Spring 5-1-2012

3D – Personalized Statues Business Plan: iStatue

Junjie Li
Syracuse University

Follow this and additional works at: https://surface.syr.edu/honors_capstone

Part of the Accounting Commons, Corporate Finance Commons, and the Entrepreneurial and Small Business Operations Commons

Recommended Citation
https://surface.syr.edu/honors_capstone/161

This Honors Capstone Project is brought to you for free and open access by the Syracuse University Honors Program Capstone Projects at SURFACE. It has been accepted for inclusion in Syracuse University Honors Program Capstone Projects by an authorized administrator of SURFACE. For more information, please contact surface@syr.edu.
3D – Personalized Statues Business Plan
iStatue

A Capstone Project Submitted in Partial Fulfillment of the Requirements of the Renée Crown University Honors Program at Syracuse University

Junjie Li
Candidate for B.S. Degree and Renée Crown University Honors
May 2012

Honors Capstone Project in Finance and CPA Accounting

Capstone Project Advisor: _______________________
Professor Mitchell Franklin

Capstone Project Reader: _______________________
Professor Breagin Riley

Honors Director: _______________________
Stephen Kuusisto, Director

Date: May 4, 2012
Abstract

Opportunity Statement
As people in our current society are becoming more fashionable and self-expressive, the demand of products that can enhance uniqueness and demonstrate personality is increasing drastically. iStatue, with the introduction of 3D Personalized Statues, will provide a unique product with quality and satisfaction to its customers.

Business Concept & Product
iStatue will challenge market leaders Build-a Bear Workshop and American Girl with a personalized toy to satisfy customers’ unique needs. The sculpture is a personalized toy in which the face head of the statues are made based on the picture of customers and customers control over which the appearance of the statue.

Target Market
iStatue’s target market is children ages 3-12 and parents who would like to make customized toys to give to their children or children of their loved ones. Therefore, our company will mainly cater towards families with elementary school children. The figurines will not be very expensive but of good quality so that the average middle class person would be able to afford such a toy and be able to keep it for a long time.

Research and Development
Even though professional sculptor can handmade great personalized statue, this manufacturing process in making statue is long and imperfect. iStatue’ R&D will focus on two main areas: 2D to 3D image conversion and 3-D printing.

Economics
With average manufacturing costs valued at $18.58 per statue, 3D – personalize statue will be sold to customer via iStatue.com at $39.99 for a 53.5% gross profit margin.

Financial Highlights
After incurring startup costs required for iStatue.com design prior to the first year of operations, iStatue anticipates breaking even by year 2, in March 2014. Beginning at 0.05% market share, iStatue will grow in conjunction with annual industry growth rate at 0.2%, while experiencing as additional average 30% growth each year of operations until reaching a mature 0.19% market share. At the end of Year 5, iStatue is expected to generate $1.76 million.

Financial Need
With outscoring manufacturing production in China and selling product online, startup costs are going to be fairly minimal. As a result, iStatue will be seeking $80,000 from investors with an interest and experience for a 30% equity stake in the company.
# Table of Contents

Abstract ......................................................................................................................................................... i

**SECTION I: THE INDUSTRY** .................................................................................................................. 1
  - Industry Selection ............................................................................................................................. 1
  - Industry Growth ............................................................................................................................... 1
  - Cost Structure .................................................................................................................................. 4
  - Major Market .................................................................................................................................... 5
    - Customers aged 24 and younger ................................................................................................. 5
    - Customers aged 25 to 64 ............................................................................................................. 5
    - Customers aged 65 and older ..................................................................................................... 6
  - Major Players ................................................................................................................................... 6
  - Business Locations .......................................................................................................................... 8
  - Key Success Factors ....................................................................................................................... 9
  - Industry Financial Ratios .............................................................................................................. 10

**SECTION II: THE COMPANY, CONCEPT, PRODUCT AND LOGO** ................................................... 11
  - The Company & the Concept ......................................................................................................... 11
  - The Product .................................................................................................................................... 12
  - The Logo ....................................................................................................................................... 14

**SECTION III: MARKET RESEARCH AND ANALYSIS** ...................................................................... 16
  - Market Definition .......................................................................................................................... 16
  - Target Market ................................................................................................................................ 17
    - Customers aged 24 and younger .............................................................................................. 17
    - Age group (5-12) .................................................................................................................... 17
    - Age group (13-24) .................................................................................................................. 18
    - Special occasions ..................................................................................................................... 19
  - Competition & Competitive Edges ............................................................................................. 19
  - Estimated Market Share & Sales ................................................................................................. 21

**SECTION IV: ECONOMICS** ............................................................................................................... 23
  - Revenue & Contribution Margin .................................................................................................... 23
  - Fixed & Variable Costs .................................................................................................................. 24
  - Operating Leverage ....................................................................................................................... 25
  - Startup Costs ................................................................................................................................. 25
  - Overall Economic Model ............................................................................................................. 26
  - Breakeven Chart ............................................................................................................................ 27
  - Profit Durability ............................................................................................................................. 27

**SECTION V: THE MARKETING PLAN** ............................................................................................... 28
  - Overall Marketing Strategy .......................................................................................................... 28
  - Pricing .......................................................................................................................................... 29
  - Sales Tactics ................................................................................................................................. 30
SECTION I: THE INDUSTRY

Industry Selection
iStatue will compete with others in the Hobby & Toy industry, with North American Industry Classification System (NAICS) code of 45112. The companies in this industry sell a various range of toy and hobby goods, such as dolls and toys, including video games, board games, hobby kits and raft supplies. Industry segmentations consist of tradition toys (35% of the industry), hobby and craft supplies (24% of the industry), youth electronics (7%) and other toys and games (34%) (IBISWorld, 45112 - Hobby & Toy Stores in the US).

Industry Growth
In 2012, the Hobby and toy Stores industry has suffered from 2007 to 2012. The industry revenue fell at an average annual rate of 0.3% to $17.1 billion in 2012. For the following 6 years to 2018, IBISWorld estimates that the average annual rate will continue to decline due to poor economic factors. The two main economic factors, declining consumer confidence and disposable income, have decreased...
consumer’s spending, which drove down the demand for toys and hobby goods. Furthermore, competition from discount sales had statistically reduced contribution margin and profitability.

In 2012, as noted by the chart on the right, the industry generated $17 billion in revenue. Because of the two main poor economic factors and external competition, profitability is expected to remain low in 2012 at 1.2%. However, profit margin is estimated to expand to 2.5 by 2017 benefiting from improving sales for toys and hobby goods. Also, cheap imports from China will significantly keep purchase cost low for companies, which will lead to an improved contribution margin (IBISWorld, 45112 - Hobby & Toy Stores in the US – Industry Outlook).

**Industry Life Cycle**

Even though, the Hobby and Toy Stores industry has reached the mature stage of its life cycle, value has been added to industry’s contribution to U.S. GDP, which is estimated to increase at
annual rate of 0.9% on average from 2002 to 2012. This rate shows the industry will likely remain stable, while the US economy has grown 1.9% annually over the same period. A mature industry is indicated by decreasing consumption and falling number of enterprises.

As time progresses, external competition from discount department stores increases significantly, which causes purchases of toy and hobby goods from this industry to fall since 2007. In order to be competitive, large retailers offer comparable products at low prices to attract price-sensitive customers. This trend is causing many companies to either merge, be acquired or to exit the industry completely. For example, the number of enterprises has declined at an average annual rate of 2.6% to 19,133 businesses over the past five years. As competition continues, IBISWorld forecasts that the number of firms will fall further at an average annual rate of 1.1% in the five years to 2017.

The Hobby and Toy stores industry exhibits a saturated product market. For hobby goods, no new product has been rapidly introduced and changes have been cosmetic. Conversely, the toys market has experienced some changes in its product line since 2007. Children explore toys at younger ages and electronic toys have arisen as key products in the toy industry. IBISWorld expects relatively new products to drive the industry's growth in the five years to 2017 ((IBISWorld, 45112 - Hobby & Toy Stores in the US – Industry Life Cycle).
Cost Structure
As the Hobby and Toy Stores industry continue to grow, the industry is gradually dominated by large retailers such as Toys”R”Us, which accounts for about 52% of total industry sales alone. Large companies like Toys”R”Us achieve cost saving through purchasing large volume products and help the bottom line of their businesses. Profit margins vary among hobby and toy retailers. From 2007 to 2012, average industry profitability has been reduced by increasing competition from large discount department stores. As result of this, industry companies will attain an average profit at 2.0% 2012, down from about 2.6% in 2007. Purchase cost is the biggest component for the cost structure of the industry, which make up to 70% of the total sales. Other important cost structure elements include wages (11.7% of total sales), depreciation (1.6%), marketing and advertising (1.1%) and others (9.9%) (IBISWorld, 45112 - Hobby & Toy Stores in the US – Competitive Landscape)
**Major Market**

Based on the surveys contacted by the US Census Bureau, there are three main markets, separated by age groups: individuals aged 24 and younger, individuals aged 25 to 64, and individuals aged 65 and older.

![Major market segmentation (2012)](source: www.ibisworld.com)

**Customers aged 24 and younger**

Customers aged 24 and younger has market at 15.0%, they are the most influential age group for the industry due to the ages. Even though children under 14 years of age do not have the income to purchase toys themselves, they are the prime target market for the toy industry. In 2012, more than 20 million children between the ages of 8 and 14 either influence or are directly responsible for about $335.0 billion in annual spending. As a result of it, the dynamic of this group directly affects the Hobby and Toy Stores industry.

**Customers aged 25 to 64**

Customers aged from 25 to 64 group makes up the largest market segment, which made up for 60.0% of sales in the industry. Most of the customers in this age
group are employed and they have steady income, which allow them to freely spend on industry items. Furthermore, this age group contains the primary buyers of goods for the previous aged group. This segment remains consistent for the past five years since 2007.

**Customers aged 65 and older**
This segment has grown quickly resulting from grandparents living longer and spending more money on their grandchildren. Based on Bureau of Labor Statistics' Consumer Expenditure Survey, the age group from 55 to 64 spends more on toys than the age group from 25 to 44. Grandparents also bought high-ticket items, translating into higher shares in key brands and an increasing share of the market in 2012 (IBISWorld, 45112 - Hobby & Toy Stores in the US – Major Market).

**Major Players**
In the Hobby and toy Stores industry, market share is dominated by three companies, Toys 'R' Us Inc. (51.7%) Michaels Stores Inc. (20.9%), Jo-Ann Stores Inc (12.3%) and other companies (15%).

![Major players chart]

Toys "R" Us is one of the largest toy retailers in the world. It operates on a national scale in the United State and it’s a specialty toy and juvenile products
retailer. It has retail operation consist of Toys "R" Us and Babies "R" Us. Toys “R” US provides customers a diverse range of products, including educational, electronic and developmental toys; video game hardware and software; computer software and DVDs; On the other hand, Babies “R” US offer infants' and children's apparel; furniture, bedding and room décor and seasonal toys and play sets. Toys "R" Us operated more than 800 stores across 49 states and Puerto Rico, with these US sales accounting for 62.0% of the company's consolidated sales.

Michaels Stores Inc. is the leading arts and craft retailer in North America. It has more than one thousand stores across the United States and Canada, the company sold over 39,000 products that include general and children's crafts (43% of sales in fiscal 2012); home and seasonal products (21%); scrapbooking supplies (19%); and framing goods and services (17%). The company is also in charge the operation of Aaron Brothers Stores, which primarily retail frames and art supplies.

Jo-Ann Stores operates more than 750 locations across 48 states, the company offers a vast range of fabrics used in crafting, quilting and apparel sewing, as well as products for home decoration projects, craft components, artificial and dried flowers and finished seasonal merchandise. In 2011, the company was taken private by an affiliate of a private equity firm, Leonard Green & Partners, for $1.6 billion (IBISWorld, 45112 - Hobby & Toy Stores in the US – Major Companies).
According to IBISWORLD, the retail industries locations fall broadly across the U.S. with more concentration in the states with more population. This phenomenon is reflected by the employment and wage level of the particular region. The greater number of residents created more demand for the industry near that residential area. (IBISWorld, 45112 - Hobby & Toy Stores in the US – Products & Markets).
**Key Success Factors**

- Development of logistic: A good logistic will minimize the cost of transportation fee as the incremental imports overseas.

- Having exclusive sales contracts with large discount department stores: Having exclusive rights to sell the most popular toys from discount department stores can increase contribution margin due to incremental sales and low prices.

- Providing special trainings to employees: Sales personnel should gain a broad knowledge of the selling toys and crafts and be customer oriented through various trainings.

- Conducting attractive product presentations within retail store: Well-presented toys and crafts can draw the attention from children, parents and crafters.

- Developing new and innovative products: New and innovative toys, games and crafts will attract customers, create higher sales and boost revenue in a short time (IBISWorld, 45112 - Hobby & Toy Stores in the US – Competitive Landscape).
### Industry Financial Ratios

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry revenue (%)</th>
<th>Revenue per employee ($'000)</th>
<th>Wages/ revenue (%)</th>
<th>Employees per est.</th>
<th>Average wage ($)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>14.9</td>
<td>135.3</td>
<td>11.0</td>
<td>5</td>
<td>14,693.0</td>
</tr>
<tr>
<td>2004</td>
<td>15.3</td>
<td>134.0</td>
<td>11.4</td>
<td>5</td>
<td>15,312.7</td>
</tr>
<tr>
<td>2005</td>
<td>16.0</td>
<td>125.0</td>
<td>12.2</td>
<td>5</td>
<td>15,290.0</td>
</tr>
<tr>
<td>2006</td>
<td>14.7</td>
<td>126.5</td>
<td>10.9</td>
<td>6</td>
<td>13,834.1</td>
</tr>
<tr>
<td>2007</td>
<td>14.1</td>
<td>114.4</td>
<td>11.5</td>
<td>6</td>
<td>13,186.8</td>
</tr>
<tr>
<td>2008</td>
<td>14.0</td>
<td>112.7</td>
<td>11.8</td>
<td>6</td>
<td>13,317.5</td>
</tr>
<tr>
<td>2009</td>
<td>13.9</td>
<td>115.8</td>
<td>11.7</td>
<td>6</td>
<td>13,563.6</td>
</tr>
<tr>
<td>2010</td>
<td>14.6</td>
<td>118.7</td>
<td>11.6</td>
<td>6</td>
<td>13,780.1</td>
</tr>
<tr>
<td>2011</td>
<td>14.7</td>
<td>118.8</td>
<td>11.8</td>
<td>6</td>
<td>13,974.6</td>
</tr>
<tr>
<td>2012</td>
<td>15.2</td>
<td>120.3</td>
<td>11.7</td>
<td>7</td>
<td>14,111.2</td>
</tr>
<tr>
<td>2013</td>
<td>15.2</td>
<td>121.2</td>
<td>11.8</td>
<td>7</td>
<td>14,297.9</td>
</tr>
<tr>
<td>2014</td>
<td>15.2</td>
<td>122.7</td>
<td>11.8</td>
<td>7</td>
<td>14,494.4</td>
</tr>
<tr>
<td>2015</td>
<td>15.3</td>
<td>123.1</td>
<td>11.9</td>
<td>7</td>
<td>14,607.1</td>
</tr>
<tr>
<td>2016</td>
<td>15.4</td>
<td>122.2</td>
<td>12.0</td>
<td>7</td>
<td>14,830.4</td>
</tr>
<tr>
<td>2017</td>
<td>15.2</td>
<td>120.7</td>
<td>11.8</td>
<td>7</td>
<td>14,241.4</td>
</tr>
</tbody>
</table>

SOURCE: WWW.IBISWORLD.COM

In 2012, as noted by the accompanying chart, the industry generated 15.2 billion in revenue with an average demand growth rate close to 0%. Key financial ratios for assessing the industry include industry revenue, revenue per employee and the percentage of wages and salaries as a share of revenue. With the annual revenue and its corresponding demand growth rate, the industry demonstrates its financial viability and continues to grow. A relative static trend in Wages and Salaries Share of Revenue ratio identifies the industry keeps its ability to utilize its labor force efficiently as it continues to expand financially (IBISWorld, 45112 - Hobby & Toy Stores in the US –Key Statistics).
SECTION II: THE COMPANY, CONCEPT, PRODUCT AND LOGO

The Company & the Concept
As people in our current society are becoming more fashionable and self-expressive, the demand of products that can enhance uniqueness and demonstrate personality is increasing drastically. iStatue, with the introduction of 3D Personalized Statues, will provide a unique product with quality and satisfaction to its customers. iStatue will be established as a privately held company, S Corporation, our company will attract multiples investors with the assurance of rapid growth and the reduction of income tax liability. With early success of companies like Build-a-Bear Workshop and American Girl, I felt something similar that would be popular. 3D – personalized statue would be one of them. I see the potential of future growth and profitability in the business of personalized photo sculpture. First, the idea of selling personalized photo sculpture can satisfy the demand of personalized and unique products. Moreover, since this type of business is still relatively new to the market. I anticipate that this business will have a very limited number of competitors in our external environment, which provides us a greater economic advantage. Furthermore, since our business is mainly conducted online, there will be no actual cost required to physically rent a space to sell our products. In addition, I decide to outsource our production to China as a way to reduce the cost per unit of our product since the raw materials for making sculptures and the labor costs are lower in China.
The Product
The processes of making custom-designed statues:

1. Specialists use clay model the basic face of the statue based on the pictures that our customers provide us with.

2. Specialist would make adjustments to the model, so the face would be more realistic and resemble the person in the picture.

3. Connect the face and the body of the statue. There will be a wide selection of bodies that our customers can choose from.

4. We assemble background and put accessories on the statue on the choices that our customers made.

I have been working with my partner, Mr. Peng, who is one of my friends back in China. He facilitates his specialists and oversees the processes of making custom-designed statues. All the statues are handmade by his specialists and all the specialist have major in art and had specific trainings. The faces of the statues will be look like the faces of our customers showed in their pictures. A website named www.iStatue.com will be developed and our products will be introduced to the world.
Example:
The logo design identifies our company, products and targeted customers.

Our company’s name is iStatue. First of all, the name represents the main products of our company. Secondly, the “i” of the name emphasizes that our products and service are personalized and “i”. Also it creates strong energies to attract customers by adding a sense of belonging. Lastly, “iStatue” is easy to pronounce and to remember because it is very approachable and friendly to our customers, especially children. Our company’s philosophy is to be the most personalized and successful toy company in the world aiming to deliver toys of the best quality, to children.
As you can see, the logo consists of two parts, the 3D-letter “S” and a 3D dot on top. The combination of “S” and the dot assemble the letter “i”. These two letters, which are letter “S” and letter “i” are the abbreviations of our company name “iStatue”. Also, the “I” reminds our customers that the products of our company produced are personalized. The logo is in 3D shape, which highlights that our products are made in 3D. The logo looks like a child, which represents our company’s main focus on the children's market. I choose the orange color to paint the loge, because orange is a warm color that gives readers a feeling of energy and a sense of welcoming.

Overall, this logo describes our company’s name, product and target market. It’s very simple and memorable. At the same time, it is very effective at representing our company's spirit with the orange color.
SECTION III: MARKET RESEARCH AND ANALYSIS

Market Definition
iStatue will be operating in the traditional toys market segment of the Hobby and Toy Stores industry as a unique personalized product competing with traditional dolls. Products in this segment include dolls, action figures, puzzles building sets and plush toys for infants and children. According to IBISWorld industry report, traditional toys make up the largest share of industry products, accounting for an estimated 35.0% of revenue, which makes up of $5.96 billion in 2012.

![Products and services segmentation (2012)](source: www.ibisworld.com)

iStatue will offer customers an interactive and personalized experience through online purchasing via iStatue.com. According to data provided by the Toy Industry Association and the NPD Group, sales of the traditional toy market were $21.23 billion in the United States in 2011. Doll sales generated $2.66 billons sales, will make up to 12.5% share of the traditional toy market The NPD Group also reported worldwide toy market was $83.9 billion dollars in 2010 with 5.4% growth rate comparing to $79.6 billion in 2009.
Target Market
Our customers will be diverse and consist of a long range of ages group, which could be classified in two main categories: customers aged 24 and younger and Special occasions.

Customers aged 24 and younger
Customers aged 24 and younger can be divided into two subgroups: age group (5-12) and age group (13-24).

Age group (5-12)
Even though children ages 5-12 don not have the income to purchase our products, they are the prime target and end users of our company. Their parents will be the primary buyers of our products. Customers who visit our site – iStatue.com will

<table>
<thead>
<tr>
<th>SUPERCATEGORY</th>
<th>JAN-DEC '11</th>
<th>JAN-DEC '10</th>
<th>% CHANGE</th>
</tr>
</thead>
<tbody>
<tr>
<td>Action Figures &amp; Accessories</td>
<td>$1.29 B</td>
<td>$1.41 B</td>
<td>-8%</td>
</tr>
<tr>
<td>Arts &amp; Crafts</td>
<td>$2.72 B</td>
<td>$2.75 B</td>
<td>-1%</td>
</tr>
<tr>
<td>Building Sets</td>
<td>$1.61 B</td>
<td>$1.30 B</td>
<td>23%</td>
</tr>
<tr>
<td>Dolls</td>
<td>$2.66 B</td>
<td>$2.49 B</td>
<td>7%</td>
</tr>
<tr>
<td>Games/Puzzles</td>
<td>$2.14 B</td>
<td>$2.32 B</td>
<td>-8%</td>
</tr>
<tr>
<td>Infant/Preschool</td>
<td>$3.21 B</td>
<td>$3.33 B</td>
<td>-4%</td>
</tr>
<tr>
<td>Outdoor &amp; Sports Toys</td>
<td>$2.77 B</td>
<td>$2.84 B</td>
<td>-3%</td>
</tr>
<tr>
<td>Plush</td>
<td>$1.32 B</td>
<td>$1.67 B</td>
<td>-21%</td>
</tr>
<tr>
<td>Vehicles</td>
<td>$1.64 B</td>
<td>$1.61 B</td>
<td>2%</td>
</tr>
<tr>
<td>Youth Electronics</td>
<td>$530 M</td>
<td>$541 M</td>
<td>-5%</td>
</tr>
<tr>
<td>All Other Toys</td>
<td>$1.33 B</td>
<td>$1.41 B</td>
<td>-2%</td>
</tr>
<tr>
<td><strong>TOTAL TRADITIONAL TOY INDUSTRY</strong></td>
<td><strong>$21.23 B</strong></td>
<td><strong>$21.68 B</strong></td>
<td><strong>-2%</strong></td>
</tr>
</tbody>
</table>

Source: Toy Industry Association/ The NPD Group / Consumer Panel Tracking
be able to take an active role in customizing the toy they wish to make. Children will be able to upload their picture to create a custom figure with their own face carved on to it. They will also be able to choose what type of clothes the figure will wear and what accessories will be included with the toy. Girls will be able to create custom dolls with their face on it and design the type of dress the dolls will wear. Boys will be able to create action figure look-alikes with different costumes and accessories. The options are not only limited to these, as customers can choose from a wide range of different designs such as animal figurines, weird creature figurines, figurines of objects, and much more. There are many different opportunities for children to create fun and sentimental toys that they will be able to enjoy for the rest of their lives.

According to the data by the United States Census Bureau, in 2010 there were more than 41.1 million children ages from 5 to 14 in the United States. The size of this population group is expected to remain relatively stable over the next decade. IBISWorld estimates parent and family members spend over 102 billion annually on their children and children directly and indirectly influence billions of dollars in family spending.

**Age group (13-24)**

Age group from 13 to 24 includes students, teenagers who buy our products as gifts for themselves, boyfriends, girlfriends and friends. According to World Health Organization, this group of people is in the transitional stage of development between childhood and full adulthood. At this age, role models such as sports players, rock starts and movie performer are very popular and they often express a desire to be like their chosen role model. Based on the characteristic of
age group, iStatue.com will enable them to control every single step of the purchasing process and create something that they can value and call their own. There will be a various choice of build-in body types provide to be chosen, so that this age group can customize their statues like their role model. These personalized statues will be treasured as they remind them later on in their life about the role model they admire. Teenagers would like to make customized statues to give to their friends or loved ones. We expect to attract this age group who will be able to all enjoy the benefits of the products we offer.

Special occasions
Customers will purchase our products in special occasions such as wedding, graduation and birthday. Our unique and personalized statues will be the perfect gifts to celebrate life’s moments and events. Choosing and buying the right gift can take a lot efforts and time, especially when customers are not sure what makes the best gift for the special moment and event. The uniqueness and the personality demonstration create emotion attached to our products, will work for special occasion and are remembered for a lifetime.

Competition & Competitive Edges
iStatue will face with the combination of indirect and direct competition. For indirect competition, iSttue will compete indirectly with a number of companies that sell dolls online in the United States, including, but not limited to, Barbie.com, Build-A-Bear Workshop and. For direct competition, iStatue will compete with bubblehead companies such as custombobbleheads.com and whoopassenterprises.com. iStatue will entry the personalized bubblehead market with a low end strategy. Based on the item prize list on custombobbleheads.com
and whoopassenterprises.com, customerbobblebead.com is selling one customized bubblehead at $144.95 and whoopassenterprises.com is selling at $119.00 for the similar product. Benefiting from low material and labor cost, iStatu will sell one customized statue at $39.99, which is 212% lower than whoopassenterprises.com and 262% lower than the similar products in customerbobblebead.com. iSatue will sell quality 3D-personalized statues at an affordable price, which will generate a lot of sales from customers aged 24 and younger.

We are aware of the competitive environment, but we believe iStatue with its 3D personalized statues and low end strategy, which offer unique product and fun purchasing experience to its customers via iStatue.com, will survive, growth and develop in the industry.
Estimated Market Share & Sales
According to the data from Toy Industry Association and the NPD group, the sale of dolls was $2.7 billion, which is 13% of the total U.S. domestic sales in 2011. With Toys 'R' Us Inc. (51.7%) Michaels Stores Inc. (20.9%), Jo-Ann Stores Inc (12.3%) currently dominating over 80% of the toy market ((IBISWorld, 45112 - Hobby & Toy Stores in the US – Major Companies), iStatue will initially penetrate the residual 15.1% market.

![2011 U.S. Domestic Toy Sale by Category](image)

According to Toy Industry Association and The NPD Group, Inc, dolls sales in the toy industry had remained financially stagnant since 2004 due to the
continuing adverse global economic conditions. In 2011, as noted by the accompanying chart, the dolls segment only generate 2.7 billion sales, with an negative growth rate 0.03% comparing to the 2.8 billion sales in 2004. Market analysis anticipate the to reverse by new product be introduced to revitalized in the doll segment and recapture more of the total toy industry Source: The NPD Group, Inc

<table>
<thead>
<tr>
<th>Year</th>
<th>Dolls Sales $ Billions</th>
<th>Growth %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2004</td>
<td>2.8</td>
<td>-0.03</td>
</tr>
<tr>
<td>2005</td>
<td>3.2</td>
<td>0.14</td>
</tr>
<tr>
<td>2006</td>
<td>3.1</td>
<td>-0.03</td>
</tr>
<tr>
<td>2007</td>
<td>3.0</td>
<td>-0.03</td>
</tr>
<tr>
<td>2008</td>
<td>2.6</td>
<td>-0.13</td>
</tr>
<tr>
<td>2009</td>
<td>2.4</td>
<td>-0.08</td>
</tr>
<tr>
<td>2010</td>
<td>2.5</td>
<td>0.04</td>
</tr>
<tr>
<td>2011</td>
<td>2.7</td>
<td>0.08</td>
</tr>
</tbody>
</table>

Due to its low end strategy and functionality as a 3D personalized toy, iStatue believes 3D personalized statue can capture 0.05% in initial doll market share to revitalize the market. Give domestic sales for dolls at $2.7 billion, successful market penetration of .05% would result in annual sales of $1.35 million. iStatue’s growth over the next 5 years will be indicative of relative industry growth trends forecasted at 0.3% annually. On top of the initial industry growth, iStatue expects to grow at an average of 30% per year, and reach a final Year 5 market share of approximately 0.19%. iStatue will target a conservative initial market share that can effectively attract our prioritized target market of customers aged 5 to 24. This segment, comprised of 80.2 million Americans, will account for the majority of our early sales.
SECTION IV: ECONOMICS

Revenue & Contribution Margin
iStatue will generate revenue through the sale of 3D personalized statues directly to customers via iStatue.com. Products will be delivered by DHL from China to anywhere in the world.

I have been working with my partner Qiqiu Peng in China, since September 2009. He has established his factory and facilitates his sculptors and oversees the process of making custom – designed statues. All the statues are handmade by his specialists. Even though his personalized statues are in great quality, the living standard in China is relatively low and products are sold in point to point traditional way. The awareness of his products is very limited. We designed to online sale to increase the awareness of the product and bring the products to all over the world via iStatue.com

Having the production line in China, the obtaining of material and manufacturing will be relatively inexpensive at a variable cost ¥95 Renminbi (RMB) (converted to $15.086, RMB to American Dollar currency exchange rage at 0.1588 as of February 25, 2012) per statues on average cost and other period cost allocated for selling one statue at ¥24 ($3.8112) which make up of $18.9 cost of good sale per statue. 3D – personalized statue will be sold at $39.99, which enable our product to be sold with a gross profit margin of 52.7%.
**Fixed & Variable Costs**
The majority of iStatue’s expenses will be variable costs due to the material cost and labor cost of 3D personalized statue. iStatue will have production line in China. Traditional toy production companies produce products and stock those as inventory until there are sold (make-to-stock). Since all the iStatue’s products are customized based on customers’ order and iStatue will operate under make-to-order system (QuickMBA, “Make to Order”). In other order, our production systems produce a statue only after it is ordered. As a result of it, iStatue doesn’t have to have a warehouse and inventory cost will be close to 0. Once a product is made, it will be picked up by DHL personnel and be shipped to its destination. Our variable and fixed costs are:

<table>
<thead>
<tr>
<th>Variable Cost</th>
<th>Fix Cost</th>
<th>Cost(s)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Material (Clay)</td>
<td></td>
<td>$2.26 per statue</td>
</tr>
<tr>
<td>Direct Material (Paint)</td>
<td></td>
<td>$1.51 per statue</td>
</tr>
<tr>
<td>Direct Labor</td>
<td></td>
<td>$11.31 per statue</td>
</tr>
<tr>
<td>Inventory Cost</td>
<td></td>
<td>$0.00</td>
</tr>
<tr>
<td>Marketing &amp; Advertising</td>
<td>4% of sales or $54,000</td>
<td></td>
</tr>
<tr>
<td>R&amp;D</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td>website maintenance cost ($50 per month)</td>
<td>$600</td>
<td></td>
</tr>
<tr>
<td>Wage</td>
<td>$120,000</td>
<td></td>
</tr>
</tbody>
</table>

The industry trend for toy companies is moving towards lowering fixed costs and variable costs by outsourcing in developing countries and converting to a variable
cost structure. By adopting a variable cost model early on, iStatue will stay ahead of our competitors and be able to anticipate the industry trend and react promptly to the industry dynamic.

**Operating Leverage**
iStatue will have low operating leverage because of its cost structure is made up of the high percentage of variable cost in comparison to fixed costs and the medium volume of sales we expect to generate through our inactive website and unique products. In addition, the company will have relatively low startup costs associated with website and packaging design and have mainly variable costs in future years. Therefore, the revenue stream of iStatue will be stable because the combination of sale unit and high contribution margin contribute significantly to reduce fix costs. Our 52.7% per unit gross profit margin will protect our revenue from potential sales depreciation or other extraordinary circumstances should fixed cost increase.

**Startup Costs**
Unlike many traditional companies in toys industry, startup costs for iStatue are minimal due to its outsourcing and online retail strategy. The majority part of startup costs will be allocated towards creating iStatue.com website and advertising. Once iStatue.com is established, and legal documents are filled, iStatue will operate and generate revenue. Since our production, packaging and shipping are all outsourced in China, the startup cost of our company will be significantly reduced. Our startup costs include the following:
<table>
<thead>
<tr>
<th>Startup Expense</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>$30,000</td>
</tr>
<tr>
<td>Advertising (Startup)</td>
<td>$13,000</td>
</tr>
<tr>
<td>Research &amp; Development Costs</td>
<td>$12,500</td>
</tr>
<tr>
<td>Computers</td>
<td>$2,800</td>
</tr>
<tr>
<td>Legal Filing Fees</td>
<td>$300</td>
</tr>
<tr>
<td><strong>Total cost</strong></td>
<td><strong>$58,600</strong></td>
</tr>
</tbody>
</table>

**Overall Economic Model**

With the relatively low startup cost and its economic model, iStatue will allow the company become profitable within a short cycle of operations, relative to standard new companies in toy industry. The model combines high gross profit margin for our products at 52.7% and $58,600 low startup costs, generating a conservative and medium sale volume through iStatue.com to reach our forecasted sales. In addition, the high percentage of variable cost and low percentage fixed costs allocated to each product unit compose low operating leverage for our company.

Our single most important driver of our revenue growth is 3D personalized statue, will enable iStatue to have excellent potential to capture significant market share. Having successfully gained our conservatively estimate market share of 0.05%, we believe iStatue will be profitable and grow relative quickly at a 30% annual average growth rate, becoming an attractive prospect for investors.
Breakeven Chart
Based on the estimates described above, iStatue is projected to breakeven in March of Year 1. The company will experience a significantly increase in sales at 30% rate throughout its first 5 years of operations. Further analysis of our breakeven calculations can be seen in our Appendix (Figures VIII & IX).

Profit Durability
The Long term goal for iStatue is to maximize its ability of capturing market share and to increase the firm’s value through R&D and provide customers with a customize product at an affordable price and an interactive shopping experience via iSatue.com. iStatue looks forward to becoming a leader in industry.
SECTION V: THE MARKETING PLAN

Overall Marketing Strategy
Our target market is comprised of children ages from 5 to 12 who want cool toys and customers ages 13 to 24 who are looking for unique gift for their friends.

Since iStatue implement online retail strategy, our market location will not significantly limited by geography locations. The main focus for our marketing effort is to provide customers a “create your own bubblehead” interactive online shopping experience via iStatue.com.

Our initial marketing strategy will be to increase our customer awareness of product through successfully structuring iStatue.com and having creative banner advertisings on social media platforms, like Facebook and Twitter. iStatue will adopt a similar strategy use by Dell, Inc. to sell valuable product at an affordable prize online without having brick-and-mortar retail stores. According to Build-A-Bear Workshop and Emarketer.com, children aged 8 to 11 reported that they spend between one and two hours online each day. In 2008, 34% of US child and teen Internet users visited virtual worlds. In 2012, an estimated 56% of the group will use Internet to visit virtual worlds, which made up of 44.9 million Americans. In addition, online retail strategy will significant reduce our fix costs and provide promptly provide products and service to our customers. Therefore,
the strategy will not only meet the behavior pattern trend of our target market, but also increase iStaue’s firm value as well as its competitive force.

**Pricing**
iStaue will have a manufacturing cost of $15.09 per statue and selling price for $39.99, for a 62.5% contribution margin and a 52.7% gross profit margin. As evidence by the accompanying table, customized bubblehead typically retail at over $100 per statue of comparable size, sales price of $39.99 will be enable iStaue to have competitive advantage in the market.

<table>
<thead>
<tr>
<th>Brand</th>
<th>Type</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>customerbobblebead.com</td>
<td>Single</td>
<td>$144.95</td>
</tr>
<tr>
<td></td>
<td>Double</td>
<td>$254.95</td>
</tr>
<tr>
<td>whoopassenterprises.com</td>
<td>Single</td>
<td>$119.00</td>
</tr>
<tr>
<td></td>
<td>Double</td>
<td>$299.00</td>
</tr>
<tr>
<td>webobble.com</td>
<td>Single</td>
<td>$139.99</td>
</tr>
<tr>
<td></td>
<td>Double</td>
<td>$245.99</td>
</tr>
<tr>
<td>gobobble.com</td>
<td>Single</td>
<td>$ 96.99</td>
</tr>
<tr>
<td></td>
<td>Double</td>
<td>$196.99</td>
</tr>
</tbody>
</table>
**Sales Tactics**

To achieve our desired initial 0.05% market share and sustain a 30% average annual growth rate over the following 5 years, iStatue will conduct all marketing initiatives and promotional activities specifically aiming our target market. Once customers received their customized bubblehead at a relative low price from iStatue, we believe word of mouth between our customers will create brand awareness of our product.
SECTION VI: DEVELOPMENT PLAN

Development Statues & Tasks
Most of the bubblehead companies have production line in the U.S. As a result, the labor cost for those companies are significantly higher than iStatue.com’s due to iStatue’s outsourcing in China. However, since iStatue’s product line in China, it will have long selling cycle due to the additional shipping time from China to the U.S. iStatue’s task for R&D will be mainly focusing on shorting manufacturing process time and improving product quality.

R&D
The traditional manufacturing process in making Bubbleheads is expensive and imperfect, and each bubblehead takes long handmade process. The most difficult process is to sculpture the body and the head, which takes professional sculptors days to finish each bubblehead. Sometimes, one small mistake can ruin the integrity of a statue and the sculptors will have to redo all the process. We know that if we adopt the handmade manufacturing process, it will be difficult for us to response to a massive market demand in the future. Therefore, our company has to invest heavily in Research and Development in order to find a cheaper and more sophisticated way to manufacturing our products. Thankfully, we have already found some technologies that will integrate seamlessly and create remarkable result for our company.
The first technology we found is software called insight3D, which is open source software capture photos and convert to 3D models. There are three reasons we want insight3D to be a part of manufacturing process.

- Insight3D is open source software, which means we can customizable the software just for capturing bubblehead’s 3D models. Many firms have customized and adopted insight3D using in architecture, automobiles, toys, and props.

- Insight3D is fast and simple to use. Once we have captured the 3D image of a person, we can get the 3D model immediately and start editing. Our customized version of Insight3D will allow our employees to choose hairstyle, clothing, and many more selections based on customer’s requirements. In addition, the simplicity of the software allows us to train employees in a shorter time and greater productivity.

- Last reason we want Insight3D is because it for free to use because it is open source software.

From here I will explain how the software works. First, we need a series (usually three) of pictures of the person, including front, side and back. After we import these pictures into the Insight3D, it will automatically analysis the facial structure, emotion and many other details. Usually this process takes three minutes. After the model is formed, customers can choose many customizable features that shown by our employees, such as changing hairstyle, skin tones, emotion, hand gesture, standing pose, props and even more in development. The whole process of forming the 3-D model will take about 10 minutes.
The second type of technology is called 3-D printing, which will manufacture the 3D models with chosen materials. 3-D printing uses rapid prototyping techniques to quickly fabricate a scale model of a part or assembly using three-dimensional computer aided design (CAD) data. [1] The CAD data is imported from our insight3D software. This technology has been introduced for more than thirty years, and it has been mature over years. For that reason, the cost of 3-D printers is continuously decreasing. The manufacturing process is simple as well. The 3-D printers create successive layers of materials to build the bubblehead model. The whole process of making one bubblehead will take approximately one hour. We also have to consider various materials for the machine too. We decide to use expensive plastic materials to manufacture because we want to build the best bubblehead in the world. In addition, the plastic materials use are colored base on the skin tone. The entire process to print out the model will take 30-40 minutes.

After 3-D printing our model, we still need one more technology to complete the whole manufacturing process, which is automatic color-coding. We want our customers to feel that not even the materials we use are great but also to feel that the color is vivid. We will have one of the most advanced color-coding machines with expensive coding materials to paint the model. The process is simple. After the 3-D printer finished the process, the 3D model will be sent to the color-coding machine. The color-coding machine use the same data from Insight3D and read the color profiles. In less than a minutes, the color-coding machine will start to paint. In addition, the color-coding materials we use are
strong, which will not be easily ripped off from the model. Usually, the process will take about 10-20 minutes.

Finally, we want to compare the traditional with high-tech manufacturing process to show essentialness of these technologies to help us reduce time and labor cost, and increase productivity and accuracy. For traditional manufacturing process, it takes at least 6 hours for each bubblehead. The process includes initial modeling, sculpturing, painting, and drying. It also requires more expensive labor costs to hire professional sculpturing artist. Worst of all, sometimes the model looks different from actual if sculptors make any mistake. Employees will have to redo whole modeling and sculpturing process again, which takes longer hours. However, with the technologies I discussed previously will made tremendous improvements. The total times for manufacturing a complicated bubblehead will take the most 70 minutes, which is much less than 6 hours. In addition, we do not need to hire expensive professional employees. We only need employee knows how to operate software and hardware, which takes less than a day to train them. Most importantly, the machines do not make mistake like human do, so we do not need to worry about redoing all the process over again. Nevertheless, there is only one costly part, the materials cost will be higher. However, I think our customers will understand the reason behind the higher price is because we want the bubblehead looks accurately and precisely close to actual, and the materials perfect the quality of the bubblehead.
**Product Improvement & New Products**
For the first two year of operations, iStatue will improve its product qualities by improving sculptor’s skill staff trainings. For an ongoing basis, the product quality will be improved by 3D image conversion and 3D printers. For the second year of operation, customized statue of pets will be introduced to the market.

**Costs**
The majority part of Our R&D cost will be allocated to acquire 3D printing technology and 3D printers. According to TechSoft Inc., The price range of 3D printer prices is from $9,690 to $31,500(More details of 3D printer can be seen in our Appendix (Figures I, II and III). iStatue has calculated estimated R&D costs of $12,500 per year for the first 5 years of operating. If the desired market share are underestimated and iStatue general more cash than estimated, iStatue will invest more on R&D to improvement its product qualities. Also, if the cash flow projections are underestimated and this budget has a 15 to 30 percent contingency rate, iStatue plan to seek additional funding beyond its current investment and will look to reduce all other fixed and startup costs. This should not be a problem or concern for investors because iStatue is conservatively estimating the required investment as it is and iStatue plans to breakeven by March of Year 1 with substantial revenues. This will provide incentive for investors and will guarantee significant return of investment.
SECTION VII: OPERATIONS PLAN

Operating Strategy
iStatue will create interactive website iStatue.com and outsource its entire manufacturing, packaging and transportation process in China. Since iStatue outsource its product manufacturing process in China, quality control of product becomes a very important component of our business. Although our Chief Operating Officer Qingqiu Peng will specialists and oversees the processes of making customized statues, iStatue will still make additional effort and resource to assuring quality control and customer feedback for improvement. iStatue’s management team will also directly conduct sample testing to uncover defects and make sure the products meet the production standards and iStatue’s brand image. Occasional visits to production facility will be conducted to ensure all of the levels of production, operation and reliability meet iStatue’s standards.

Geographic Location
iStatue will be located in Brooklyn, New York due to the following consideration:

- Many of the world’s leading toy company are located in New York.
- iState’s long term goal is to become the low price leader in the business market and will utilize tis access to financial resources and trade information to maximize iStatue’s potential earning.
- The office rental cost in Brooklyn is relatively low.
- New York is suitable for iStatue based on the initial market of New York State.
• Most of executive team members live in New York. Having office in New York will provide additional mobility to the team.

**Online Merchants & Inventory Management**

1. Customers upload picture and choose body type
2. Scuptors model the basic face of the statue
3. Model picture will be unloaded to iStatue.com
4. Customers login and provide the model
5. Scuptor make necessary adjustment based on customers' request
6. Package will be shipped by DHL from China to the U.S.

The iStatue’s online retail strategy via iStatue.com will dramatically reduce costs, such as inventory cost, warehouse rental etc. Since iStatue’s products are customized based on customers’ order and iStatue operates under make-to-order system, iStatue will not hold inventories, which significantly reduces fixed cost. If the demand of projects spikes up in near future, the iStatue executive will design to have a warehouse to store our products and ensure its ongoing operations runs effectively and smoothly.
SECTION VIII: MANAGEMENT TEAM

Organization

iStatue’s executive management team will be comprised of 4 students from Syracuse University’s Martin J. Whitman School of Management and Mr. Peng from China under the executive leadership of Junjie Li, iStatue’s Chief Executive Officer. Based on each team member’s professional, academic, and business experience, executive roles will be filled to perform all necessary duties of the organization during its initial market launch. The following chart and management descriptions provide more information about iStatue’s executive team:

- With the experience of holding leadership position in different organizations on campus, Mr. Li will be able to apply his leadership skills into the management position. In addition, his
experience as in the Financial Management Program at GE and as a Peer Facilitator Leader in Whitman School of Management proved that he is qualified to hold the position of CEO at the corporate level.

  o Key Duties: Oversee organizational performance; enforcing mission and vision of company to maximize firm value; establishing cohesive company culture; maintaining value and relationships with shareholders.

• **Benjamin Cohen** (Chief Technology Officer): Mr. Cohen is an Information Management & Technology and Finance dual major, with extensive knowledge and experience in information technology and services. As a senior consultant in Syracuse University Technology and Service, Mr. Cohen brings experience to iStatue with his knowledge of IT and the lights up the future of iStatue.com.

  o Key Duties: operates, monitors and develops iStatue.com; responsible for the 3D image conversion and 3D printer technology.

• **Shuohao Ruan** (Chief Financial Officer): Mr. Ruan is a Finance and CPA Accounting double major at Syracuse University’s Martin J. Whitman School of Management. With experience in the field of Finance and Accounting, Mr. Ruan will be able to apply his knowledge of into practice. In addition, his experience in Rand Engineering & Architecture PC has proved that he is qualified to handle finance at the corporate level.
- **Key Duties**: Budgeting; financial reporting; oversees iStatue’s financial operations; allocates financial recourses.

- **Hansika Shergill** (Chief Marketing Officer): Ms. Shergill has extensive leadership experience in marketing and will be in charge of iStatue’s day to day marketing activities. As a Corporate Communications Specialist of Associated Renewable Inc., she managed PR and built awareness of company’s energy consulting services through channel marketing, copywriting & analyzing secondary research. Ms. Shergill also created banner and spotlight advertisements for auction by using Photoshop and Wacom tablet software. Ms. Shergill will bring her knowledge and expertise of advertising and marketing to iStatue and will be a great addition to the executive team.

  - **Key Duties**: Build up iStatue’s image, brand name and product awareness by conducting effective marketing and advertising activities; develop long and short term marketing strategies; implement and adjust marketing tactics based on market dynamic.

- **Qingqiu Peng** (Chief Operating Officer): Mr. Peng graduated from Guangzhou University with a bachelor’s degree in visual arts in 1996 and obtained a master’s degree in business administration from Sun Yat-sen University 2002. He established his customized statue factory in 2003 and facilitates his sculptors and oversees the process of production. With Mr. Peng’s experience in customized statues and administration, the quality of iStatue’s products will greatly satisfy the needs of our customers.
Key Duties: oversees manufacturing process; monitors day to day operation of company; negotiates with suppliers.

Further information of our executive team can be seen in our Appendix.

**Management Compensation & Ownership**

Each iStatue’s executive team member will have 14% share of the company. The 5 members’ shares, which make up 70% of the total shares, provide the executive team authority as the controlling party. The remaining 30% will be available to investors to maximize the attractiveness of investment while retaining our controlling stake in the company.
SECTION IX: FINANCIAL PLAN

Highlights of the Financial Statement
iStatue will generate a high possible net income at the beginning of Year 1. Since iStatue will have high market capture ability, we expect to break even in middle of year 1 and expect to have about $1.76 million net income at the end of year 5.

iStatue will have an initial target market of 0.05% of the doll market. We expect our sales to grow on average at a rate of 30% until we reach a final Year 5 market share of approximately 0.19%.

Cost Controls
The iStatue’s management team will maintain and develop long term relationships with suppliers, keeping the variable cost in a steady rate. Also, the management team will consistently monitor the dynamics of the market and keep the inventory cost as low as possible when meeting the market demand. Lastly, our CFO will conduct cost reports quarterly and annually. Any budget overruns will be handled efficiently with effective cost-cutting.
SECTION X: PROPOSED COMPANY OFFERING

Desired Financing
Due to iStatue’s low startup costs, iStatue is seeking $80,000 of capital to bring 3D personalized statue to market. For such investment, iStatue will offer a 30% equity stake of the company in return. The equity stake would come in the form of common stock. The remainder of financing required by iStatue will allow investment in R&D.

Offering
iStatue will generate more than $1.67 million by the end of the fifth year. The company will breakeven in March of the 1st year and generate $132 thousand by the end of the first year. Taking into account the NPV of the first five years of cash flow and the predicted profits of $3.9 million in the fifth year of operations after breaking even, iStatue values each share of common stock $5.89 a share. Therefore, investors can expect 300,000 shares at a projected value of $5.89 each in exchange for the proposed financing. The shares being sold pursuant to this offering are restricted securities and may not be resold readily. The prospective investor should recognize that such securities might be restricted as to resale for indefinite period of time. Each purchaser will be required to execute a Non-Distribution Agreement satisfactory in form to corporate counsel.
Investor's Return
At a 30% stake in the company, by Year 5, investors will retain a $476,677 return on their initial investment, and will be able to obtain a full return by March of Year 2. Following a full return on their investment and the repayment of all large startup expenditures, as evidenced by company sales growth between Years 1 to 5, investment appeal will compound annually with increased growth in revenues compared to fractional variable costs. With the investment from investors, iStatue will be able to sustain long-term growth and financial success. Based on a five year cash flow and NPV of $1.59 million, an initial 30% investment of $80,000 would yield a 596% return of $476,677.
Chief Executive Officer: JunJie Li

EDUCATION
Syracuse University Syracuse, NY
Martin J. Whitman School of Management
Bachelor of Science May 2012
Majors: Finance and Accounting/CPA
Overall GPA: 3.65
Honors: Dean’s list (2008 - Present); Dean’s Scholarship 2008 - 2010; Horace Landry Scholarship 2010; Renée Crown University Honors Program at Syracuse University

EXPERIENCE
The Office of Residence Life at Syracuse University Syracuse, NY
August 2010 - Present
Resident Advisor
• Facilitate the development of a residential community by organizing events, fostering dialogues, and communicating with faculty members and all residents.
• Work closely with thirty-two residents to assist them in addressing their needs and concerns.
• Handle all emergency situations calmly and effectively.

The Office of Residence Life at Syracuse University Syracuse, NY
Main Desk Assistant August 2009 - May 2010
• Acted as a liaison between residents, the residence hall and the University.
• Assisted in providing messages, keys, mail, packages, and a variety of other helpful services and information to 608 residents.
• Responsible for the safety and security of the building on duty days.

Paradise Vacations New York, NY
Tour Guide Summer 2009
• Designed program itineraries, led tour groups for up to five days and catered to all customer needs.
• Presented on the culture and history of the East Coast of the United States.
• Established and maintained relationships with travel agents.

Western Union New York, NY
Account Representative Summer 2008
• Summarized and presented financial statements that involved more than $210,000 every week.
• Executed the processes of money transfer; informed the headquarters if a transfer was over $6,000.
• Cross checked data with actual daily intake to ensure accuracy.
• Packed money into bags and took full responsibility for the accuracy of the contents of the bags.

LEADERSHIP ACTIVITIES
Whitman Undergraduate Office Syracuse, NY
Peer Facilitator Leader August 2010 - Present
• Train eight peer facilitators to ensure that they have the leadership and skills to carry out their duties.
• Responsible for handling peer facilitator and student issues, evaluate the situations and develop suitable means for resolution.
• Evaluate facilitators’ performance based on in-depth observations and feedbacks from students.
Professional Fraternity – Delta Sigma Pi (DSP)  
Syracuse, NY  
*Vice President - Scholarship and Awards*  
August 2009 - May 2010  
- Conducted activities to provide an atmosphere that promotes academic excellence within the chapter.  
- Created scholastic development programs to enhance the chapter’s relationship with the university.

National Association of Black Accountants  
Syracuse, NY  
*Treasurer*  
August 2010 - Present  
- Responsible for all monetary transactions that involved more than $5,000 per semester.  
- Prepare financial statements, annual budgets and reports required by the central office.

**SKILLS**  
*Skills:* Fluent in Cantonese and Mandarin (Oral, written, reading)  
Proficient in Microsoft Office (PowerPoint, Word, Excel) and Pin-yin typing
**Chief Financial Officer:** Shuo Hao Ruan

**EDUCATION**

Syracuse University  
Martin J. Whitman School of Management  
Bachelor of Science  
May 2013  
Cumulative GPA: 3.48/4.00  
Majors: CPA Accounting and Finance  
Major GPA: 3.74/4.00  
Dean’s List  

**LEADERSHIP**

Day Resident Hall  
Resident Advisor  
Syracuse, NY  
2011-Present  
• Provide paraprofessional advising for 80 undergraduate first year students  
• Develop and implement floor programs on Safety, Learning, Inclusivity, Community and Engaged Citizenship  
• Conduct floor checks throughout the building weekly in order to ensure security and enforcement of university policies  
• Perform administrative tasks including main desk assistance, room condition reports and incident reports

WellsLink Leadership Program  
Peer Leader  
Syracuse, NY  
2010-Present  
• Recruit potential leaders among the first year minority students throughout the campus  
• Serve as a mentor and advisor for 4 to 5 first-year minority students to achieve academic excellence and leadership through activities such as Foundation Seminar and Leadership Capital Series  
• Work closely with 5 academic consultants to assist them with mentoring students

Martin J. Whitman School of Management  
Peer Facilitator  
Syracuse, NY  
2010-2011  
• Facilitated team of six freshmen business students with their semester-long Industry Analysis Research project for introduction to management course

**WORK EXPERIENCE**

Rand Engineering & Architecture. PC  
Summer Intern  
Syracuse, NY  
Summer 2009  
• Provided fundamental calculation assistance for structural engineers on building projects  
• Participated in on-site inspection with 3 to 5 engineers as an analysis recorder  
• Assisted Marketing Manager to collect previous clients’ data through Excel Spreadsheets for use in gaining return business

After School Corporation, Little Star Daycare Center  
Teacher Assistant  
New York, NY  
Summer 2008  
• Assisted 13 children, two to five years old to discover their interests, creativity, independence and self-esteem  
• Facilitated class readings on a daily basis, book choice varies from coloring books to story books  
• Taught individual children proper behavior and safety in various situations such as managing conflicts

**EXTRACURRICULAR ACTIVITIES/ HONORS**

Beta Alpha Psi, Pledge, Whitman School of Management, Syracuse University  
2011-Present
Nation Association of Black Accountant, Member, Whitman School of Management, Syracuse University 2011-Present
Emerging Student Leader Award, General Electric 2010
WellsLink Leadership Program Scholar, Office of Multicultural Affairs, Syracuse University 2010
xAct Competition, Whitman School of Management, Syracuse University 2010
- A competition sponsored by PricewaterhouseCoopers. Worked with a group of 4 other accounting students to conduct research and present a case on the topic of convergence between international and U.S. accounting practices and standards
CIE Learning Community, Department of Entrepreneurship and Emerging Enterprises, Syracuse University 2010
Posse foundation Scholarship Finalist, The Posse Foundation, NY 2009
National Honor Society, Baruch College Campus High School, New York 2008-2009

SKILLS
Language Fluent and proficient in English, Mandarin and Cantonese Chinese (Speaking, Reading, Writing)
Computer Microsoft Word, Excel, PowerPoint, Outlook, Minitab and Chinese Pin-yin typing
Chief Marketing Officer: Hansika Shergill

EDUCATION
Syracuse University, Martin J. Whitman School of Management  GPA: 3.77/4.0  May 2012
- Majors: Finance, Marketing Management  Minor: Economics
- Syracuse University Chancellor’s Scholarship recipient ($32,000), Dean’s List
- Secretary, Beta Gamma Sigma (SU chapter)

CAMPUS INVOLVEMENT
Syracuse University Clubs and Organizations:
- Investment Club, member  Aug. ’11 - present
- American Marketing Association (AMA), member:  Fall 2008- 2009
  o Travelled to NYC on invitation along with fellow SU team members to present our award- winning branding idea to the executives of JPMorgan Chase as part of a campus-wide project for the Syracuse University-JPMC technology partnership.  October 2008

Other responsibilities:
- Whitman School of Management, Peer Facilitator:  Fall 2009
  o Assigned to a team of five freshmen on a semester-long project, helping them transition easily to academic and campus life.
- Supplemental Instructor and tutor for 200 level Economics course: Fall ‘09- Spring ‘10
  o Conducted weekly review sessions for students enrolled in microeconomics course in an effort to clarify concepts, provide homework help and stimulate interactive discussion.

EXPERIENCE
- Corporate Communications Specialist – Associated Renewable Inc. (New York, NY):  June 2011 - present
  o Created Renewable energy- related content for industry articles and structured website
  o Executed SEO web content writing, back link generation and managed social media platforms to drive audience traffic
  o Monitored media analytics to understand and respond to audience interests - Energy industry
  o Managed PR and built awareness of company’s energy consulting services through channel marketing, copywriting & analyzing secondary research
  o Coordinated with vendors to order promotional items within set budget & managed invoices
  o Created banner and spotlight ads for auction houses/clients using Photoshop, Wacom tablet
  o Assisted in publishing industry articles for Auction Central News (website)
  o Contacted advertisers with RFI on advertising prices, edited weekly newsletter
- SU Abroad semester - Madrid:  Fall 2010
  o Successfully completed 18-credit course load and 2 weeks pre-semester seminar exploring multiple countries (Netherlands, Germany, France, Switzerland, Italy, Morocco, Spain)
  o Gained valuable business insights from site visits – Heineken, Möet and Chandon, Mercedez Benz, UN, WTO, Airbus, Nestlé; cultural adaptability, managed own finances, communicated with Spanish host family
  o Interned for 5 weeks with FRIDE, a Madrid- based think tank involved in EU foreign policy
- Marketing Intern - American Red Cross, Syracuse, NY:  May - July 2010
  o Updated the ARC events/courses on website, standardised the administrative console for easier navigation of website
• Worked at the Telefund office - Syracuse University: Aug. – Sept. 2009
  o Raised funds through alumni networking for the Fund For Syracuse program to provide flexible resources that can be used by deans or Chancellor to address problems or seize opportunities

COMMUNITY SERVICE
• Volunteer at the American Red Cross (Onondaga-Oswego chapter): Fall 2009
  o Planned, organized & executed a ‘Senior Awareness Event’ to educate seniors on winter safety.
• Sponsored the education of a girl child through World Vision India Oct. 2007 - present
• Assisted as a volunteer for the Special Olympics (New Delhi, India) April 2005

SKILLS
• Proficient in: Microsoft Excel, Word, Publisher, PowerPoint; Minitab
• Familiar with: Adobe Photoshop, InDesign and Dreamweaver; Wacom Tablet
• Languages: English (fluent), Hindi (fluent), Spanish (limited working proficiency)
Chief Technology Officer: Benjamin R. Cohen

Education
Syracuse University, Syracuse, NY – May 2012
School of Information Studies- Bachelor of Science: Information Management and Technology - GPA: 3.7
Martin J. Whitman School of Management- Bachelor of Science: Finance
Overall GPA: 3.3/4.0

Work Experience
Syracuse University Information Technology and Services, Syracuse, NY – Fall, 2009 – Present
Senior Consultant
• Trained junior consultants as well as high school students in debugging and solving common technical problems
• Provided desktop support for students and faculty using problem solving skills to diagnose and correct technical issues
• Reconfigured damaged computer operating systems back to university standards

UBS, Weehawken, NJ – Summer 2011
Test Engineer Intern – Trading Application
• Tested Client Management Portfolio Application and reported in daily defects meetings for cost basis and wash sale processing
• Managed testing progress from different business units following business requirements and target dates
• Collaborated with interns in brainstorm sessions linking social networking with Financial Advisors

ICAP, Parsippany, NJ – Summer 2009, Summer 2010
Quality Control Intern – Foreign Exchange Client Program
• Modified Java code and named objects as part of quality assurance effort
• Tested Foreign Exchange application and documented errors
• Debugged existing automated test scripts to ensure accuracy
• Revised scripts to recognize newly named objects and reported additional cases in order to reduce unnecessary messages
• Created user guides that documented workstation configuration for application development and testing

Computer Consultant
• Assisted in the creation and installation of a local area network for a non-profit health-care foundation after a fire destroyed original office
• Set up LAN desktop computers to connect to MS Windows Server 2003 via Remote Desktop
• Provided ongoing desktop support for computers, analyzed technology issues, installed software and hardware as needed during school vacations

Computer Skills
• Java and Visual Basic
• Windows 7, Vista, XP, 2003/2008 Server
• Microsoft Office 2007, 2010, HP Quality Center

Activities
• Teaching Assistant for Intro to Information Security – Creating Quizzes and providing support for the Professor
• Syracuse Concert Choir, Oratorio Society, Friendship Circle – Volunteer helping children with special needs
Bibliography


United States. Department of Commerce. Economics and Statistics


APPENDIX

Figure I

### Prices £

<table>
<thead>
<tr>
<th>HP Designjet 3D Printers</th>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
</table>
| TM-DJ3D-ED               | HP Designjet 3D Printer  
Includes Machine + 1 Ivory ABS Spool + 1 Support Spool + 6 Bases.                                                                                                                                   | *9,690.00|
| MP8-DJ3D-ED              | HP Designjet 3D Printer Education Bundle 8  
Save £270                                                                                                                                     | *13,875.00|
| MP9-DJ3D-ED              | HP Designjet 3D Printer Education Bundle 9  
Save £1,500                                                                                                                                  | *17,385.00|

Figure II

### HP Designjet Color 3D Printers

<table>
<thead>
<tr>
<th>HP Designjet Color 3D Printers</th>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
</table>
| TM-DJC3D-ED                   | HP Designjet Color 3D Printer  
Includes Machine + 1 Ivory Spool + 1 Support Spool + 6 Bases.                                                                                                                                       | *12,475.00|
Save £495                                                                                                                                    | *17,085.00|
Save £2,135                                                                                                                                  | *22,785.00|
### Dimension 3D Printers

<table>
<thead>
<tr>
<th>Model</th>
<th>Description</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>MP-DIM-BST1200</td>
<td>Dimension BST 1200es Education 1 Year Bundle <em>(inc. 1 year Service &amp; Support, 11 Natural ABS Plus cassettes, 5 breakaway support cassettes, 96 bases)</em></td>
<td><em>18,995.00</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MP3-DIM-BST1200</td>
<td>Dimension BST 1200es Education 3 Year Bundle <em>(inc. 3 years Service &amp; Support, 31 Natural ABS Plus cassettes, 13 breakaway support cassettes, 192 bases)</em></td>
<td><em>23,950.00</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MP-DIM-ELITE</td>
<td>Dimension Elite Education 1 Year Bundle <em>(inc. 1 year Service &amp; Support, 11 Natural ABS Plus cassettes, 5 soluble support cassettes, 96 bases)</em></td>
<td><em>22,500.00</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MP3-DIM-ELITE</td>
<td>Dimension Elite Education 3 Year Bundle <em>(inc. 3 years Service &amp; Support, 31 Natural ABS Plus cassettes, 13 soluble support cassettes, 192 bases)</em></td>
<td><em>28,950.00</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MP-DIM-SST1200</td>
<td>Dimension SST 1200es Education 1 Year Bundle <em>(inc. 1 year Service &amp; Support, 11 Natural ABS Plus cassettes, 5 soluble support cassettes, 96 bases)</em></td>
<td><em>24,750.00</em></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>MP3-DIM-SST1200</td>
<td>Dimension SST 1200es Education 3 Year Bundle <em>(inc. 3 years Service &amp; Support, 31 Natural ABS Plus cassettes, 13 soluble support cassettes, 192 bases)</em></td>
<td><em>31,500.00</em></td>
</tr>
</tbody>
</table>

Source: www.techsoft.co.uk
Figure IV: Balance Sheet (Year 1-3)

<table>
<thead>
<tr>
<th></th>
<th>Yr 1</th>
<th>Yr 2</th>
<th>Yr 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash</td>
<td>$441,464</td>
<td>$1,176,724</td>
<td>$2,156,336</td>
</tr>
<tr>
<td>Accounts receivable</td>
<td>92,885</td>
<td>121,113</td>
<td>157,919</td>
</tr>
<tr>
<td>Inventory (a)</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Equipment</td>
<td>2,240</td>
<td>1,680</td>
<td>1,120</td>
</tr>
<tr>
<td>Total Assets</td>
<td>$536,589</td>
<td>$1,299,517</td>
<td>$2,315,375</td>
</tr>
<tr>
<td>Accounts payable</td>
<td>$53,962</td>
<td>$(120,984)</td>
<td>$(157,751)</td>
</tr>
<tr>
<td>Long-term debt</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Common Stock</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Retained earnings (deficit)</td>
<td>422,205</td>
<td>1,156,777</td>
<td>2,135,660</td>
</tr>
<tr>
<td>Total liabilities and equity</td>
<td>$476,167</td>
<td>$1,035,793</td>
<td>$1,977,909</td>
</tr>
</tbody>
</table>

(a) Due to iStatue's make-to-order business model, it will not have material amount inventory.
### Figure V: Income Statement (Year 1)

- **Sales (a)**: $1.35 million sales is based on 0.05% estimated market share of $2.7 billion in doll market in 2011; month sale percentage is based on US Census Bureau’s Estimates of Monthly Retail and Food Services Sales by Kind of Business: 2012 - Hobby, toy, and game stores as following:
  - January: 5.9%
  - February: 6.3%
  - March: 7.3%
  - April: 7.3%
  - May: 6.6%
  - June: 6.6%
  - July: 6.8%
  - August: 6.7%
  - September: 7.2%
  - October: 7.9%
  - November: 12.3%
  - December: 19.2%

- **COS**: Payroll Tax is based on 15% of salary expense

#### Monthly Income Statement

<table>
<thead>
<tr>
<th></th>
<th>Jan</th>
<th>Feb</th>
<th>Mar</th>
<th>April</th>
<th>May</th>
<th>June</th>
<th>July</th>
<th>Aug</th>
<th>Sept</th>
<th>Oct</th>
<th>Nov</th>
<th>Dec</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sales (a)</strong></td>
<td>$79,439</td>
<td>$84,437</td>
<td>$98,818</td>
<td>$98,510</td>
<td>$89,128</td>
<td>$91,205</td>
<td>$90,359</td>
<td>$97,049</td>
<td>$106,047</td>
<td>$166,568</td>
<td>$259,311</td>
<td>$1,350,000</td>
<td></td>
</tr>
<tr>
<td><strong>COS</strong></td>
<td>$37,544</td>
<td>$39,907</td>
<td>$46,703</td>
<td>$46,558</td>
<td>$42,124</td>
<td>$42,124</td>
<td>$43,105</td>
<td>$42,705</td>
<td>$45,867</td>
<td>$50,120</td>
<td>$78,723</td>
<td>$123,555</td>
<td>$638,035</td>
</tr>
<tr>
<td><strong>Gross margin</strong></td>
<td>$41,895</td>
<td>$44,531</td>
<td>$52,115</td>
<td>$51,953</td>
<td>$47,005</td>
<td>$47,005</td>
<td>$48,100</td>
<td>$47,654</td>
<td>$51,182</td>
<td>$55,927</td>
<td>$87,845</td>
<td>$136,756</td>
<td>$711,965</td>
</tr>
<tr>
<td><strong>Expenses: R&amp;D</strong></td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$12,500</td>
<td>$150,000</td>
<td></td>
</tr>
<tr>
<td><strong>Salaries</strong></td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$10,000</td>
<td>$120,000</td>
<td></td>
</tr>
<tr>
<td><strong>Payroll Tax (b)</strong></td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$1,500</td>
<td>$18,000</td>
</tr>
<tr>
<td><strong>Utilities/phone</strong></td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$100</td>
<td>$1,200</td>
</tr>
<tr>
<td><strong>Interest</strong></td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1</td>
<td>$1,200</td>
</tr>
<tr>
<td><strong>Depreciation (c)</strong></td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$47</td>
<td>$560</td>
</tr>
<tr>
<td><strong>Total expenses</strong></td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$24,147</td>
<td>$289,760</td>
</tr>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$17,748</td>
<td>$20,384</td>
<td>$27,968</td>
<td>$27,806</td>
<td>$22,858</td>
<td>$22,858</td>
<td>$23,953</td>
<td>$23,507</td>
<td>$27,035</td>
<td>$31,780</td>
<td>$63,698</td>
<td>$112,609</td>
<td>$422,205</td>
</tr>
</tbody>
</table>

(b) Payroll Tax is based on 15% of salary expense

(b) Straight-line depreciation for office equipment
Figure VI: Income Statement (Years 2-5)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Yr2 Total</th>
<th>Yr 3</th>
<th>Yr 4</th>
<th>Yr 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (a)</td>
<td>$342,527</td>
<td>$360,877</td>
<td>$363,283</td>
<td>$693,577</td>
<td>$1,760,265</td>
<td>$2,295,210</td>
<td>$2,992,724</td>
<td>$3,902,212</td>
</tr>
<tr>
<td>COS</td>
<td>$161,885</td>
<td>$170,557</td>
<td>$171,694</td>
<td>$327,797</td>
<td>$831,933</td>
<td>$1,084,758</td>
<td>$1,414,416</td>
<td>$1,844,256</td>
</tr>
<tr>
<td>Gross margin</td>
<td>$180,643</td>
<td>$190,320</td>
<td>$191,589</td>
<td>$365,780</td>
<td>$928,332</td>
<td>$1,210,452</td>
<td>$1,578,308</td>
<td>$2,057,956</td>
</tr>
<tr>
<td>Expenses:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salaries</td>
<td>$30,000</td>
<td>$30,000</td>
<td>$30,000</td>
<td>$30,000</td>
<td>$120,000</td>
<td>$120,000</td>
<td>$120,000</td>
<td>$120,000</td>
</tr>
<tr>
<td>Payroll Expense</td>
<td>$4,500</td>
<td>$4,500</td>
<td>$4,500</td>
<td>$4,500</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
<td>$18,000</td>
</tr>
<tr>
<td>Advertising Cost</td>
<td>$13,500</td>
<td>$13,500</td>
<td>$13,500</td>
<td>$13,500</td>
<td>$54,000</td>
<td>$91,808</td>
<td>$119,709</td>
<td>$156,088</td>
</tr>
<tr>
<td>Utilities/phone</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$300</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
<td>$1,200</td>
</tr>
<tr>
<td>Depreciation</td>
<td>$140</td>
<td>$140</td>
<td>$140</td>
<td>$140</td>
<td>$560</td>
<td>$560</td>
<td>$560</td>
<td>$560</td>
</tr>
<tr>
<td>Total expenses</td>
<td>$48,440</td>
<td>$48,440</td>
<td>$48,440</td>
<td>$48,440</td>
<td>$193,760</td>
<td>$231,568</td>
<td>$259,469</td>
<td>$295,848</td>
</tr>
<tr>
<td>Net income (loss)</td>
<td>$132,203</td>
<td>$141,880</td>
<td>$143,149</td>
<td>$317,340</td>
<td>$734,572</td>
<td>$978,883</td>
<td>$1,318,839</td>
<td>$1,762,108</td>
</tr>
</tbody>
</table>

(a) Sales in the first year total .05% of the doll market in the US. Total market sales in 2011 was $2.7 billion with industry growth rate is 0.3% and iStatue's market growth rate is 30% each year until the end of year 5.
## Figure VII: Statement of Cash Flows (Years 1-5)

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>Yr Total</th>
<th>Yr 2</th>
<th>Yr 3</th>
<th>Yr 4</th>
<th>Yr 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net income (loss)</strong></td>
<td>$ 66,100</td>
<td>$ 73,522</td>
<td>$ 74,495</td>
<td>$ 208,088</td>
<td>$ 422,205</td>
<td>$ 734,572</td>
<td>$ 978,883</td>
<td>$ 1,318,839</td>
<td>$ 1,762,108</td>
</tr>
<tr>
<td><strong>Add non-cash expense - dep'n</strong></td>
<td>$ 140</td>
<td>$ 140</td>
<td>$ 140</td>
<td>$ 140</td>
<td>$ 560</td>
<td>$ 560</td>
<td>$ 560</td>
<td>$ 560</td>
<td>$ 560</td>
</tr>
<tr>
<td><strong>(Inc) Dec in receivables</strong></td>
<td>$ 14,542</td>
<td>$ 16,175</td>
<td>$ 16,389</td>
<td>$ 45,779</td>
<td>$ 92,885</td>
<td>$ 121,113</td>
<td>$ 157,919</td>
<td>$ 205,911</td>
<td>$ 268,487</td>
</tr>
<tr>
<td><strong>Inc (Dec) in payables</strong></td>
<td>$(22,348)</td>
<td>$(23,545)</td>
<td>$(23,702)</td>
<td>$(23,192)</td>
<td>$(92,786)</td>
<td>$(120,984)</td>
<td>$(157,751)</td>
<td>$(205,692)</td>
<td>$(268,202)</td>
</tr>
<tr>
<td><strong>Cash from (used) in operations</strong></td>
<td>$ 58,434</td>
<td>$ 66,292</td>
<td>$ 67,322</td>
<td>$ 230,815</td>
<td>$ 422,864</td>
<td>$ 735,261</td>
<td>$ 979,611</td>
<td>$ 1,319,618</td>
<td>$ 1,762,953</td>
</tr>
<tr>
<td><strong>Financing sources:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Invested capital</strong></td>
<td>$ 5,350</td>
<td>$ 5,350</td>
<td>$ 5,350</td>
<td>$ 5,350</td>
<td>$ 21,400</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Financing uses:</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Equipment purchase</strong></td>
<td>$(2,800)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$(2,800)</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
</tr>
<tr>
<td><strong>Loan repayment</strong></td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ -</td>
<td>$ 50,000</td>
</tr>
<tr>
<td><strong>Total source (use) of cash</strong></td>
<td>$ 60,984</td>
<td>$ 71,642</td>
<td>$ 72,672</td>
<td>$ 236,165</td>
<td>$ 441,464</td>
<td>$ 735,261</td>
<td>$ 979,611</td>
<td>$ 1,369,618</td>
<td>$ 1,884,953</td>
</tr>
<tr>
<td><strong>Beginning cash</strong></td>
<td>$ -</td>
<td>$ 60,984</td>
<td>$ 132,626</td>
<td>$ 205,299</td>
<td>$ 441,464</td>
<td>$ 441,464</td>
<td>$ 1,176,724</td>
<td>$ 2,156,336</td>
<td>$ 3,525,954</td>
</tr>
<tr>
<td><strong>Ending cash</strong></td>
<td>$ 60,984</td>
<td>$ 132,626</td>
<td>$ 205,299</td>
<td>$ 441,464</td>
<td>$ 441,464</td>
<td>$ 1,176,724</td>
<td>$ 2,156,336</td>
<td>$ 3,525,954</td>
<td>$ 5,410,906</td>
</tr>
</tbody>
</table>

(a) A/R at year end is 22% percentage of total sales
(b) A/P at year end is 18% of cost of good sold
**Figure VIII: Breakeven Point Calculation**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sale in dollar</th>
<th>Sale in Unit</th>
<th>Fix Cost</th>
<th>Year breakeven</th>
<th>Profit</th>
<th>Accumulative Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>$1,350,000</td>
<td>33758.43961</td>
<td>$324,600</td>
<td>$606,294</td>
<td>$722,768</td>
<td>(187,832)</td>
</tr>
<tr>
<td>2</td>
<td>$1,760,265</td>
<td>44017.62941</td>
<td>$423,246</td>
<td>$790,547</td>
<td>$519,172</td>
<td>331,340</td>
</tr>
<tr>
<td>3</td>
<td>$2,295,210</td>
<td>57394.58988</td>
<td>$551,870</td>
<td>$1,030,794</td>
<td>$676,948</td>
<td>1,008,287</td>
</tr>
<tr>
<td>4</td>
<td>$2,992,724</td>
<td>74836.80197</td>
<td>$719,584</td>
<td>$1,344,052</td>
<td>$882,672</td>
<td>1,890,960</td>
</tr>
<tr>
<td>5</td>
<td>$3,902,212</td>
<td>97579.70609</td>
<td>$938,265</td>
<td>$1,752,510</td>
<td>$1,150,916</td>
<td>3,041,876</td>
</tr>
</tbody>
</table>

**Variable Cost**
- $18.58

**Sales Prize**
- $39.99

**Contribution Margin**
- 54%

**Figure IX: Breakeven Point Graph**
SUMMARY OF CAPSTONE PROJECT
The capstone project is both challenging and rewarding at the same time. I chose this 3D personalized statue business plan as my capstone project topic because I am passionate about it. I applied all the knowledge I gained from my classes in Whitman School of Management, including marketing, supply chain, finance, information technology, management etc, into one business idea. The project is practical and something I can pursue and turn it into a real company in the future.

EXECUTIVE SUMMARY

Opportunity Statement
As people in our society are becoming more fashionable and self-expressive, the demand of customized products increases. When people are expecting a gift from someone, they want something made especially for them and they will feel like they are special. With the early success of companies like Build-a-Bear Workshop and American Girl, I felt something similar with that would be popular and 3D personalized statue would be one such company that can do this.

Business Concept & Product
Our business concept is simple. Our company’s website, iStatue.com will be created. Customers can upload their pictures to our website and choose different types of bodies for the statue, once the specialists in China download the information from the website, specialist will use clay to model the face of the bubblehead and connect the face and the body. Once it’s done, it will be shipped to the customer.
**Competitive Advantage**
iStatue will have a manufacturing cost of $15.09 per statue and selling price for $39.99, for a 62.5% contribution margin and a 52.7% gross profit margin. As evidence by the accompanying table, customized bubbleheads typically retail at over $100 per statue of comparable size, so a retail price of $39.99 will be enable iStatue to have competitive advantage in the market.

**Target Market**
Our customers will be diverse and consist of a long range of age groups, which could be classified in two main categories: customers aged 24 and younger, and customers who make purchases for special occasions, include wedding, graduation, birthday, etc.

**Estimated Market Share & Sales**
Due to its low end strategy and functionality as a 3D personalized toy, iStatue believes 3D personalized statue can capture 0.05% in initial doll market share to revitalize the market. Given domestic sales for dolls at $2.7 billion, successful market penetration of .05% would result in annual sales of $1.35 million. iStatue’s growth over the next 5 years will be indicative of relative industry growth trends forecasted at 0.3% annually. On top of the initial industry growth, iStatue expects to grow at an average of 30% per year, and reach a final Year 5 market share of approximately 0.19%.
Costs & Contribution Margin
With the production line in China, obtaining materials and manufacturing will be relatively inexpensive at a variable cost around $15 per statues on average and other period cost allocated to selling one statue at $3.8. One 3D personalized statue will be sold at $39.99, which enables our product to be sold with a gross profit margin of 52.7%.

Research & Development
The traditional manufacturing process in making Bubbleheads is expensive and imperfect, and each bubblehead takes long handmade process. iStatue looks forward to using insight3D and 3-D printing technology to improve its product quality, shorten selling cycle and increase sales.

Executive Team
The following profiles briefly describe the corporate executive team for iStatue:

- **Junjie Li** (Chief Executive Officer): Finance & Accounting, Martin J. Whitman School of Management
- **Benjamin Cohen** (Chief Technology Officer): Information Management & Technology and Finance, Martin J. Whitman School of Management & School of Information Studies
- **Shuohao Ruan** (Chief Financial Officer): Finance and CPA Accounting, Martin J. Whitman School of Management.
- **Hansika Shergill** (Chief Marketing Officer): Marketing, Martin J. Whitman School of Management.
- **Qingqiu Peng** (Chief Operating Officer): Visual Art, Guangzhou University.
**Financial Highlights**
iStatue anticipates breaking even by year 2, in March 2014. Beginning at 0.05% market share, iStatue will grow in conjunction with annual industry growth rate at 0.2%, while experiencing an additional average 30% growth each year of operations until reaching a mature 0.19% market share. At the end of Year 5, iStatue is expected to generate $1.76 million.

**Financial Need**
With outscoring manufacturing production in China and selling product online, startup costs are going to be fairly minimal. As a result, iStatue will be seeking $80,000 from investors with an interest and experience for a 30% equity stake in the company.