/7 GPS monitor travelers can share with trusted friends or family. Through these different marketing focuses, the goal is to lessen the fear surrounding our business model and increase the user population. However user rate is also a very important part of the future success of traveler, and by ensuring our tour guides provide quality services to our consumers, it will allow our travelers to use our application more and spread its use to others. Overall by developing the user population and the user rate, we will be able to achieve our long term goals.

9.4 SWOT Analysis

Strengths:	Weaknesses:
<ul style="list-style-type: none"> Control given to tourists Bilingual tour guides Lower prices for consumers Specialized to Chinese market Markets to tour guides and tourists Convenience (Mobile App) 	<ul style="list-style-type: none"> Mature market Large competition Lack of funding Small Target Market
Opportunities:	Threats:
<ul style="list-style-type: none"> Mature market, low risk entering Existing tour guides and potential tours Developed traveling destinations 	<ul style="list-style-type: none"> Potential competitors copying our peer-to-peer model Fierce competition within industry Online and application security (possibility to be hacked)

10.0 Financial Plan

10.1 Accounting System

Traveler will utilize the TurboTax Business 2018 application in order to keep track of all of the company's transactions. The TurboTax Business application is especially geared towards partnerships, S corps, C corps, and multi-member LLCs. Additionally TurboTax includes the feature of industry-specific tax deductions as well as the ability to create W-2 and 1099 tax forms for employees. This allows Traveler to have an easy, comprehensive method to track financials.

10.2 Revenue Model

Traveler will start with an initial SBA 7(a) loan of 3.5 million and assets from the co-founders of Traveler and the amortization of the loan will be included within our financials. To find accurate pricing for each month the company set a term of conditions for Year 1 by looking at other travel agency and sharing-based company profits. One specific condition we also included from our research was surge pricing which is a special form of pricing that kicks in when there is a high usage rate on the application and raises normal prices 125%. Traveler assumed that there would be offseason months where tour guide services would slow down, and high peak season months where tour guide services would surge. In Year 1, Traveler assumed that during the offseason, January-April and November, there would be approximately 50 active tour guides working every day for 2.5 hours. Then in the busy season from June to September and December, Traveler anticipated 100 active tour guides working 2.5 hours a day. During the peak seasons, surge pricing was included in the calculation, so the regular pricing was multiplied by 1.25. Additionally each tour price included the \$2 service and booking fee. After setting the hours

worked and number of tour guides Traveler predicted the growth of our user population to increase 1000 users every month. However, Traveler only based the revenue projections on the number of tour guide numbers and their hours of service. Also Traveler assumed that only Traveler I service was used for 1-3 people groups to have the most accurate projections. After setting all the conditions, monthly revenues were calculated based on how many days were in the month. For example for the month of February Traveler multiplied \$15.29(service fee per hour) by number of tour guides(50), number of hours worked (2.5), days in the month (28), and the service fee (2). This came out to be \$107,730 for monthly sales of February. For the projections of Year 3 and Year 5, we based the projects similarly to Year 1 except profit as well as sales costs were projected to be multiplied by 3 and 7.5 from Year 1 respectively.

10.3 Year 1 Cash Flow

Monthly Cash Flow Year 1

Year Ended 31 December 2020

	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>December</u>	
Beginning cash	\$ 50,000	\$ 3,417,76	\$ 3,338,31	\$ 3,275,05	\$ 3,210,25	\$ 3,148,55	\$ 3,205,70	\$ 3,303,85	\$ 3,420,84	\$ 3,532,07	\$ 3,524,37	\$ 3,479,15	
Cash receipts													
Cash from sales	\$ 83,490	\$ 99,265	\$ 116,964	\$ 115,426	\$ 118,503	\$ 237,390	\$ 278,366	\$ 297,218	\$ 291,447	\$ 171,021	\$ 133,509	\$ 237,006	
Interest from bank deposi	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Loan received	\$ 3,500,00	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cash disbursements													
Inventory additions	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Cash expenses	\$ 143,534	\$ 143,534	\$ 145,034	\$ 145,034	\$ 145,034	\$ 145,034	\$ 145,034	\$ 145,034	\$ 145,034	\$ 145,534	\$ 143,534	\$ 143,534	
Capital expenditures	\$ 37,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Loan repayments	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	
Tax paid	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 402,622	
Ending cash	<u>\$ 3,417,76</u>	<u>\$ 3,338,31</u>	<u>\$ 3,275,05</u>	<u>\$ 3,210,25</u>	<u>\$ 3,148,55</u>	<u>\$ 3,205,70</u>	<u>\$ 3,303,85</u>	<u>\$ 3,420,84</u>	<u>\$ 3,532,07</u>	<u>\$ 3,524,37</u>	<u>\$ 3,479,15</u>	<u>\$ 3,134,81</u>	
Monthly Sales	<u>January</u>	<u>February</u>	<u>March</u>	<u>April</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>	<u>September</u>	<u>October</u>	<u>November</u>	<u>Totals</u>	
Monthly sales	<u>\$119,272</u>	<u>\$107,730</u>	<u>\$119,272</u>	<u>\$115,426</u>	<u>\$119,272</u>	<u>\$288,562</u>	<u>\$298,180</u>	<u>\$298,180</u>	<u>\$288,562</u>	<u>\$119,272</u>	<u>\$115,426</u>	<u>\$288,562</u>	<u>\$ 2,277,71</u>
Sales breakdown													
Sales in cash	\$ 83,490	\$ 75,411	\$ 83,490	\$ 80,798	\$ 83,490	\$ 201,993	\$ 208,726	\$ 208,726	\$ 201,993	\$ 83,490	\$ 80,798	\$ 201,993	
1 month after	\$ 23,854	\$ 21,546	\$ 23,854	\$ 23,085	\$ 23,854	\$ 57,712	\$ 59,636	\$ 59,636	\$ 57,712	\$ 23,854	\$ 23,085	\$ 57,712	
2 months after	\$ 11,927	\$ 10,773	\$ 11,927	\$ 11,543	\$ 11,927	\$ 28,856	\$ 29,818	\$ 29,818	\$ 28,856	\$ 11,927	\$ 11,543	\$ 28,856	
Cash received	\$ 83,490	\$ 99,265	\$ 116,964	\$ 115,426	\$ 118,503	\$ 237,390	\$ 278,366	\$ 297,218	\$ 291,447	\$ 171,021	\$ 133,509	\$ 237,006	\$ 2,179,60

COSG and Inventory	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Cost of sales	\$ 50,691	\$ 45,786	\$ 50,691	\$ 49,056	\$ 50,691	\$ 122,638	\$ 126,726	\$ 126,726	\$ 122,638	\$ 50,691	\$ 45,785	\$ 126,726	\$ 968,845
Inventory additions:													
Merchandising:	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total purchases	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total freight cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Manufacturing:													
Direct materials	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Direct labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total freight cost	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Inventory forecast													
Beginning inventory	\$ -	\$ (50,691)	\$ (96,477)	\$ (147,168)	\$ (196,224)	\$ (246,915)	\$ (369,553)	\$ (496,279)	\$ (623,005)	\$ (745,643)	\$ (796,334)	\$ (842,119)	
Additions of inventory	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	
Less cost of goods sold	\$ (50,691)	\$ (45,786)	\$ (50,691)	\$ (49,056)	\$ (50,691)	\$ (122,638)	\$ (126,726)	\$ (126,726)	\$ (122,638)	\$ (50,691)	\$ (45,785)	\$ (126,726)	
Ending inventory	\$ (50,691)	\$ (96,477)	\$ (147,168)	\$ (196,224)	\$ (246,915)	\$ (369,553)	\$ (496,279)	\$ (623,005)	\$ (745,643)	\$ (796,334)	\$ (842,119)	\$ (968,845)	
Purchases breakdown													
Purchases in cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1 month after	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
2 months after	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Operating Expenses	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Selling, general & administrative													
Salaries	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 133,000	\$ 1,596,00
Rental	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 3,696	\$ 44,352
Utilities	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 12,000
Repairs and maintenance	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 6,000
Advertising	\$ 1,500	\$ 1,500	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 3,000	\$ 1,500	\$ 1,500	\$ 1,500	\$ 28,500
Administrative	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Legal and license fees	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 1,089	\$ 13,068
Server	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 1,249	\$ 14,988
Total SG&A	\$142,034	\$142,034	\$143,534	\$143,534	\$143,534	\$143,534	\$143,534	\$143,534	\$143,534	\$142,034	\$142,034	\$142,034	\$ 1,714,90
Research & development													
R&D expense	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 1,500	\$ 18,000
Capital Expenditures	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Land	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Buildings	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Equipment	\$ 24,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 24,000
Furniture & fixtures	\$ 13,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,000
Total capital expenditures	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SBA 7(a)													
Principal payment	January	February	March	April	May	June	July	August	September	October	November	December	Totals
Interest expense	\$ 13,313	\$ 13,396	\$ 13,480	\$ 13,564	\$ 13,649	\$ 13,734	\$ 13,820	\$ 13,906	\$ 13,993	\$ 14,081	\$ 14,169	\$ 14,257	\$ 165,362
Total payment	\$ 21,875	\$ 21,792	\$ 21,708	\$ 21,624	\$ 21,539	\$ 21,454	\$ 21,368	\$ 21,282	\$ 21,195	\$ 21,107	\$ 21,019	\$ 20,931	\$ 256,894
Balance remaining	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 35,188	\$ 422,256
	\$ 3,486,68	\$ 3,473,29	\$ 3,459,81	\$ 3,446,24	\$ 3,432,59	\$ 3,418,86	\$ 3,405,04	\$ 3,391,13	\$ 3,377,14	\$ 3,363,06	\$ 3,348,89	\$ 3,334,63	

10.4 Year 1 Monthly Income Statement

Monthly Income Statement Year 1

	Years ended	
	December 31, 2020	December 31, 2021
Sales	\$ 189,809	\$ 353,413
Cost of Sales	<u>\$ (80,737)</u>	<u>\$ (150,200)</u>
Gross profit	\$ 109,072	\$ 203,213
Operating expenses		
Selling, general and administrative	\$ (142,909)	\$ (142,909)
Research and development	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>
Operating income	\$ (51,837)	\$ 42,304
Other income or expense		
Other income	\$ -	\$ -
Interest expense	\$ (21,407)	\$ (20,337)
Income before taxes	\$ (73,244)	\$ 21,967
Income taxes	<u>\$ -</u>	<u>\$ (1,942)</u>

10.5 Year 1, 3, 5 Income Statement

Income Statement Year 1

	Years ended	
	December 31, 2020	December 31, 2021
Sales	\$ 2,277,716	\$ 4,240,964
Cost of Sales	<u>\$ (968,845)</u>	<u>\$ (1,802,410)</u>
Gross profit	\$ 1,308,871	\$ 2,438,554
Operating expenses		
Selling, general and administrative	\$ (1,714,908)	\$ (1,714,908)
Research and development	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>
Operating income	\$ (424,037)	\$ 705,646
Other income or expense		
Other income	\$ -	\$ -
Interest expense	\$ (256,894)	\$ (244,055)
Income before taxes	\$ (680,931)	\$ 461,591
Income taxes	<u>\$ -</u>	<u>\$ (40,805)</u>
Net income	<u>\$ (680,931)</u>	<u>\$ 420,787</u>

Income Statement Year 3

	Years ended	
	December 31, 2022	December 31, 2023
Sales	\$ 6,833,148	\$ 12,722,892
Cost of Sales	\$ (2,906,535)	\$ (5,407,230)
Gross profit	<u>\$ 3,926,613</u>	<u>\$ 7,315,662</u>
Operating expenses		
Selling, general and administrative	\$ (1,714,908)	\$ (1,714,908)
Research and development	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>
Operating income	<u>\$ 2,193,705</u>	<u>\$ 5,582,754</u>
Other income or expense		
Other income	\$ -	\$ -
Interest expense	<u>\$ (256,894)</u>	<u>\$ (244,055)</u>
Income before taxes	<u>\$ 1,936,811</u>	<u>\$ 5,338,699</u>
Income taxes	<u>\$ (171,214)</u>	<u>\$ (471,941)</u>
Net income	<u><u>\$ 1,765,597</u></u>	<u><u>\$ 4,866,758</u></u>

Income Statement Year 5

	Years ended	
	December 31, 2024	December 31, 2025
Sales	\$ 11,388,580	\$ 21,204,820
Cost of Sales	\$ (4,844,225)	\$ (9,012,050)
Gross profit	<u>\$ 6,544,355</u>	<u>\$ 12,192,770</u>
Operating expenses		
Selling, general and administrative	\$ (1,714,908)	\$ (1,714,908)
Research and development	<u>\$ (18,000)</u>	<u>\$ (18,000)</u>
Operating income	<u>\$ 4,811,447</u>	<u>\$ 10,459,862</u>
Other income or expense		
Other income	\$ -	\$ -
Interest expense	<u>\$ (256,894)</u>	<u>\$ (244,055)</u>
Income before taxes	<u>\$ 4,554,553</u>	<u>\$ 10,215,807</u>
Income taxes	<u>\$ (402,622)</u>	<u>\$ (903,077)</u>
Net income	<u><u>\$ 4,151,931</u></u>	<u><u>\$ 9,312,730</u></u>

11.0 Appendix

Traveler Application of Employment

 TRAVELER

Traveler Application of Employment

Personal Information

Name: _____

Last	First	Middle
Address:		
Street (Apt. #)	City/State	Zip Code
Alternate Address:		
Street	City/State	Zip Code
Contact Information:		
Home Phone	Mobile Phone	Email

How did you learn about our company: _____

POSITION SOUGHT: _____ **Available Start Date:** _____
Desired Salary: _____ Are you currently employed? (Circle) Yes No _____

Education:

Level of Education	Name of School & Location	Year of Graduation & Degree	Major, Areas of Study
High School			
College			
Specialized training, Trade School, etc.			
Other Education			

* Please Attach Your Resume and a Cover Letter!
Additional Skills, Abilities & Additional Comments: _____

LLC Agreement

**LIMITED LIABILITY COMPANY OPERATING AGREEMENT
OF _____, LLC**

FORMED IN THE STATE OF _____

This Agreement, entered into on _____, 20_____, is a

(Check One)

- SINGLE-MEMBER LLC OPERATING AGREEMENT, entered into by and between _____, LLC, a _____ (State) LLC (the "Company") and _____ of _____ (Address), hereinafter known as the "Member"

- MULTI-MEMBER LLC OPERATING AGREEMENT, entered into by and between _____, of _____ (Address), _____, of _____ (Address), _____, of _____ (Address), hereinafter known as the "Members"

WHEREAS the Member(s) desire to create a limited liability company under the laws of the State of _____ and set forth the terms herein of the Company's operation and the relationship between Member(s).

NOW, THEREFORE, in consideration of the mutual covenants set forth herein and other valuable consideration, the receipt and sufficiency of which hereby are acknowledged, the Member(s) and the Company agree as follows:

1. **Name and Principal Place of Business**

The name of the Company shall be _____, LLC. The principal place of business of the Company shall be at _____, in the State of _____ or at such other place of business as the Member(s) shall determine.

2. **Formation**

The Company was formed on _____, 20_____, when the Member(s) filed the Articles of Organization with the office of the Secretary of State pursuant to the statutes governing limited liability companies in the State of _____ (the "Statutes").



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