

PRINT SOMETHING BACK

Business Plan

September 2008

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I. Company Description

Print Something Back (PSB) is an LLC custom printing broker in Oakland, California. The company's direct-to-business products include printed or embroidered sweatshop-free hats, T-shirts, brochures, stickers, bags, pens, etc. for special events, identity wear, marketing collateral, and retail sales.

PSB's resources are focused on sales and marketing. PSB chooses to outsource the printing and embroidery functions as they are asset intensive and generate low-paying jobs.

PSB's Unique Social Mission

PSB's social mission of employing and enhancing the lives of at-risk adults allows the company to stand out in a crowded market and creates strong bonds with its customers. The company further differentiates itself with industry-leading customer service and unique online customer service systems.

In addition to achieving a healthy bottom line (the company expects to be profitable in three years), Print Something Back will deliver significant social returns. PSB is one of the only social enterprises providing higher-paying professional jobs¹ to ex-offenders and persons recovering from substance abuse and homelessness. The company offers these individuals holistic health benefits (counseling, housing, legal, and education support) in an empowering work environment.

The Cofounders Have Achieved Success with the PSB Business Model

PSB cofounders Jeff Sheinbein and Kevin McCracken have more than 16 years of experience managing custom promotional printing organizations similar to PSB. Sheinbein and McCracken are the former managing directors of Ashbury Images (AI), a San Francisco-based nonprofit screen printing company that employs a similar at-risk adult population.

¹ PSB provides jobs in management, sales, marketing, customer service, and graphic arts.

Jeff Sheinbein was hired by Ashbury Images as a consultant to develop and implement a new sales and marketing plan. He later became AI's managing director. During his eight-year tenure, AI reached annual profits of \$200K, after losing \$2 million in the eight preceding years. Annual revenues increased from \$500K to \$3M through sales to name-brand companies such as Timberland, Habitat for Humanity, Peet's Coffee, People for the Ethical Treatment of Animals, and McKesson.

Under Mr. Sheinbein, AI became one of the country's most successful nonprofit enterprises of its size, and one of the most profitable businesses in the screen printing industry. Ashbury Images gained significant publicity from TV, newspapers, and magazines, including KRON-TV, the *San Francisco Chronicle*, and *Impressions* magazine.

Under Sheinbein's leadership, the company also achieved significant social returns. The number of "mission employees" tripled to 24 individuals recovering from drug addiction and homelessness, a number of whom moved on to lucrative positions in management at AI, as well as successful careers in law, electrical engineering, and retail management.

Leveraging his success at AI, Sheinbein was hired as a consultant to replicate AI in London, England and to implement AI's sales and marketing structure at other enterprises, including The Body Positive, ShareForward, and Borders Books.

Kevin McCracken, Print Something Back's cofounder was hired by Ashbury Images after completing a rehab program at Walden House. He began as an administrative assistant and became sales manager, ultimately succeeding Mr. Sheinbein as managing director.

During Mr. McCracken's two-year tenure as managing director, AI's revenues rose to over \$3.5M and profitability increased continuously. At AI, McCracken mastered all aspects of the custom printing business. As the "go-to guy" for operational issues, he established volume discount rebates with raw materials vendors that saved the company over \$200K in three years. He managed many of AI's largest accounts, including Habitat for Humanity, United Way, Stanford University, and recording artists Thievery

Corporation. McCracken also handled all human resource issues and became a role model for Ashbury's mission employees.

After leaving Ashbury Images, Mr. McCracken started a successful custom printing business that provides merchandise for many of the Bay Area's most popular bands, including Metallica. He is the current managing partner and a 20% stockholder of Motion Company, a contract screen printing business in Sacramento. Under his leadership, Motion Company increased sales by 50% to \$2M and was recognized as one of the nation's leading high-volume printers by *Impressions* magazine, the industry's leading trade journal. McCracken has been profiled in *High Volume Printer*, which recognized him as one of the industry's bright young talents. In 2004 he received Bank of America's Neighborhood Leader Award.

A Proven Empowering Work Environment

PSB's goal is to transform the lives of its employees and reduce their impact on society. Equally important, PSB's empowered employees demonstrate to other challenged individuals new paths to economic prosperity and self-esteem.

Print Something Back will offer its employees an array of benefits designed to meet their physical, emotional, and spiritual needs. PSB will contract the services of Ms. Debbie Vogel, a certified counselor with over 15 years' experience working with ex-offenders. Ms. Vogel will teach group and individual classes in personal development and responsibility, and provide ongoing general counseling. The Stanford Law Clinic and San Francisco Women's Re-entry Center will provide support with legal, housing, family, education, and sobriety issues.

PSB has contracted with a social services consultant to help secure funding to offset the costs of its support services. Transitional Thresholds, Inc., a nonprofit fiscal sponsor, will act as a nonprofit PSB subsidiary, enabling PSB to collect tax-deductible donations. PSB will also leverage its social mission to solicit various pro bono services.

Besides providing formal training programs, Print Something Back will offer its employees skills training beyond their regular job duties. This program, to be called The Rush-Hour MBA, will host outside experts and MBA students who will teach classes at PSB outside of working hours.

PSB is working with a consultant to secure funding of online and live workshops by the *Dale Carnegie Sales Program* and *Learn It Computer Training Services*. PSB is also in discussions with Net Impact, a global network of business leaders, to have its MBA student members and teaching assistants conduct Web-based training in finance, accounting, and marketing.

Once the company becomes profitable, employees will be treated as owners and receive generous profit-sharing plans. They will be encouraged to participate in organizational decisions and expected to offer regular feedback on ways to strengthen the social mission and improve the bottom line. They will also help determine various aspects of their employment, including budgets and schedules. For example, sales associates may choose which groups of customers to target, based on their personal talents and affinities. Sales staff will be encouraged to offer suggestions for new marketing and advertising opportunities. Customer service personnel will grade suppliers and offer input when replacements are needed.

Employees will help determine their compensation mix. Depending on their risk threshold, they can choose a stable fixed salary or a more risky salary mix based on bonuses and an aggressive commission structure.

Print Something Back's empowerment model is based on the innovative business management initiatives of Ricardo Semler, CEO of Semco Industries in Sao Paulo, Brazil. Under Semler's leadership, Semco has grown to 3000+ employees and increased revenue from \$4M US in 1982 to \$500M in 2007.² Semler credits his unique management model as a major factor in Semco's success. PSB's empowerment model is expected to evolve over time, with experience and employee input.

Print Something Back Partners with Give Something Back

PSB is partnering with Give Something Back (GSB), one of the nation's largest independent office supply companies. Print Something Back will be the main custom products sales channel for GSB's 5000 customers, including 1000 customers in PSB's target markets: (a) large corporations and retailers who value a socially conscious

² Semler, Ricardo 2003. "14 Too big for our own good," *Maverick!* (in English). London: Arrow, p. 108.

image, and (b) large nonprofits and other organizations that produce major special events. Together, PSB and GSB will offer a one-stop shopping experience for custom and non-custom office supplies. In addition, GSB will provide PSB with accounting, logistics, delivery, and managerial assistance, in return for a 5% commission on sales to GSB customers.

GSB founder and CEO Mike Hannigan believes custom-printed merchandise has the greatest untapped potential of any of GSB's product lines. Currently, only 2% of GSB's \$30M in sales is from custom printing.

Because GSB is an office products company, its customer service operation lacks the expertise to capture custom printing business from its customers. Custom printing is an entirely different business, requiring different sales and customer service skills. GSB offers custom printed merchandise on its website, but its sales agents do not actively solicit custom printing business from customers.

Print Something Back cofounders Jeff Sheinbein and Kevin McCracken have deep experience capturing custom printing accounts. This expertise, combined with PSB's social mission and expert customer service, will enable it to generate substantial custom printing business from GSB's customers.

GSB's sales staff will also have an incentive to refer customers to PSB, as GSB will earn a commission on each PSB sale. The GSB website will contain a link to PSB's site, prompting customers to "click through" to purchase custom-printed/embroidered merchandise.

GSB is widely recognized for providing the best customer service in the office supply industry. GSB donates 50% of its post-tax profits to community-based organizations. With almost \$4M in total donations, GSB ranks as one of northern California's most generous corporate donors. GSB cofounder Mike Hannigan will serve on the PSB board of directors and will be its main sales and marketing advisor. Mr. Hannigan has been featured in *Inc*, *Forbes*, and the *New York Times*, and is recognized as one of the Bay Area's most successful social entrepreneurs.

II. Print Something Back's Competitive Advantages

1. A Strong Social Mission

Print Something Back's social mission is to empower the lives of at-risk adults by offering them higher-paying jobs and job training. PSB will attract customers by aggressively exploiting its social mission through event sponsorship, local and national media stories, and speaking engagements.

In addition, PSB's social mission will be highlighted in all of its marketing materials and custom merchandise. Every item of merchandise sold will have an attached full-color printed hangtag with the PSB logo and a social mission statement, and similar custom hangtags will be created for larger customers. All PSB merchandise boxes will contain custom stickers with PSB-branded information. The social mission will be *front and center* in brochures, the website, business cards, and merchandise catalogs.

Customers can tout their affiliation with PSB to publicize their socially responsible business practices to their customers, employees, and the media. For example, when Timberland issued a press release publicizing its relationship with Ashbury Images, it garnered coverage in local daily and weekly newspapers. A second example: Cisco Systems issued a memo to its 38,000 employees, informing them that its T-shirts were printed by an organization that employed people in recovery from substance abuse and homelessness.

2. Industry-leading Customer Service

While Print Something Back's social mission will attract customers, its customer service and online customer management systems will retain them.

PSB's industry-leading customer service model was designed to generate word-of-mouth referrals and re-orders. Cofounders Jeff Sheinbein and Kevin McCracken have over 15 years of experience delivering award-winning customer service to PSB's target

markets.³ They believe that outstanding customer service will enable the company to attract less-price-sensitive customers, increasing gross profits and building long-term relationships. Print Something Back will monitor its customer service by offering customers incentives to fill out survey cards and post feedback on the website. The surveys will be reviewed often, and feedback will be passed on to all PSB team members.

Print Something Back will provide ongoing training programs to help each employee acquire the skills to deliver top-class customer service. Employees will be trained to meet the needs of demanding target customers. They will learn the intimate details of PSB's products, including the most appropriate embellishment methods for each item, and how to ensure that merchandise is delivered on time.

PSB will train its sales associates not merely to execute one-off sales, but to be the company's frontline business builders. Part of employees' compensation will be based on customer survey results. Sales associates will learn to identify each customer's needs and exert every effort to meet them, toward a goal of creating long-term partnerships instead of only exchanging products for money.

In addition, employees will be properly trained in using Shopworks, PSB's customer service management software. Shopworks allows PSB to manage sales, marketing, production, and accounting from a single integrated program. Print Something Back's employees will be rewarded for delivering outstanding customer service, based on customer surveys.

Sales associates will be trained to handle the order process from start to finish, thus eliminating a common customer complaint in custom printing, of having to deal with too many people.

³Print Something Back's target customers comprise of Give Something Back customers, and other clients who meet the following criteria: (a) large corporations and retailers who value a socially conscious image, and (b) large nonprofits and organizations that produce large special events.

Cofounders Jeff Sheinbein and Kevin McCracken will direct most hands-on training for the first two years. As PSB matures, the team members will play an increasing role in training new employees and existing staff.

In 2002, Sheinbein, McCracken, and the Ashbury Image employees were recognized at the *Impressions* tradeshow for delivering the best customer service by any mid-sized printer. Rick Roth, one of the country's best-known screen printing consultants, called AI's employee training the best he had seen in over 20 years. Over a four-year period, AI's customers gave it a 9.3/10 customer service rating on feedback survey forms.

Some PSB customer service features that will differentiate it and build lasting customer partnerships:

1. Free local delivery for large orders and high-volume customers.
2. Order completion "thank-you" packets containing:
 - A "Socially Responsible" certificate. At the completion of their first order, customers will receive a certificate with the PSB logo, recognizing their relationship with PSB.
 - A handwritten thank-you note.
 - An electronic survey inviting the customer to rate PSB on customer service, quality, and overall experience.
 - For large customers: gift garments embellished with the PSB logo, or the customer's logo on different products.
3. No rush charge for job orders placed with less than a week's notice. Most PSB competitors charge a fee for orders placed less than a week before due. PSB will make every effort to complete each customer order at no additional charge, even those placed with one or two days' lead time.

3. Unique Online Customer Service Systems

a. Self-Service Account Management. Customers that require online product ordering and account management features have not been well served by PSB's competitors who don't offer online systems. At launch, PSB will offer a Web-based self-service account management system that allows customers to execute orders, view past purchase orders and designs, upload artwork and check the status of their current order. Customers can set spending limits for certain departments or employees, enforce monthly budgets, and block certain employees from ordering products. In addition, customers can check the status of their existing orders and share information with different departments or purchasing agents within their organization

b. Self-Tracking Inventory. Customers can log onto the PSB website to manage their current inventory using the simple Web interface. PSB makes it easy for customers to track complex orders after the orders are shipped or delivered. For example, the self-tracking inventory system makes it easy to track orders for multiple departments within the same company, and to track complex orders with multiple logos.

c. Customized Malls. Print Something Back offers customers the opportunity to shop for pre-selected products with approved logos 24 hours a day and 7 days a week from the PSB website. The shopping cart feature allows users to add multiple products in multiple quantities, enter ship to addresses, select carrier and ship method and enter credit card information or a corporate purchase order to check out. Limits on credit card purchases can be programmed and online order approval process is available. The user has the ability to click on the order to view order status and details

d. Realistic e-Proofs. Customers can view a realistic impression of the finished product, including the logo, before it is printed or embroidered. In contrast, most PSB competitors can only send the customer generic art proofs by email, mail, or express delivery for approval.

III. Market Opportunity

Print Something Back's target customers comprise of Give Something Back customers, and other clients who meet the following criteria: (a) large corporations and retailers who value a socially conscious image, and (b) large nonprofits and organizations that produce large special events.

These target customers spend \$4 billion per year on custom-printed merchandise (*Impressions* magazine 2007 Industry Report). Socially responsible corporations spend the greatest amount on custom-printed products, with Cisco Systems spending \$89M per year and Google \$64M per year. The market for custom-printed products in the US is \$19B and is projected to grow by 15% per year for the next five years.

Most of PSB's target customers typically receive adequate, no-frills customer service, with few, if any, timesaving online features. Market research shows that PSB's target customers are underserved by its competitors. For example, in a survey by *High Volume Decorator* (an industry-leading website), 60% of the corporations polled reported receiving "average" customer service from their current vendors. In addition, 70% of Ashbury Image's customers from 2001-2005 reported that their former screen printer delivered "satisfactory" to "poor" customer service.

Target Customers

GSB Customers. For the first six months of operation, PSB will focus its sales and marketing efforts on reaching the 1000 GSB customers who meet the criteria described above. GSB's endorsement will give PSB immediate access to this large and willing customer base. GSB's sales staff will also have an incentive to refer customers to PSB, as GSB will earn a commission on each PSB sale. The GSB website will contain a link to PSB's site, prompting customers to "click through" to purchase custom-printed/embroidered merchandise.

Socially Responsible Corporations. Once the PSB sales staff has mined GSB's customer list, it will turn its efforts to reaching large, socially responsible corporations and retail establishments. Nearly all major corporations, and most companies with at least 500+ employees have corporate responsibility departments or

persons in charge of community relations. In most of these companies, socially responsible business practices are tightly woven into the organizational culture and business practices. As a result, these companies actively seek community-oriented, socially responsible vendors.

At Ashbury Images, it was estimated that over 25% of sales from 1999 to 2005 were to large, socially responsible corporations. PSB cofounders Sheinbein and McCracken vigorously pursued this market, and succeeded in generating sales to major, name-brand customers such as, Sun Microsystems, Wells Fargo, Cisco, Peet's Coffee, and Cutter & Buck thanks in large part to Ashbury Image's social mission. In 2000 Mr. Sheinbein negotiated a joint venture with Timberland where Ashbury Images printed T-shirts and hangtags were featured in over 100 Timberland retail stores nationwide.

Many AI customer survey respondents indicated that the company's social mission was the factor that originally attracted them to AI. One customer said:

“We are flooded with offers and phone calls from screen printers throughout the country. I was willing to answer the phone when Ashbury Images called because they are helping out the community, and their values are in line with ours.” – Jane Coltrane, Timberland

PSB has developed partnerships with Social Venture Network and Net Impact, two prominent business associations whose members include many of the nation's leading socially responsible corporations. PSB will work with these organizations to obtain introductions to member organizations such as Home Depot, Microsoft, Starbucks, Dell, Google, and Clif Bar. PSB will also create alliances with other socially responsible business networks, such as Social Venture Network, Skoll Foundation, Omidiyar Network, and Balle (Business Alliance for Local Economies).

At larger corporations, purchasing agents are responsible for ordering products from vendors throughout the country. As a result, they value working with vendors such as Print Something Back who can provide an efficient, time-saving ordering experience, with expanded Web-based services.

Nonprofits. Nonprofits value working with vendors who share their passion for helping the community. Print Something Back will capitalize on its cofounders'

relationships with many of the largest nonprofits in the country, such as the American Cancer Society, American Kidney Foundation, and the Leukemia & Lymphoma Society's Team in Training.

In addition, Mr. McCracken has existing relationships with nonprofit organizations that produce retail merchandise, such as People for the Ethical Treatment of Animals (PETA), the SPCA, and a number of museums of modern art. Other previous relationships to be leveraged include JCC and YMCA organizations that operate hundreds of summer camps for children.

An estimated 20% of sales at Ashbury Images from 1999 to 2005 came from large nonprofit organizations, under the leadership of PSB cofounders Sheinbein and McCracken.

Educational Institutions. Over 70% of universities in the U.S. give preferential treatment to vendors that are minority-owned, woman-owned, or conduct business in a socially responsible manner.⁴ PSB will target university social life coordinators, clubs, and residence hall managers at many of the nation's largest universities. PSB will also gain access to the purchasing agents at these universities through its affiliation with the Council for Christian Colleges and Universities, Net Impact, and The National Association of Campus Activities. The PSB cofounders have existing relationships with over 80 universities, including UC Berkeley, Stanford University, Harvard, UCLA, University of San Francisco, and Northwestern.

⁴ Association of College Student Unions International

IV. Products

Print Something Back sells “sweatshop-free”⁵ promotional products that are primarily purchased for (a) special events (races, tournaments, concerts, festivals, etc.), (b) as promotional and marketing giveaways, (c) identity-wear (uniforms, trade shows, corporate casual-wear, etc.), or (d) for resale. PSB is not only among the very small handful of companies that focus on sweatshop-free products, but it further sets itself apart in these markets by offering the industry’s largest selection of recycled and sustainably produced merchandise. PSB’s products will be showcased in retail-style paper and online catalogs. By year three, PSB will become a full-service custom merchandise broker, prepared to expand its product line to include brochures, stickers, banners, calendars, and catalogs.

Print Something Back will promote its unique social mission on every item of merchandise that it sells. Each Print Something Back product will have a full-color hang-tag attached, printed with the PSB logo and a description of PSB’s social mission. By year three, PSB T-shirts will feature a custom-printed logo in place of the plastic collar. As a result, the PSB custom-printed T-shirts will be more comfortable to wear, while helping build brand awareness.

Vendors and Outsourcing

Print Something Back will purchase the majority of its blank goods (T-shirts, hats, sweatshirts, bags, etc.) from several of the largest local apparel distributors, including Sun Dog, San Mar, and Western Textile. PSB will benefit from volume discounts, thanks to Mr. McCracken’s strong existing relationships with these companies. As sales increase, PSB will enjoy volume discounts; in year two, the company will save over \$70K as a result of discounts and rebates.

Print Something Back will outsource all of its printing and embroidery services. After the blank product is embroidered or printed, the vendor will be responsible for

⁵A sweatshop is a working environment with unacceptably difficult or dangerous conditions, where workers have few rights or means of improving their situation. These environments can include exposure to harmful materials, hazardous situations, extreme temperatures, and abuse from employers. Sweatshop workers are often forced to work long hours for little or no pay, regardless of local laws mandating overtime pay or minimum wages.

“blind shipping” the product direct to the customer in Print Something Back boxes. PSB will select vendors closest the customer’s location to reduce shipping costs. Mr. McCracken has strong relationships and has done business with all of the company’s primary vendors, including Jak Prints (Cleveland), Mirror Image (Boston), Blue Frog Embroidery (Oakland), and Bullet Line (Santa Rosa). He was general manager of Motion Company, PSB’s West Coast vendor in Sacramento, CA.

PSB Product Summary – Years 1-3*(Note: Catalogs, stickers, banners, etc. will not be available until year 3.)*

| Product | Est. % Yr. 1 Sales | Most Popular Items | Vendor Information |
|--------------------------|-----------------------------------|--|--|
| Screen Printing | 50% | <p>T-shirts (short-sleeve, long-sleeve, women's fashion)</p> <p>Fleece (hooded, non-hooded)</p> <p>Bags (messenger, tote)</p> | <p>Primary Vendor: Motion Company, West Sacramento, CA.</p> <p>Motion Company has a strict recycling and material handling program. They use state-of-the-art equipment to reduce energy use and waste.</p> <p>Winner of multiple awards from SGIA and <i>Impressions</i> magazine, featured on cover of <i>Impressions</i> magazine's Top Volume Printers issue 2008.</p> |
| Embroidery | 30% | Hats, polos, corporate and casual button-downs | <p>Primary Vendor: Blue Frog, San Leandro, CA</p> <p>Blue Frog has built a reputation for on-time delivery and quality within the embroidery industry. It has one of the industry's leading high-volume incentive programs.</p> |
| Promotional Products | 20% | Pens, mugs, water bottles, awards, USB drives, key chains | <p>Primary Vendor: Bullet Line Promotional Products, Santa Rosa, CA</p> <p>Bullet Line has one of the largest selections of eco-friendly promotional products and corporate gifts in the industry. PSB cofounder Kevin McCracken is a close friend of a Bullet Line senior executive who has agreed to help create Web materials and product lines for PSB's unique business model.</p> |
| Offset Printing Products | | Brochures, stickers, banners, flyers, postcards | TBD |

V. Marketing

The primary goal of the PSB marketing program is to reach its target customers: (a) large corporations and retailers who value a socially conscious image, and (b) large nonprofits and other organizations that produce large special events. The company will focus on sales calls and four primary grassroots marketing programs: (a) sales calls, (b) event sponsorships, (c) public relations, (d) a unique customer referral program, to be called *Refer it Forward*, and (e) social networking.

Sales Calls

For the first three years of operation, Print Something Back will devote a major portion of its sales efforts to direct calls to potential customers, including GSB customers and the contacts of GSB CEO Mike Hannigan and the PSB cofounders. In addition, associates will focus their sales efforts on members of socially responsible networking organizations, and sponsored event attendees.

After a PSB salesperson makes contact with a purchasing agent, he/she will send a personalized letter with a catalog, then make a follow-up call. Customer information will be managed in Shopworks, PSB's customer relationship management software. Sales associates will be encouraged to call organizations where they have personal contacts, or special knowledge or interest in the company's product. Thus, a skateboarder might target adventure sports companies that produce large special events such as the X Games, or retail clothing companies such as Vans. It is estimated that over 40% of revenues from Ashbury Images were derived from cold-to-warm sales calls by the AI staff.

Event Sponsorship

Print Something Back will sponsor socially responsible business networking events, as well as events where at least 1000 target customers will be present. In November 2008, PSB will sponsor the Net Impact Conference, and in 2009, in addition to Net Impact, PSB will sponsor the Social Venture Network, American Camping Association, and National Association of Campus Coordinators conferences.

These conferences have an average attendance of 1000 participants, many of whom are PSB target customers. PSB will meet potential customers "face to face" at the

PSB booth and will distribute collateral materials and product samples. PSB will also attend every networking opportunity during the conference, and sales associates will follow up by calling attendees after the show.

PSB will use its social mission to negotiate favorably priced sponsorships. The company will also provide conference merchandise (at retail value) in exchange for sponsorship opportunities.

It is estimated that over 30% of Ashbury Image's new customers were discovered at a sponsored conferences and trade shows.

Public Relations

The Media. PSB will generate publicity in local media (newspapers, magazines, TV, radio) with stories that highlight its unique social mission and human-interest stories about its employees. Print Something Back will strongly emphasize that it is one of the nation's only companies that provide higher-paying professional jobs to adults recovering from substance abuse and homelessness. PSB's cofounders have been featured in numerous print articles and TV interviews, including KRON-TV and the *San Francisco Chronicle*. PSB will contract the services of a public relations consultant to develop a local PR strategy for the first two years of operations. By year three, PSB expects to hire a part-time in-house PR person to expand local media coverage and secure national media attention.

Customers will be eager to promote their relationship with PSB. Thus, when Timberland worked with Ashbury Images, it issued a press release that garnered several stories in the local media.

Speaking Engagements. Socially responsible business conferences, classes at major universities, and nonprofit conferences provide excellent opportunities for the cofounders to promote PSB. Mr. Sheinbein and Mr. McCracken have spoken at dozens of conferences nationwide on such subjects as workforce development, marketing, social causes, and other social-enterprise topics. In November, Mr. Sheinbein will speak on workforce development at the Net Impact conference. Give Something Back CEO Mike Hannigan will promote GSB's partnership with PSB at dozens of speaking engagements yearly, including the CitiBank sponsored Non Profit Summit, the US-SBA Small

Business Summit and the Ross Graduate School of Business at the University of Michigan.

Referral Program (“Refer it Forward”). PSB customers can earn rewards for referring friends and colleagues to PSB. In return for each referral, PSB will send the existing customer a \$50-100 gift card or make a donation to a nonprofit agency in the customer’s name. In addition, the original customer will earn points redeemable for PSB merchandise, based on the size of the subsequent order.

Social Networking. PSB will build custom pages at LinkedIn, MySpace, and Facebook. Social networking offers PSB an affordable medium to increase its visibility among younger purchasing agents (25-40). Social networking sites also allow PSB to reach out to and inform individuals with an interest in social causes and socially responsible business. PSB will create pages that duplicate the look and feel of its website, and will update the pages frequently. Additionally, PSB will send information to individuals employed at organizations in its target markets.

Advertising. Advertising will consume a small portion of PSB’s budget. Print Something Back will invest its limited marketing funds on programs that enable the company to make person-to-person connections to potential customers. PSB will purchase advertising space in brochures at sponsored events, and will advertise in local business journals and on idealist.org, a leading nonprofit online resource.

Marketing Mix Cost Summary

| | Year 1 | Year 2 | Year 3 |
|---------------------|---------------|---------------|---------------|
| Sales: | \$913K | 2.5MM | 4.7 MM |
| Sales Calls | \$111K | \$163K | \$216K |
| Sales Wages | | | |
| Marketing Materials | | | |
| Event Sponsorship | \$15K | \$24K | \$28K |
| Sponsorship program | | | |
| Marketing Materials | | | |
| Travel | | | |
| Public Relations | \$5K | \$9K | \$30K |
| Advertising | \$5K | \$8K | \$12K |
| Total | \$136K | \$204K | \$286K |

Print Something Back Website

Print Something Back has budgeted \$35K to develop an industry leading website with significant customer resource management tools. Customers will be able to order products, check current order progress reports, view previous purchase orders, access their artwork, and adjust their pre-set spending limits on a password-protected section of the site. The site will enable customers to manage their delivered product inventory and create customized showrooms that make it easy for their employees and customers to order pre-selected merchandise online.

Customers will be encouraged to submit pictures of people wearing PSB-printed/embroidered products to the interactive online catalog. The website will feature a monthly newsletter, a summary of the company's social responsible printing practices, a "why choose us" statement, and video messages from the founders and employees. PSB has also added a social networking function to the website where customers with similar interests can communicate with each other. For example an animal rights organization in California can communicate with an animal rights organization in NY

The website also includes detailed information on PSB's social mission and green printing practices, customer survey results, satisfied customer testimonials and the company's industry leading customer service.

VI. Staffing

PSB's staff will primarily consist of higher-functioning at-risk adults: ex-offenders, and individuals in recovery from substance abuse and homelessness. The company will hire from the target population whenever possible. By year three, the company expects to promote at least one sales and marketing associate and at least one customer service associate to managers. In future, PSB expects to promote additional target employees to management positions where possible. PSB's mission is to promote target employees rather than hire managers from outside.

PSB's cofounders have over 15 years of experience managing a similar at-risk adult population. Under the leadership of Mr. Sheinbein and Mr. McCracken, almost 80% of the staff at Ashbury Images (AI) consisted of mission employees. By year three, PSB expects to have a similar percentage of target employees. In six years at AI, McCracken and Sheinbein successfully trained over 70 employees recovering from substance abuse and homelessness. Many moved on to lucrative management positions at AI or to successful careers in law, electrical engineering and retail management.

Many of PSB's target employees will have developed a great deal of "street smarts" and survival skills from living and selling drugs on the streets. Mr. McCracken estimates that the average PSB target employee will have spent 2-3 year in a state jail or prison. PSB's training program and empowerment model will help its target employees channel their street smarts into become strong sales persons and customer service agents. PSB's employees are eager to learn, loyal, and grateful for the opportunity to improve their lives. Because many of PSB's target employees will have little legitimate work experience they will not have developed certain bad habits that will need to be undone. Additionally, the holistic support services and empowering work environment will strengthen the connections between PSB and its employees, resulting in greater business success.

Potential employees will undergo a multi-faceted hiring process requiring several interviews, multiple recommendations, and a one-week trial period. Potential candidates will be evaluated based on their desire to learn and grow, and their common sense, aptitude, and strong desire to achieve financial wellness.

For the launch, Mr. McCracken, who celebrates over 10 years of sobriety and mentors dozens of adults in recovery from substance abuse, will hire contacts/peers from his rehab community. In year two, the company will form alliances with many of the Bay Area's at-risk adult employment agencies such as Walden House, Ella Baker Center, and the San Francisco Sheriff's Department, to secure potential candidates. In addition, Mr. McCracken will develop relationships with several of the Bay Area's most highly regarded probation and parole officers to recruit potential candidates who meet PSB's criteria.

For the first two years of operation, Mr. Sheinbein and Mr. McCracken will spend approximately 50% of their time developing relationships with large target customers. In addition, Mr. Sheinbein will oversee sales, marketing, customer service, accounting, and fundraising activities. Mr. McCracken will oversee human resources, vendor management, and customer service/online customer resource management systems.

The following is a Print Something Back staffing summary for years 1-3.

Summary Staffing Chart

- * = Target Employee
- S&M = Sales and Marketing
- CS = Customer Service
- Bold = New Employee

| Year 1 | Year 2 | Year 3 |
|--------------------|------------------------------------|-------------------------------------|
| Jeff Sheinbein | Jeff Sheinbein | Jeff Sheinbein |
| Kevin McCracken | Kevin McCracken | Kevin McCracken |
| *S & M Associate 1 | *S & M Associate 1 | *S & M Associate 1 |
| *CS Associate 1 | *CS Associate 1 | *CS Associate 1 |
| Art Director | *Art Director | *Art Director |
| *Intern 1 | *Intern 1 | *Intern 1 |
| *Intern 2 | *Intern 2 | *Intern 2 |
| | | |
| | *S & M Associate 2 | *S & M Associate 2 |
| | *CS Associate 1 (Part Time) | *CS Associate 2 |
| | | |
| | | *S & M Director |
| | | *CS Director |
| | | *Art Associate |
| | | Public Relations Manager |
| | | *Intern 3 |
| | | *Intern 4 |

VII. COMPETITION

Print Something Back faces three main sources of competition: 1. full-service office supply companies, 2. high-volume print brokers, and 3. non-profit screen printers. While it may appear that non-profit screen printing companies pose the most significant threat, we believe that full-service office supply companies (e.g., Corporate Express) and high-volume print brokers present much stronger competition, as they focus on PSB's target customers, while the nonprofits target smaller customers.

Corporate Express and the leading high-volume print brokers sell competitively priced products with no-frills service. Like PSB, they offer an array of timesaving online features, but only to their largest customers. Print Something Back will leverage its mission of employing at-risk adults and the use of exclusively sweatshop-free products to appeal to customers' sense of social responsibility. PSB will offer more personal attention than its competitors, and employees with superior product knowledge. In addition, PSB will offer its online services to all customers, unlike its competitors who offer these services only to their largest customers. PSB expects to lose some price-sensitive customers who print very large orders with long lead times. These large orders can generally be printed more cheaply in China and Mexico, but require at least six months' lead time.

Corporate Express

Corporate Express (a subsidiary of Staples) and Office Depot are the largest full-service office supply companies in the U.S.. Corporate Express generates approximately \$100MM in sales from custom-printed/embroidered products. It has exclusive agreements with many departments of major corporations such as IBM, Oracle, and Chevron, and the nation's largest nonprofit agencies.

Corporate Express offers its clients a single vendor for all their custom printing needs, in addition to office supplies, office machines, and furniture. It offers many of the same online timesaving features as PSB, such as self-service account management and customized showrooms.

While Corporate Express offers many of the same value-added customer service features, such as free delivery and no-rush-charge service, superior customer service is

not a focus for Corporate Express. It attracts large corporations that value price above service. Corporate Express customers complain that its personnel have very limited product expertise and ability to understand their needs. Customers also complain that Corporate Express employees are robotic and fail to provide an enjoyable purchasing experience. Corporate Express offers an adequate line of green products, but not as extensive as PSB's.

Print Something Back expects to lose price-sensitive customers to Corporate Express, and will be unable to win customers who have signed long-term deals with Corporate Express.

High-volume Print Brokers

Brokers such as Jack Nadal, Halo, and Made to Order dominate the high-volume print industry and maintain satellite sales offices nationwide. They generate \$50-85M in sales by focusing on sales to large corporate clients, large nonprofits, and major universities.

In addition to offering full-service custom-printed product lines, they offer brand management, packaging, and fulfillment. They have a reputation for delivering average to good customer service with a full array of e-commerce options similar to PSB's. Like Corporate Express, they like to secure long-term deals with customers, and can undercut PSB's prices on very large orders. Most high-volume brokers will offer a similar selection of green products, but do not use exclusively sweatshop-free products

Large Non-Profit Screen Printers

There are approximately six U.S. nonprofit screen printing companies. The top four – Ashbury Images (San Francisco), Homeboy Industries (Los Angeles), Special T's (Staten Island, NY), and Color Burst (Downer's Grove, IL) average between \$1-3M in sales and serve local non-profit organizations and small businesses. The largest non-profit printer, and PSB's most significant non-profit competitor, is Ashbury Images (AI). AI generates approximately \$2.5M in sales and targets small to medium-sized nonprofit companies and corporations.

Print Something Back cofounders Jeff Sheinbein and Kevin McCracken are the former executive directors of Ashbury Images (1999-2006). The current management changed AI's social mission from hiring at-risk adults to offering short-term internships for at-risk youth. In addition, the company has no formal training programs for its employees, and offers very few employee support services. The company's website and customer fulfillment systems do not adequately address the needs of the large, sophisticated customers in PSB's target market.

Print Something Back and its Competitors

| Company | Customer Service | Online Customer Relations Management Systems (CRM) | Sweatshop-Free Products | Social Mission |
|-----------------------------|---|--|--------------------------------|---|
| Print Something Back | Industry-Leading Customer Service <ul style="list-style-type: none"> • Knowledgeable, well-trained staff • 100% quality guarantee and on-time delivery • Rush service at non-rush rates • Customer service surveys • Thank-you packets • Free delivery on large orders | <ul style="list-style-type: none"> • Self-service account management • Self-service inventory tracking • Customized Malls • Realistic e-proofs | 100% of Products | Higher-paying professional jobs for ex-offenders and people in recovery from substance abuse and homelessness |
| Corporate Express | Knowledgeable Staff but Impersonal Customer Service <ul style="list-style-type: none"> • 100% quality guarantee and on-time delivery • Limited product knowledge • Competitive on price, but not service | Similar online CRM features as PSB (Only for largest customers) | Limited | NO |
| High-Volume Brokers | Knowledgeable Staff but Average Customer Service <ul style="list-style-type: none"> • 100% quality guarantee and on-time delivery • Customer service surveys | Similar online CRM features as PSB (Only for largest customers) | Limited | NO |
| Nonprofit Printers | Average Customer Service <ul style="list-style-type: none"> • 100% quality guarantee and on-time delivery • Limited product knowledge | NA | Limited | Lower-paying printing jobs and internships for at-risk youth |

VIII. Next Steps: Implementation

| | |
|-----------------------------------|--|
| August 1 - 31 | <ul style="list-style-type: none"> • Refine business plan. • Secure financing for website, fall sponsored events, and marketing materials. • Finalize partnership with GSB and cofounders. • Finalize legal entity and by-laws. • Jeff Sheinbein and Kevin McCracken begin developing website, branding/marketing materials, and all operational procedures including training program. |
| September 1 - 21 | <ul style="list-style-type: none"> • Finish non-CRM online website, branding/marketing materials, and all operational procedures including training program. |
| September 22 - November 24 | <ul style="list-style-type: none"> • Jeff Sheinbein and Kevin McCracken secure business from Give Something Back customers and connect with large potential clients. • Interview and hire team members. • Finish CRM section of website. |
| December 1 - 31 | <ul style="list-style-type: none"> • Move into office space. • Train employees. • Secure additional clients for launch. |
| January 1 | <ul style="list-style-type: none"> • Hard launch with employees. |
| March 1 | <ul style="list-style-type: none"> • Grand Opening Party. |
| November 1 | <ul style="list-style-type: none"> • Review second-stage funding requirements. • Negotiate second-stage funding. |

IX. Financial Analysis

PSB expects to grow aggressively in the first three years, with sales primarily from the partnership with GSB and existing customer relationships built by the cofounders over the last 15 years. From October to December 2008, the cofounders will secure sales with GSB customers. Official launch is January 2009.

Income Statement Summary

| Profit & Loss Account | Pre-Launch | Year 1 | Year 2 | Year 3 |
|----------------------------------|-------------------|-------------------|--------------------|--------------------|
| Sales Income | | | | |
| Custom screen prints | \$42,750 | \$486,720 | \$1,455,840 | \$2,484,720 |
| Embroidery | 39,900 | 243,360 | 521,280 | 651,600 |
| ASI | 42,750 | 174,240 | 540,480 | 1,530,000 |
| Shipping charges | 1,254 | 9,043 | 25,176 | 46,663 |
| Total | \$126,654 | \$913,363 | \$2,542,776 | \$4,712,983 |
| Direct Variable Costs | | | | |
| Raw materials and contract costs | \$89,161 | \$639,055 | \$1,733,837 | \$3,204,800 |
| Wages | 44,962 | 334,223 | 523,458 | 949,023 |
| Total | 134,123 | 973,278 | 2,257,294 | 4,153,823 |
| Gross Profit | -\$7,469 | -\$59,915 | \$285,482 | \$559,160 |
| Overhead | | | | |
| Marketing | \$82,000 | \$46,500 | \$65,875 | \$84,000 |
| Social Costs | 1,500 | 10,000 | 10,000 | 10,000 |
| Rent & Utilities | 0 | 32,400 | 33,400 | 34,600 |
| Office support costs | 14,950 | 15,800 | 18,300 | 24,100 |
| Professional costs | 11,000 | 8,600 | 10,900 | 13,000 |
| Miscellaneous | 1,250 | 1,500 | 2,000 | 2,500 |
| Financing costs | 2,773 | 18,507 | 51,216 | 94,778 |
| Depreciation | 532 | 2,843 | 2,324 | 1,900 |
| Total Overhead | \$114,005 | \$136,151 | \$194,015 | \$264,877 |
| Profit/(Loss) before tax | -\$121,474 | -\$196,066 | \$91,467 | \$294,283 |

Key Assumptions:

1. Key Sales Assumptions
2. Direct Variable Costs Assumptions)

1A. Sales Growth

| | 2009 | 2010 | 2011 |
|-----------------------------------|-------------|-------------|-------------|
| Average Revenue Per Order | \$792 | \$1,349 | \$2,137 |
| Number of Orders Per Month | 80 | 140 | 170 |
| Average Units Per Order | 126 | 217 | 376 |

1B. Average Revenue Per Item Sold

| | 2009 | 2010 | 2011 |
|------------------------|-------------|-------------|-------------|
| Screen Printing | \$6.00 | \$6.50 | \$6.50 |
| Embroidery | \$12.00 | \$13.00 | \$13.00 |
| ASI | \$4.00 | \$4.00 | \$4.00 |

Revenue per order, number of orders per month, and average units per month will increase as PSB raises its awareness among its target customers through its aggressive marketing plan. In addition, PSB sales staff will become increasingly effective at guiding customers into higher-priced products.

PSB expects non-target customers (small businesses and small nonprofits) to represent approximately 50% of orders in year 1, 30% in year 2, and 20% in year 3.

1C. Ashbury Images vs. Print Something Back Assumptions (Year 3)

| | PSB | Ashbury |
|-----------------------------------|--------|---------|
| Average Revenue Per Order | \$2137 | \$1600 |
| Number of Orders Per Month | 170 | 120 |
| Average Units Per Order | 376 | 225 |

2. Direct Variable Costs

| | Year 1 | Year 2 | Year 3 |
|---|-----------------------|-------------------------|-------------------------|
| Raw materials and printing/embroidery cost | 639,055 70% | 1,733,837 68% | 3,204,800 68% |

Raw materials and printing costs represent PSB's key expenses. The company will benefit from large-volume discounts in years 2 and 3. Also, by year 2, the company expects to form a cooperative purchasing agreement with two other large local screen printers to capture further cost savings.

Uses of Capital (\$500K) and Cash Flow

Over the next three years, the company has budgeted \$680K in overhead expenses. During that time, the company will need \$350K to achieve break-even by the end of year three. The \$500K the company seeks will cover operating losses; the extra \$150K will be used for cash reserves to pre-pay for raw material costs on large orders. PSB's cofounders plan to invest \$100K to cover pre-launch expenses for 2008.

Uses of Capital Breakdown (500K)

| | | |
|--|-----|-----------|
| Sales and marketing: brochures, promotional T-shirts, bags, hats Event sponsorship: Net Impact and Social Venture Network | 48% | \$240,000 |
| Rent and utilities | 20% | 100,000 |
| At-risk employee support services: counseling services, education/legal, housing support | 12% | 60,000 |
| Professional costs: legal, accountancy, audit, sales, marketing consultants | 10% | 50,000 |
| Large vendor pre-payments for raw materials | 10% | 50,000 |