

Business Plan

OWNERS

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II. Executive Summary

Veritas Holdings LLC is a holding company charged with management of subsidiary companies

Veritas Holdings Inc - Parent company // venture capital

Third base – We'll get you to third, it's your job to get home. (Bar)

Janus Marketing - marketing company

Ad Hominem properties LLC - rental property company

blank name – engineering company..

III. General Company Description

What business will you be in? What will you do?

Veritas Holdings Inc. is primarily a financial management company, overseeing the fiscal planning of its subsidiaries, with interest in investor relations and holdings.

Mission Statement: To continuously improve our customers' ability to efficiently manage their lifestyles, lifecycles, data, information, and economic longevity.

Company Goals and Objectives: Our goal is to position Veritas Holdings LLC. as a financial analytic leader, while getting our clients to associate Veritas Holdings LLC, and its subsidiaries, in the absolute best services of "lifestyles, lifecycles, data, information, and economic longevity.", and then we can expand our entrepreneurial knowledge to our client base. Talent has no limits; neither does our company in regards to goals. We optimize human potential, increase happiness, and maximize engagement of people by providing superior solutions for understanding, acquiring, developing, and retaining financial assets.

Business Philosophy: Veritas Holdings LLC. is committed to engineering our client's happiness, through the usage of our expertise in "lifestyles, lifecycles, data, information, and economic longevity" management. At Veritas Holdings LLC., you step into the wondrous world of imagination, where analytics, critical thinking, problem solving, and ITEL come together to foster freedom without limits. Through proper management of the fundamentals and working with an experienced, knowledgeable team of individuals, we optimize human potential. Thus is our central ethos.

To whom will you market your products? Our products are marketed towards our client base of investors, but it is marketed towards you and I as well. A changing lifestyle, lifecycle, data, information, or economic longevity is not something that should only be within the grasp of a select few. Veritas Holdings LLC is committed to bringing its services and products to anyone who has a dream; from the well-established businessman, to the college student looking to plan, to the stay at home spouse looking to shape the world their child will grow up in. Just like your vision for your business, collegiate experience, or children, our vision is to make your vision limitless.

Describe your industry. Veritas Holdings LLC is an industry all to itself, through the combination of lifestyle, lifecycle, data, information and economic management, Veritas Holdings LLC's industry is that of happiness management. Whether your vision and industry requires the ITEL experience, the analytic capital management, or personal lifestyle change, Veritas Holdings LLC is prepared with professionals to achieve your goals. Veritas Holdings LLC is in the industry of happiness, and that industry has no boundaries, and nowhere to go but up.

Describe your most important company strengths and core competencies. What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?

Legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)?
Veritas Holdings LLC is founded as a corporation. This model is best suited to the business needs of our clients, in order to provide the best possible services for its current, ongoing, and future client-base. Veritas Holdings LLC is not just a company for the people, it is legion, it is one of many. *Legio mihi nomen est, quia multi sumus*

IV. Products and Services

Describe in depth your products or services (technical specifications, drawings, photos, sales brochures, and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features. Lost cost solutions to problems presented by clients.

What are the pricing, fee, or leasing structures of your products or services? Costs of services will be paid based upon type of service

V. Marketing Plan

Market research - Why?

Market research is being conducted by Janus Marketing LLC, will be included at a later date.

Economics

Facts about your industry:

- What is the total size of your market? Geographically, our centralized location is in Bowling Green, KY, with a population hovering over 60,000. However, through the usage of social networks and the internet, this total market size is limitless. Huntsville AL, Bowling Green KY, Nashville TN, Sacramento CA, Shreveport LA, and Newport News VA, are all markets in which Veritas Holdings LLC already maintains a footprint.
- Current demand in target market. – Currently, aimed towards shoring up a foundation in the aforementioned markets, as well as expanding based on growth potential from up and coming markets.
- Trends in target market—growth trends, trends in consumer preferences, and trends in product development, based off the needs of client.
- Growth potential and opportunity for a business of your size. Realistically, the growth potential of Veritas Holdings LLC is limited only by the time, energy, and effort of its dedicated staff, client base, and financial resources.
- What barriers to entry do you face in entering this market with your new company? Some typical barriers are:
 - Capital costs
 - Marketing costs
 - Consumer acceptance and brand recognition
- And of course, how will you overcome the barriers? Consumer acceptance and Marketing costs are overcome with minimal work. Capital costs are overcome with the addition of founding investors, which contractually will receive repayment within 2-5 years of the opening of the expansion of the Bowling Green market stronghold, with continued revenue based on percentage of capital funds for ventures.
- How could the following affect your company?
 - Change in government regulations – due to the unforeseen nature of government regulations, the safe and assured notation is that government regulation and control is a factor that would affect any and all business. This is easily overcome through the use of international, national, and state legislative action, which services will be incorporated into

the foundation of Veritas Holdings LLC through the ongoing collaboration with some of the best and brightest state and federal minds.

Product

Currently, the product ideas for Veritas Holdings LLC relies on the needs of the clients and investors. Our product is our ability to make it happen.

Features and Benefits

List all of your major products or services.

For each product or service:

- Describe the most important features. What is special about it?
- Describe the benefits. That is, what will the product do for the customer?

Note the difference between features and benefits, and think about them. For example, a house that gives shelter and lasts a long time is made with certain materials and to a certain design; those are its features. Its benefits include pride of ownership, financial security, providing for the family, and inclusion in a neighborhood. You build features into your product so that you can sell the benefits.

What after-sale services will you give? Some examples are delivery, warranty, service contracts, support, follow-up, and refund policy.

Customers

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their demographics.

The description will be completely different depending on whether you plan to sell to other businesses or directly to consumers. If you sell a consumer product, but sell it through a channel of distributors, wholesalers, and retailers, you must carefully analyze both the end consumer and the middleman businesses to which you sell.

You may have more than one customer group. Identify the most important groups. Then, for each customer group, construct what is called a demographic profile:

- Age
- Gender
- Location

- Income level
- Social class and occupation
- Education
- Other (specific to your industry)
- Other (specific to your industry)

For business customers, the demographic factors might be:

- Industry (or portion of an industry)
- Location
- Size of firm
- Quality, technology, and price preferences
- Other (specific to your industry)
- Other (specific to your industry)

Competition

What products and companies will compete with you?

List your major competitors:

(Names and addresses)

Will they compete with you across the board, or just for certain products, certain customers, or in certain locations?

Will you have important indirect competitors? (For example, video rental stores compete with theaters, although they are different types of businesses.)

How will your products or services compare with the competition?

Use the **Competitive Analysis** table below to compare your company with your two most important competitors. In the first column are key competitive factors. Since these vary from one industry to another, you may want to customize the list of factors.

In the column labeled **Me**, state how you honestly think you will stack up in customers' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyze our own weaknesses. Try to be very honest here. Better yet, get some disinterested strangers to assess you. This can be a real eye-opener. And remember that you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want an honest assessment of your firm's strong and weak points.

Now analyze each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the customer. 1 = critical; 5 = not very important.

Table 1: Competitive Analysis

| FACTOR | Me | Strength | Weakness | Competitor A | Competitor B | Importance to Customer |
|--------------------|----|----------|----------|--------------|--------------|------------------------|
| Products | | | | | | |
| Price | | | | | | |
| Quality | | | | | | |
| Selection | | | | | | |
| Service | | | | | | |
| Reliability | | | | | | |
| Stability | | | | | | |
| Expertise | | | | | | |
| Company Reputation | | | | | | |
| Location | | | | | | |
| Appearance | | | | | | |
| Sales Method | | | | | | |
| Credit Policies | | | | | | |

| FACTOR | Me | Strength | Weakness | Competitor A | Competitor B | Importance to Customer |
|-------------|----|----------|----------|--------------|--------------|------------------------|
| Advertising | | | | | | |
| Image | | | | | | |

Now, write a short paragraph stating your competitive advantages and disadvantages.

Niche

Now that you have systematically analyzed your industry, your product, your customers, and the competition, you should have a clear picture of where your company fits into the world.

In one short paragraph, define your niche, your unique corner of the market.

Strategy

Now outline a marketing strategy that is consistent with your niche.

Promotion

How will you get the word out to customers?

Advertising: What media, why, and how often? Why this mix and not some other?

Have you identified low-cost methods to get the most out of your promotional budget?

Will you use methods other than paid advertising, such as trade shows, catalogs, dealer incentives, word of mouth (how will you stimulate it?), and network of friends or professionals?

What image do you want to project? How do you want customers to see you?

In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

Should you have a system to identify repeat customers and then systematically contact them?

Promotional Budget

How much will you spend on the items listed above?

Before startup? (These numbers will go into your startup budget.)

Ongoing? (These numbers will go into your operating plan budget.)

Pricing

Explain your method or methods of setting prices. For most small businesses, having the lowest price is not a good policy. It robs you of needed profit margin; customers may not care as much about price as you think; and large competitors can under price you anyway. Usually you will do better to have average prices and compete on quality and service.

Does your pricing strategy fit with what was revealed in your competitive analysis?

Compare your prices with those of the competition. Are they higher, lower, the same? Why?

How important is price as a competitive factor? Do your intended customers really make their purchase decisions mostly on price?

What will be your customer service and credit policies?

Proposed Location

Probably you do not have a precise location picked out yet. This is the time to think about what you want and need in a location. Many startups run successfully from home for a while.

You will describe your physical needs later, in the *Operational Plan* section. Here, analyze your location criteria as they will affect your customers.

Is your location important to your customers? If yes, how?

If customers come to your place of business:

Is it convenient? Parking? Interior spaces? Not out of the way?

Is it consistent with your image?

Is it what customers want and expect?

Where is the competition located? Is it better for you to be near them (like car dealers or fast-food restaurants) or distant (like convenience-food stores)?

Distribution Channels

How do you sell your products or services?

Retail

Direct (mail order, Web, catalog)

Wholesale

Your own sales force

Agents

Independent representatives

Bid on contracts

Sales Forecast

Now that you have described your products, services, customers, markets, and marketing plans in detail, it's time to attach some numbers to your plan. Use a sales forecast spreadsheet to prepare a month-by-month projection. The forecast should be based on your historical sales, the marketing strategies that you have just described, your market research, and industry data, if available.

You may want to do two forecasts: 1) a "best guess", which is what you really expect, and 2) a "worst case" low estimate that you are confident you can reach no matter what happens.

Remember to keep notes on your research and your assumptions as you build this sales forecast and all subsequent spreadsheets in the plan. This is critical if you are going to present it to funding sources.

VI. Operational Plan

Explain the daily operation of the business, its location, equipment, people, processes, and surrounding environment.

Production

How and where are your products or services produced?

Explain your methods of:

- Production techniques and costs
- Quality control
- Customer service
- Inventory control
- Product development

Location

What qualities do you need in a location? Describe the type of location you'll have.

Physical requirements:

- Amount of space
- Type of building
- Zoning
- Power and other utilities

Access:

Is it important that your location be convenient to transportation or to suppliers?

Do you need easy walk-in access?

What are your requirements for parking and proximity to freeway, airports, railroads, and shipping centers?

Include a drawing or layout of your proposed facility if it is important, as it might be for a manufacturer.

Construction? Most new companies should not sink capital into construction, but if you are planning to build, costs and specifications will be a big part of your plan.

Cost: Estimate your occupation expenses, including rent, but also including maintenance, utilities, insurance, and initial remodeling costs to make the space suit your needs. These numbers will become part of your financial plan.

What will be your business hours?

Legal Environment

Describe the following:

- Licensing and bonding requirements
- Permits
- Health, workplace, or environmental regulations
- Special regulations covering your industry or profession
- Zoning or building code requirements
- Insurance coverage
- Trademarks, copyrights, or patents (pending, existing, or purchased)

Personnel

- Number of employees
- Type of labor (skilled, unskilled, and professional)
- Where and how will you find the right employees?
- Quality of existing staff
- Pay structure
- Training methods and requirements
- Who does which tasks?
- Do you have schedules and written procedures prepared?
- Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.

- For certain functions, will you use contract workers in addition to employees?

Inventory

- What kind of inventory will you keep: raw materials, supplies, finished goods?
- Average value in stock (i.e., what is your inventory investment)?
- Rate of turnover and how this compares to the industry averages?
- Seasonal buildups?
- Lead-time for ordering?

Suppliers

Identify key suppliers:

- Names and addresses
- Type and amount of inventory furnished
- Credit and delivery policies
- History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

Credit Policies

- Do you plan to sell on credit?
- Do you really need to sell on credit? Is it customary in your industry and expected by your clientele?
- If yes, what policies will you have about who gets credit and how much?
- How will you check the creditworthiness of new applicants?
- What terms will you offer your customers; that is, how much credit and when is payment due?
- Will you offer prompt payment discounts? (Hint: Do this only if it is usual and customary in your industry.)

- Do you know what it will cost you to extend credit? Have you built the costs into your prices?

Managing Your Accounts Receivable

If you do extend credit, you should do an aging at least monthly to track how much of your money is tied up in credit given to customers and to alert you to slow payment problems. A receivables aging looks like the following table:

| | Total | Current | 30 Days | 60 Days | 90 Days | Over 90 Days |
|---------------------------|-------|---------|---------|---------|---------|--------------|
| Accounts Receivable Aging | | | | | | |
| | | | | | | |

You will need a policy for dealing with slow-paying customers:

- When do you make a phone call?
- When do you send a letter?
- When do you get your attorney to threaten?

Managing Your Accounts Payable

You should also age your accounts payable, what you owe to your suppliers. This helps you plan whom to pay and when. Paying too early depletes your cash, but paying late can cost you valuable discounts and can damage your credit. (Hint: If you know you will be late making a payment, call the creditor before the due date.)

Do your proposed vendors offer prompt payment discounts?

A payables aging looks like the following table.

| | Total | Current | 30 Days | 60 Days | 90 Days | Over 90 Days |
|------------------------|-------|---------|---------|---------|---------|--------------|
| Accounts Payable Aging | | | | | | |
| | | | | | | |

VII. Management and Organization

Who will manage the business on a day-to-day basis? What experience does that person bring to the business? What special or distinctive competencies? Is there a plan for continuation of the business if this person is lost or incapacitated?

If you'll have more than 10 employees, create an organizational chart showing the management hierarchy and who is responsible for key functions.

Include position descriptions for key employees. If you are seeking loans or investors, include resumes of owners and key employees.

Professional and Advisory Support

List the following:

- Board of directors
- Management advisory board
- Attorney
- Accountant
- Insurance agent
- Banker
- Consultant or consultants
- Mentors and key advisors

VIII. Personal Financial Statement

Include personal financial statements for each owner and major stockholder, showing assets and liabilities held outside the business and personal net worth. Owners will often have to draw on personal assets to finance the business, and these statements will show what is available. Bankers and investors usually want this information as well.

IX. Startup Expenses and Capitalization

You will have many expenses before you even begin operating your business. It's important to estimate these expenses accurately and then to plan where you will get sufficient capital. This is a research project, and the more thorough your research efforts, the less chance that you will leave out important expenses or underestimate them.

Even with the best of research, however, opening a new business has a way of costing more than you anticipate. There are two ways to make allowances for surprise expenses. The first is to add a little "padding" to each item in the budget. The problem with that approach, however, is that it destroys the accuracy of your carefully wrought plan. The second approach is to add a separate line item, called contingencies, to account for the unforeseeable. This is the approach we recommend.

Talk to others who have started similar businesses to get a good idea of how much to allow for contingencies. If you cannot get good information, we recommend a rule of thumb that contingencies should equal at least 20 percent of the total of all other start-up expenses.

Explain your research and how you arrived at your forecasts of expenses. Give sources, amounts, and terms of proposed loans. Also explain in detail how much will be contributed by each investor and what percent ownership each will have.

X. Financial Plan

The financial plan consists of a 12-month profit and loss projection, a four-year profit and loss projection (optional), a cash-flow projection, a projected balance sheet, and a break-even calculation. Together they constitute a reasonable estimate of your company's financial future. More important, the process of thinking through the financial plan will improve your insight into the inner financial workings of your company.

12-Month Profit and Loss Projection

Many business owners think of the 12-month profit and loss projection as the centerpiece of their plan. This is where you put it all together in numbers and get an idea of what it will take to make a profit and be successful.

Your sales projections will come from a sales forecast in which you forecast sales, cost of goods sold, expenses, and profit month-by-month for one year.

Profit projections should be accompanied by a narrative explaining the major assumptions used to estimate company income and expenses.

Research Notes: Keep careful notes on your research and assumptions, so that you can explain them later if necessary, and also so that you can go back to your sources when it's time to revise your plan.

Four-Year Profit Projection (Optional)

The 12-month projection is the heart of your financial plan. This section is for those who want to carry their forecasts beyond the first year.

Of course, keep notes of your key assumptions, especially about things that you expect will change dramatically after the first year.

Projected Cash Flow

If the profit projection is the heart of your business plan, cash flow is the blood. Businesses fail because they cannot pay their bills. Every part of your business plan is important, but none of it means a thing if you run out of cash.

The point of this worksheet is to plan how much you need before startup, for preliminary expenses, operating expenses, and reserves. You should keep updating it and using it afterward. It will enable you to foresee

shortages in time to do something about them—perhaps cut expenses, or perhaps negotiate a loan. But foremost, you shouldn't be taken by surprise.

There is no great trick to preparing it: The cash-flow projection is just a forward look at your checking account.

For each item, determine when you actually expect to receive cash (for sales) or when you will actually have to write a check (for expense items).

You should track essential operating data, which is not necessarily part of cash flow but allows you to track items that have a heavy impact on cash flow, such as sales and inventory purchases.

You should also track cash outlays prior to opening in a pre-startup column. You should have already researched those for your startup expenses plan.

Your cash flow will show you whether your working capital is adequate. Clearly, if your projected cash balance ever goes negative, you will need more start-up capital. This plan will also predict just when and how much you will need to borrow.

Explain your major assumptions, especially those that make the cash flow differ from the *Profit and Loss Projection*. For example, if you make a sale in month one, when do you actually collect the cash? When you buy inventory or materials, do you pay in advance, upon delivery, or much later? How will this affect cash flow?

Are some expenses payable in advance? When?

Are there irregular expenses, such as quarterly tax payments, maintenance and repairs, or seasonal inventory buildup, that should be budgeted?

Loan payments, equipment purchases, and owner's draws usually do not show on profit and loss statements but definitely do take cash out. Be sure to include them.

And of course, depreciation does not appear in the cash flow at all because you never write a check for it.

Opening Day Balance Sheet

A balance sheet is one of the fundamental financial reports that any business needs for reporting and financial management. A balance sheet shows what items of value are held by the company (assets), and what its debts are (liabilities). When liabilities are subtracted from assets, the remainder is owners' equity.

Use a startup expenses and capitalization spreadsheet as a guide to preparing a balance sheet as of opening day. Then detail how you calculated the account balances on your opening day balance sheet.

Optional: Some people want to add a projected balance sheet showing the estimated financial position of the company at the end of the first year. This is especially useful when selling your proposal to investors.

Break-Even Analysis

A break-even analysis predicts the sales volume, at a given price, required to recover total costs. In other words, it's the sales level that is the dividing line between operating at a loss and operating at a profit.

Expressed as a formula, break-even is:

$$\text{Breakeven Sales} = \frac{\text{Fixed Costs}}{1 - \text{Variable Costs}}$$

(Where fixed costs are expressed in dollars, but variable costs are expressed as a percent of total sales.)

Include all assumptions upon which your break-even calculation is based.

XI. Appendices

Include details and studies used in your business plan; for example:

- Brochures and advertising materials
- Industry studies
- Blueprints and plans
- Maps and photos of location
- Magazine or other articles
- Detailed lists of equipment owned or to be purchased
- Copies of leases and contracts
- Letters of support from future customers
- Any other materials needed to support the assumptions in this plan
- Market research studies
- List of assets available as collateral for a loan

XII. Refining the Plan

The generic business plan presented above should be modified to suit your specific type of business and the audience for which the plan is written.

For Raising Capital

For Bankers

- Bankers want assurance of orderly repayment. If you intend using this plan to present to lenders, include:
 - Amount of loan
 - How the funds will be used
 - What this will accomplish—how will it make the business stronger?
 - Requested repayment terms (number of years to repay). You will probably not have much negotiating room on interest rate but may be able to negotiate a longer repayment term, which will help cash flow.
 - Collateral offered, and a list of all existing liens against collateral

For Investors

- Investors have a different perspective. They are looking for dramatic growth, and they expect to share in the rewards:
 - Funds needed short-term
 - Funds needed in two to five years
 - How the company will use the funds, and what this will accomplish for growth.
 - Estimated return on investment
 - Exit strategy for investors (buyback, sale, or IPO)
 - Percent of ownership that you will give up to investors
 - Milestones or conditions that you will accept
 - Financial reporting to be provided
 - Involvement of investors on the board or in management

For Type of Business

Manufacturing

- Planned production levels
- Anticipated levels of direct production costs and indirect (overhead) costs—how do these compare to industry averages (if available)?
- Prices per product line

- Gross profit margin, overall and for each product line
- Production/capacity limits of planned physical plant
- Production/capacity limits of equipment
- Purchasing and inventory management procedures
- New products under development or anticipated to come online after startup

Service Businesses

- Service businesses sell intangible products. They are usually more flexible than other types of businesses, but they also have higher labor costs and generally very little in fixed assets.
- What are the key competitive factors in this industry?
- Your prices
- Methods used to set prices
- System of production management
- Quality control procedures. Standard or accepted industry quality standards.
- How will you measure labor productivity?
- Percent of work subcontracted to other firms. Will you make a profit on subcontracting?
- Credit, payment, and collections policies and procedures
- Strategy for keeping client base

High Technology Companies

- Economic outlook for the industry
- Will the company have information systems in place to manage rapidly changing prices, costs, and markets?
- Will you be on the cutting edge with your products and services?
- What is the status of research and development? And what is required to:
 - Bring product/service to market?
 - Keep the company competitive?
- How does the company:
 - Protect intellectual property?
 - Avoid technological obsolescence?

- Supply necessary capital?
- Retain key personnel?

High-tech companies sometimes have to operate for a long time without profits and sometimes even without sales. If this fits your situation, a banker probably will not want to lend to you. Venture capitalists may invest, but your story must be very good. You must do longer-term financial forecasts to show when profit take-off is expected to occur. And your assumptions must be well documented and well argued.

Retail Business

- Company image
- Pricing:
 - Explain markup policies.
 - Prices should be profitable, competitive, and in accordance with company image.
- Inventory:
 - Selection and price should be consistent with company image.
 - Inventory level: Find industry average numbers for annual inventory turnover rate (available in RMA book). Multiply your initial inventory investment by the average turnover rate. The result should be at least equal to your projected first year's cost of goods sold. If it is not, you may not have enough budgeted for startup inventory.
- Customer service policies: These should be competitive and in accord with company image.
- Location: Does it give the exposure that you need? Is it convenient for customers? Is it consistent with company image?
- Promotion: Methods used, cost. Does it project a consistent company image?
- Credit: Do you extend credit to customers? If yes, do you really need to, and do you factor the cost into prices?