



Harbor Sound Enterprises

“Raising the Bars”

82 Turkey Lane

631-367-6993

Twitter: @HarborSound_NY

Cold Spring Harbor, NY, 11743

Harborsoundny.weebly.com

Harborsoundenterprises.ny@veinternational.org

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EXECUTIVE SUMMARY

Harbor Sound Enterprises is a new revolutionary speaker company. Whether you are in the market to rent or purchase a speaker, our very qualified associates will help you find the perfect fit for your specific need. Excellent sound and performance is our main focus so when you purchase a Harbor Sound speaker, you are not only investing in a quality speaker but in a good time.

All our employees here at Harbor Sound Enterprises are music enthusiasts. We pride ourselves in the modern efficiency of our products. Not only can we connect to our speakers through USB and Bluetooth but also through our built-in program that allows you to create a custom music profile.

Harbor Sound Enterprises is committed to being the life of the party. We encourage you to try out our products and witness first-hand how Harbor Sound Enterprises raises the bar.

ABOUT THE BUSINESS

Description

In September 2016, thirteen motivated intellectuals decided to open *Harbor Sound Enterprises*. Here at *Harbor Sound Enterprises*, we offer speakers for any event in your house, on your boat, or even on the go! We offer an array of different cases, headphones, and accessories that are convenient for any occasion! Each and every

one of our employees has put their uttermost effort and time into ensuring that the quality of our products is of the highest grade, all at an affordable price.

Harbor Sound Enterprises is a New York B-Corporation originated on September 6th, 2016. *Harbor Sound Enterprises* headquarters is located in Cold Spring Harbor, New York.

Mission Statement

Our mission is to provide and develop innovative high quality products, which we offer at the best value to our customers. We provide our customers with the next generation experience, through our deep knowledge of the changing global and consumer technology.

- To design, engineer, and manufacture superior quality professional audio products.
- To be the best-in-class global provider and marketer of speakers through innovation, modern product development, continuous improvement, and brand building.
- To conduct our company based on honesty and integrity.
- To exceed the needs and expectations of our consumers for products and services through the proactive efforts of our employees.

Management Functions

Planning:

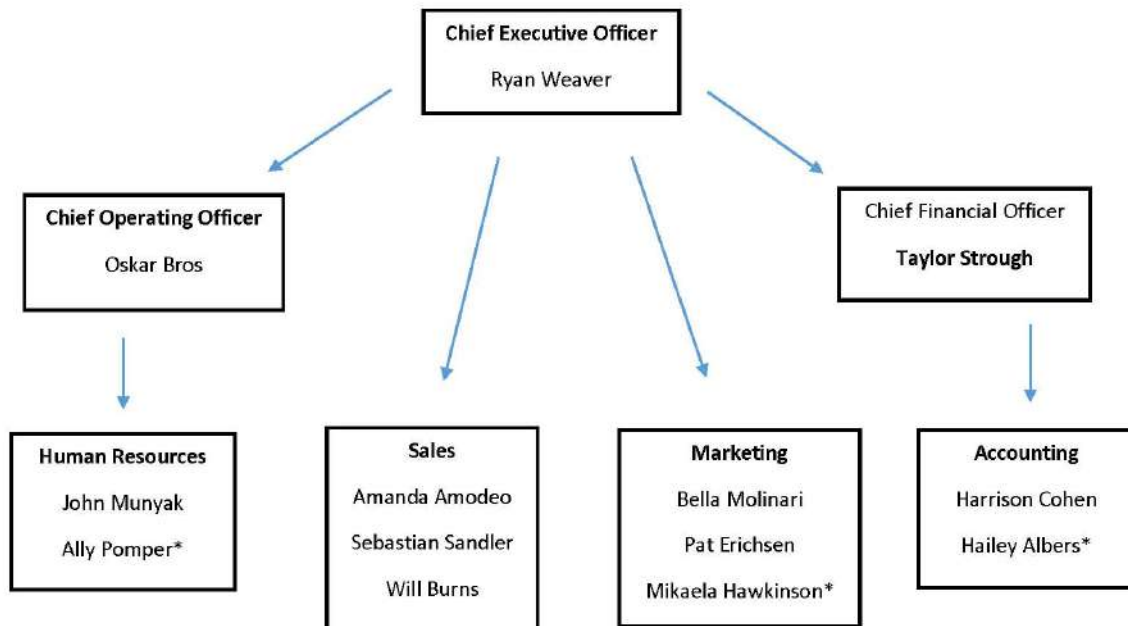
Guided by our four consultants, the Chief Executive Officer, the Chief Operating Officer, and Chief Financial Officer will be responsible for setting the company's goals.

Goals of the Business	Strategies to Achieve Goals
-----------------------	-----------------------------

<ul style="list-style-type: none"> • Product Development 	<ul style="list-style-type: none"> • Design and conduct surveys to better understand our customers wants
<ul style="list-style-type: none"> • Marketing and Promotion 	<ul style="list-style-type: none"> • Design creative marketing material to attract customers. Develop clever marketing and promotional opportunities.
<ul style="list-style-type: none"> • Advertise our products 	<ul style="list-style-type: none"> • Create mini commercials to be broadcast on morning announcements • Advertise on main VE website • Offer deals to other companies to do business with our company and their company
<ul style="list-style-type: none"> • Attain sale targets 	<ul style="list-style-type: none"> • Offer incentives to employees to grow sales throughout country.
<ul style="list-style-type: none"> • Fiscal Responsibility 	<ul style="list-style-type: none"> • Conduct feasibility studies to determine where to spend marketing money wisely; monitor and control costs.

Organizing:

Organizational Chart



*Company Consultants

Given the small size of Harbor Sound Enterprises, all employees will be required to pitch in whenever and where ever help is needed. There are four veteran company consultants, each responsible for one functional area. The primary role of the four consultants is to mentor the employees and emphasize the importance of multi-tasking to ensure goals are met.

Directing

In our company, the consultants provide the support and guidance to the rest of the staff. The CEO is responsible for holding periodic meetings for the company to ensure that all are kept apprised of the direction and short term goals of the company.

Controlling



Each consultant will spear head a particular competitive event. The assigned consultant will put task markers in place to ensure that deadlines are met.

SWOT Analysis

Internal Origin	STRENGTHS <ul style="list-style-type: none"> • B-Corp • Growing market • Large market • Enthusiastic employees • New concept 	WEAKNESSES <ul style="list-style-type: none"> • Small Business • No previous experience • Slow start for sales • Lots of competition • Intricate product development
	OPPORTUNITIES <ul style="list-style-type: none"> • Internet as a marketing tool; website, twitter • Seasonal high demand of the product • Customer loyalty • Increased investment opportunities • Growing Market 	THREATS <ul style="list-style-type: none"> • Competition • More experienced companies • Rising material prices • Small Business • International Businesses •

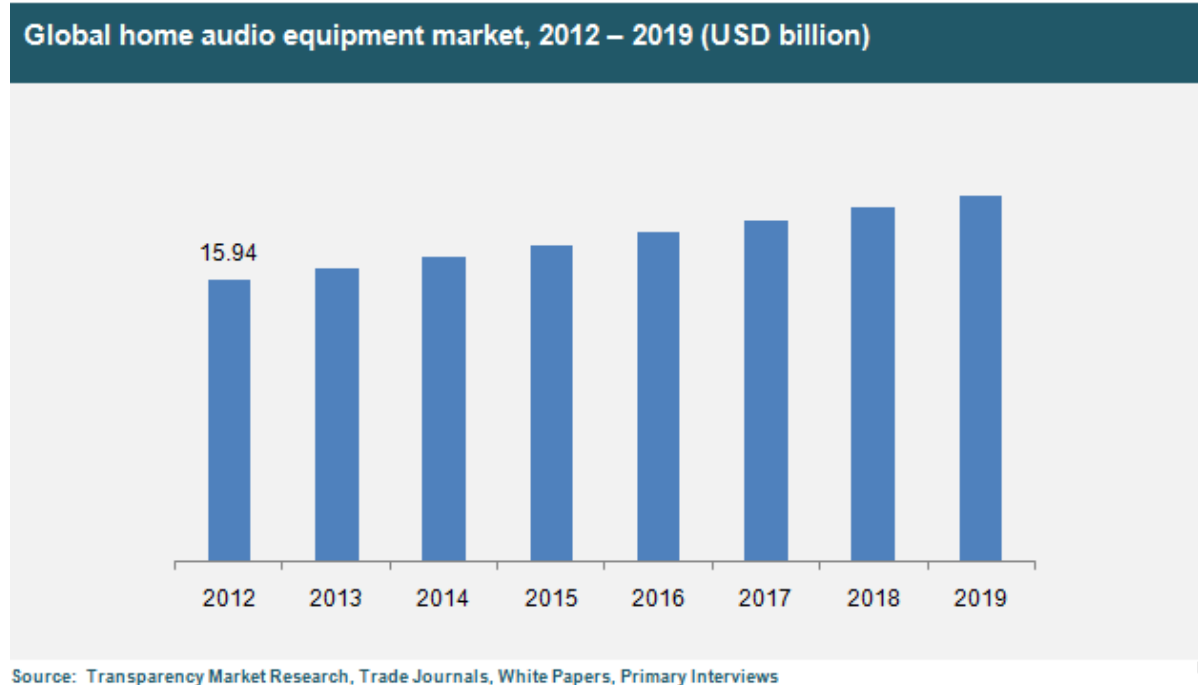
EXTERNAL ENVIRONMENT

Current Economic Conditions

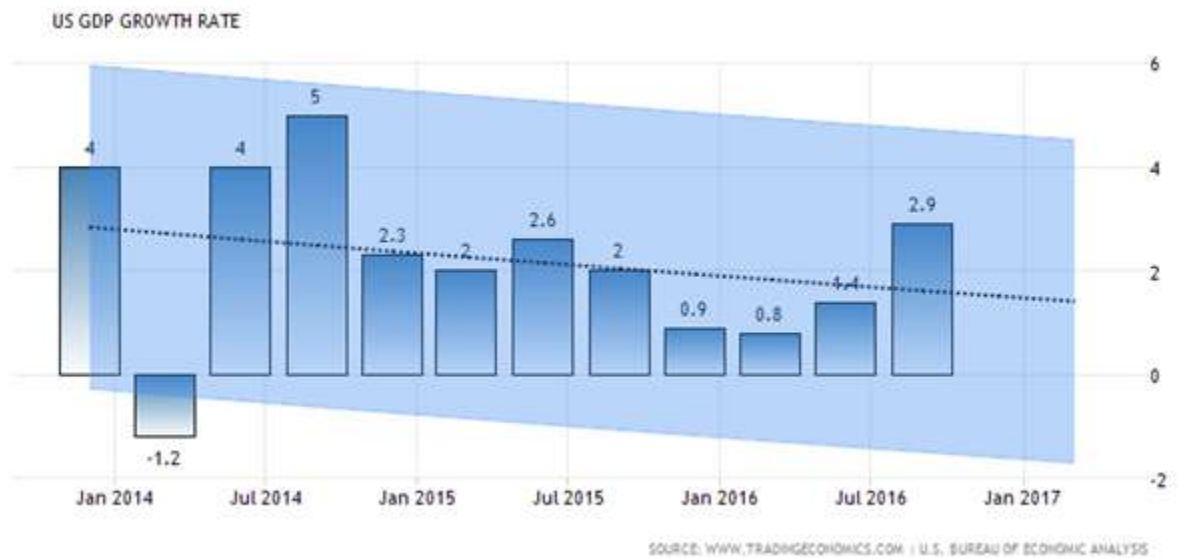
Assessment of the Environment

The consumer sentiment is a measure of the consumer's belief as to whether the economy projected to accelerate or decelerate. The global home

audio equipment market shown in the graph below, from 2012-2019, shows a steadily increasing trend starting at 15.94 billion USD.



The GDP is the measure of the Gross Domestic Product, which is the growth rate based on the United States economy. The chart below shows the trend line for the GDP decreasing from 2014-2017 from 2.5% to 1.8%. A decreasing GDP rate is unfavorable to launch a new business.



Based on the graph below the U.S. disposable personal income has greatly increased within the past year. Today's disposable income sits at over \$11,800 billion compared to \$10,860 billion back in summer of 2008. Since the overall growth trend is up, this means Americans are more eager and willing to spend their money, this is favorable to a new business. Small businesses are benefiting in result, this is shown by the optimism among small businesses, it rose by 1.4 points to a total of 96.6 out of 100.



Real Industry Analysis:

As for the current speaker's market, the possibilities are endless. According to TechNavio's analysts forecast, the Global Bluetooth Speaker market is expected to grow at a CAGR of 38.73 percent during the forecast period 2014-2019. In previous

years such as 2015, speaker systems held the largest market size. Furthermore, bluetooth technology is expected to dominate the wireless audio market. According to ABI research, the speaker market is projected to be worth nearly \$61 million by 2018. Speaker sales are driven by high ownership rate of smartphones which hit 75% in North America according to Futuresource, and 64% of those people play music through other devices from their phones.

<u>Key Regions</u> <ul style="list-style-type: none"> • APAC • Europe • US • ROW 	<u>Key Vendors</u> <ul style="list-style-type: none"> • Bose • Harman International Industries • Philips • Sennheiser Electronic • Sony
<u>Other Prominent Vendors</u> <ul style="list-style-type: none"> • Apple • LG • Panasonic • Plantronics • Polk Audio • Samsung • Shure • Vizio • Voxx 	
<u>Market Driver</u> <ul style="list-style-type: none"> • Increased Convenience 	<u>Market Challenge</u> <ul style="list-style-type: none"> • Limited Range

Virtual Industry Analysis:

We have very few competitors in the Virtual Enterprise market. The only other company selling items similar to ours is TRUBLU Technologies. This company is located in Smithtown, NY, and they sell Bluetooth speakers. Harbor Sound plans on saturating the local VE market place with promotional material to gain regional marketshare.

MARKETING PLAN

Target Market and Market Segments (Our Industry):

Harbor Sound Enterprises products will be marketed to stores that are able to cover a wide range of items. This includes markets such as superstores, private shops that are interested in new technology, and shops that are focused on the music industry.

Harbor Sound Enterprises is focused on selling our product mainly to 15- 40 year olds. Within this wide range of ages, women, men, families, athletes and music enthusiasts are included. Harbor Sound Enterprises products will be available to almost anyone that would like to buy them. We have competitively priced our products so that many people will be able to purchase our items. Our main consumers are located primarily in densely populated urban areas along the east coast. We are hoping to appeal to consumers who are outgoing, energetic and live an entertaining life.

Marketing Mix (Product, Pricing, Placement)

Our company is composed of 5 different products. We produce 4 different types of speakers and 1 type of head phone all of which ensure the best sound and the best quality materials. Harbor Sound Enterprises is active on social media such as Twitter (@HarborSound_NY) and we have also created our own online website (harborsoundny.weebly.com) in order to actively communicate with our customers. We will enter into contracts with local vendors to distribute our products locally as part of our non VE sales projection. Themed monthly sales will take place within our

school environment to further increase non-VE sales. We will also distribute our product throughout the VE network.

Products

Headphones \$120



- **Noise cancelation**
- **Solo HD High-performance**
- **Code: HSEHP**

The Party Box \$120



- **Bluetooth**
- **USB connection**
- **Code: HSEPB**

The Boat Box \$175



- **450 watt**
- **Waterproof enclosure**
- **Code: HSEBB**

The Popo Magnet \$300



- **Optimized for ideal acoustic resonance**
- **JBL Waveguide Technology**
- **Code: HSEPPM**

Jukebox 2.0 \$200



- **Aux in audio**
- **3.5mm aux in jack**
- **Code: HSEJB**

Pricing

Harbor Sound Enterprises is competitively priced but also based on the penetration strategy in order to appeal to the majority of consumers.

Promotion:

Given the fun party nature of our products we hope to encourage sales through multiple promotional efforts. Some of our strategies will include:

- Commercial Advertisements: We could produce monthly mini commercials to be run during our morning announcements to promote in house non-VE sales.
- Seasonal Sale Opportunities: Due to the nature of our products which would make perfect gift ideas, we could offer additional incentives around major holidays.
- Free Months of Music streaming: Motivate our customers to purchase our products by a specific date by offering short term free music streaming such as Spotify, Pandora or XM radio.
- VE Partner promotional Events: Through partnerships with other VE companies such as local tailgate company, we could co-market our products to get wider distribution.

Discussion of Business Risks

There are many business risks that need to be accounted for in the speaker industry. There could be an issue in the raw materials used to produce our speakers resulting in a recall. A recall could cause major profit losses and/or a loss of business. In case of a shift in certain product demands, we must actively monitor the number of sales of each specific product regularly. If the rules of operation for our factories change then we must adapt so we don't have any detrimental problems. The potential of facing a major lawsuit is possible, and we have to be ready for the consequences of one. There are reputational risks, that could include negative publicity. Additionally, there are compliance risks such as laws regarding the speaker industry and making sure we obey them.

FINANCIAL PLANNING

Break Even Analysis

Income Statement

Income Statement
For the Year Ending 04/30/2017

	Actual October	Projected November	Projected December	Projected January	Projected February	Projected March	Projected April	TOTAL
Sales revenues								
Trade fair revenues	-	-	-	65,000	-	-	100,000	165,000
Other than trade fair revenues	-	-	6,500	13,000	19,500	26,000	26,000	91,000
Contractual sales to non-VE entities	-	-	3,000	5,000	8,000	8,000	8,000	32,000
Other non-VE revenues	-	61,607	92,330	90,759	87,759	87,759	87,759	507,973
Total sales revenues	-	61,607	101,830	173,759	115,259	121,759	221,759	795,973
Cost of goods sold or services provided	-	40,045	66,190	112,943	74,918	79,143	144,143	517,383
Gross profit	-	21,563	35,641	60,816	40,341	42,616	77,616	278,591
Operating expenses								
Salaries	43,125	44,488	44,688	44,688	44,688	44,688	44,688	311,050
Rent	1,500	1,500	1,500	1,500	1,500	1,500	1,500	10,500
Depreciation	184	184	184	184	184	184	184	1,286
Payroll tax	3,299	3,403	3,419	3,419	3,419	3,419	3,419	23,796
Advertising	300	300	300	300	300	300	300	2,100
Promotion	-	-	-	-	-	-	-	0
Insurance	150	150	150	150	150	150	150	1,050
Pension or 401(k)	1,294	1,335	1,341	1,341	1,341	1,341	1,341	9,332
Interest	-	-	-	-	-	-	-	0
Supplies	-	-	-	-	-	-	-	0
Utilities	200	200	200	200	200	200	200	1,400
Other	100	100	100	100	100	100	100	700
Total operating expenses	50,152	51,659	51,881	51,881	51,881	51,881	51,881	361,214
Net Income before Taxes	(50,152)	(30,097)	(16,240)	8,935	(11,540)	(9,265)	25,735	(82,623)
Corporate income tax	-	-	-	-	-	-	-	0
Net income after taxes	(50,152)	(30,097)	(16,240)	8,935	(11,540)	(9,265)	25,735	(82,623)
Cost of Goods Sold Monthly								
Inventory, beginning of the month	-	-	(25,045)	(61,234)	(74,178)	(39,096)	(8,239)	
Add: Purchases	-	15,000	30,000	100,000	110,000	110,000	115,000	
= Cost of goods available	-	15,000	4,955	38,766	35,822	70,904	106,761	
Less: Inventory, end of month	-	(25,045)	(61,234)	(74,178)	(39,096)	(8,239)	(37,383)	
= Cost of goods sold	-	40,045	66,190	112,943	74,918	79,143	144,143	517,383

Balance Sheet



Balance Sheet

Assets	10/31/2016	4/30/2017
	<u>ACTUAL</u>	<u>FORECAST</u>
Current Assets		
Cash	\$ 4,339	\$ 131,508
Investments in stocks	0	
Accounts receivable	0	
Merchandise inventory	0	\$ (37,383)
Supplies	0	
Total Current Assets	<u>\$ 4,339</u>	<u>\$ 94,125</u>
Fixed Assets		
Computers	\$ 4,570	\$ 4,570
Less: accumulated depreciation	(114)	(800)
Furniture and fixtures	2,599	2,599
Less: accumulated depreciation	(65)	(455)
Office equipment	180	180
Less: accumulated depreciation	(5)	(32)
Total Fixed Assets	<u>\$ 7,165</u>	<u>\$ 6,063</u>
Total Assets	<u><u>\$ 11,504</u></u>	<u><u>\$ 100,188</u></u>
Liabilities and Stockholders' Equity		
Current Liabilities		
Accounts payable	\$ 9,499	\$ 2,150
Sales tax payable	\$ -	\$ -
Salaries payable (WH)	\$ 26,171	\$ 9,653
Payroll tax payable	\$ 3,299	\$ 3,419
401(k) payable	\$ 2,588	\$ 2,681
Other payable	\$ 100	\$ 100
Corporate tax payable	\$ -	\$ -
Total Current Liabilities	<u>\$ 41,656</u>	<u>\$ 18,002</u>
Long Term Liabilities		
Loan payable	\$ -	\$ 138,746
Total Liabilities	<u>\$ 41,656</u>	<u>\$ 156,748</u>
Stockholders' Equity		
Paid-in capital		
Common stock, \$10 par value, 2,000 shares issued	\$ 20,000	\$ 20,000
Additional paid-in-capital	0	
In excess of par value		
Retained earnings	(50,152)	(82,623)
Total Stockholders' Equity	<u>\$ (30,152)</u>	<u>\$ (62,623)</u>
Total Liabilities and Stockholders' Equity	<u><u>\$ 11,504</u></u>	<u><u>\$ 94,125</u></u>

Financial Summary

Income Statement

Balance Sheet

Appendix

Bank Statement



Bank Statement as of 10/31/2016

Account Number: 630000026

Date	Name	Account #	Description	Amount	Balance
10/22	Hailey Albers2 (US011008)	630406383	October 15th payroll	-\$1,407.81	\$4,339.40
10/22	Amanda Amodeo (US011008)	630353085	October 15th payroll	-\$1,186.56	\$5,747.21
10/22	Oskar Bros (US011008)	630413991	October 15th payroll	-\$1,515.31	\$6,933.77
10/22	Harrison Cohen (US011008)	630353166	October 15th payroll	-\$1,186.56	\$8,449.08
10/22	Patrick Erichsen (US011008)	630353077	October 15th payroll	-\$1,186.56	\$9,635.64
10/22	Mikaela Hawkinson (US011008)	630289344	October 15th payroll	-\$1,186.56	\$10,822.20
10/22	Isabella Molinari (US011008)	630353131	October 15th payroll	-\$1,186.56	\$12,008.76
10/22	John Munyak (US011008)	630403694	October 15th payroll	-\$1,186.56	\$13,195.32
10/22	Ally Pomper (US011008)	630231958	October 15th payroll	-\$1,186.56	\$14,381.88
10/22	Sebastian Sandler (US011008)	630353107	October 15th payroll	-\$1,186.56	\$15,568.44
10/22	Taylor Strough (US011008)	630353123	October 15th payroll	-\$1,622.50	\$16,755.00
10/22	Ryan Weaver (US011008)	630353158	October 15th payroll	-\$1,622.50	\$18,377.50
10/22	LONG ISLAND CENTRAL OFFICE	610315285	Seed Money	\$20,000.00	\$20,000.00

Loan Amortization



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Loan Amortization Table

Loan Information

Loan Amount (Principal)	150,000
Annual Interest Rate	4.50%
Term of Loan in Years	5
# of Payments per Year	12
Payment Type	monthly
Monthly Payment	(\$2,796.45)

Summary

Rate (per period)	0.3750%
Number of Payments	60
Total of Payments	60.00
Total Interest	17,787.17

No.	Principal	Interest for the Period	Total Balance Outstanding	Payment for the period	Principal Reduction	Revised Balance Outstanding
1	150,000	563	150,563	2,796	2,234	147,766
2	147,766	554	148,320	2,796	2,242	145,524
3	145,524	546	146,069	2,796	2,251	143,273
4	143,273	537	143,810	2,796	2,259	141,014
5	141,014	529	141,543	2,796	2,268	138,746
6	138,746	520	139,266	2,796	2,276	136,470
7	136,470	512	136,982	2,796	2,285	134,185
8	134,185	503	134,688	2,796	2,293	131,892
9	131,892	495	132,387	2,796	2,302	129,590
10	129,590	486	130,076	2,796	2,310	127,280
11	127,280	477	127,757	2,796	2,319	124,961
12	124,961	469	125,429	2,796	2,328	122,633
13	122,633	460	123,093	2,796	2,337	120,296
14	120,296	451	120,747	2,796	2,345	117,951
15	117,951	442	118,393	2,796	2,354	115,597
16	115,597	433	116,030	2,796	2,363	113,234
17	113,234	425	113,658	2,796	2,372	110,862
18	110,862	416	111,278	2,796	2,381	108,481
19	108,481	407	108,888	2,796	2,390	106,091
20	106,091	398	106,489	2,796	2,399	103,693
21	103,693	389	104,082	2,796	2,408	101,285
22	101,285	380	101,665	2,796	2,417	98,869
23	98,869	371	99,239	2,796	2,426	96,443
24	96,443	362	96,805	2,796	2,435	94,008
25	94,008	353	94,361	2,796	2,444	91,564
26	91,564	343	91,908	2,796	2,453	89,111
27	89,111	334	89,445	2,796	2,462	86,649
28	86,649	325	86,974	2,796	2,472	84,177
29	84,177	316	84,493	2,796	2,481	81,697
30	81,697	306	82,003	2,796	2,490	79,206
31	79,206	297	79,503	2,796	2,499	76,707
32	76,707	288	76,995	2,796	2,509	74,198
33	74,198	278	74,476	2,796	2,518	71,680
34	71,680	269	71,949	2,796	2,528	69,152
35	69,152	259	69,412	2,796	2,537	66,615
36	66,615	250	66,865	2,796	2,547	64,069
37	64,069	240	64,309	2,796	2,556	61,512
38	61,512	231	61,743	2,796	2,566	58,947
39	58,947	221	59,168	2,796	2,575	56,371
40	56,371	211	56,583	2,796	2,585	53,786
41	53,786	202	53,988	2,796	2,595	51,191
42	51,191	192	51,383	2,796	2,604	48,587
43	48,587	182	48,769	2,796	2,614	45,973
44	45,973	172	46,145	2,796	2,624	43,349
45	43,349	163	43,511	2,796	2,634	40,715
46	40,715	153	40,867	2,796	2,644	38,071



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47	38,071	143	38,214	2,796	2,654	35,417
48	35,417	133	35,550	2,796	2,664	32,754
49	32,754	123	32,876	2,796	2,674	30,080
50	30,080	113	30,193	2,796	2,684	27,396
51	27,396	103	27,499	2,796	2,694	24,703
52	24,703	93	24,796	2,796	2,704	21,999
53	21,999	82	22,081	2,796	2,714	19,285
54	19,285	72	19,357	2,796	2,724	16,561
55	16,561	62	16,623	2,796	2,734	13,826
56	13,826	52	13,878	2,796	2,745	11,082
57	11,082	42	11,123	2,796	2,755	8,327
58	8,327	31	8,358	2,796	2,765	5,562
59	5,562	21	5,582	2,796	2,776	2,786
60	2,786	10	2,796	2,796	2,786	0
	Totals	17,787		167,787	150,000	