



"Helping you find the right tool for the job the first time"

Business Plan

Weekend Warriors Inc.

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This business plan is intended solely for informational purposes to assist you with a due-diligence investigation of this project. The information contained herein is believed to be reliable, but the management team makes no representations or warranties with respect to this information. The financial projections that are part of this plan represent estimates based on extensive research and on assumptions considered reasonable, but they are not guaranteed. The contents of this plan are confidential and are not to be reproduced without express written consent.



PRODUCT

The Nut Check offers home and automotive DIYers an easy and accurate way to correctly measure nut and bolt sizes.

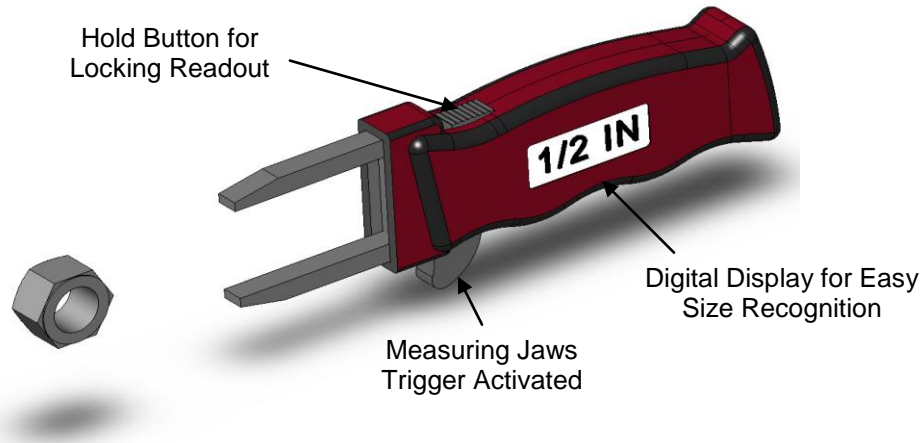


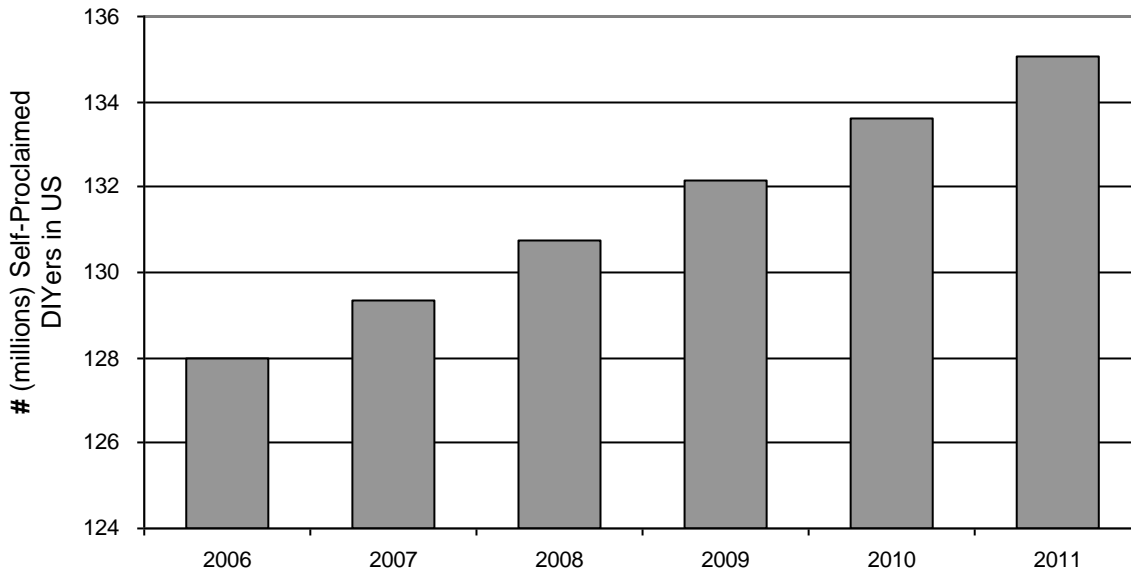
Figure 1. Nut Check Design Features Table 1. Nut Check Features and Benefits

FEATURES	BENEFITS
Durable	Able to withstand standard worksite hazards
Small and compact	Usable with one hand and fits into tight spaces
Ergonomic	Molded rubber handle makes it comfortable to hold
Easy to use	Minimizes frustration
Digital readout	Clearly displays sizes in whole numbers or fractions, no conversion of decimals to fractions required for choosing correct wrench/socket
Lock readout	Allows use in applications where hex or Nut Check is not visible
Automatic standard/metric determination	Eliminates confusing units of measure and subsequently using incorrectly sized tools
Versatile usage	Measure in almost any configuration (i.e. radial, axial, in-between)
Accurate	Enables user to choose the correct tool to avoid fastener damage
Large measurement range	Measure any hex between 3/16 – 1 inch (4 – 24 mm)
Plastic coated jaws	Protects hardware and enables measurement of any fastener material

MARKET AND INDUSTRY ANALYSIS

Market Size and Growth

The total US home improvement products market is \$312 billion and is expected to grow at a rate of 4.4% (Home Research Institute). The market size for the Nut Check is the number of self-proclaimed DIYers in the US. This market size is approximately 128 million people in 2006, and is expected to grow to over 135 million in 2011 (Simmons Market Research). Figure 2. # of Self-Proclaimed DIYers in US



The Nut Check's addressable portion of this market is the number of people that purchase wrenches because the act of purchasing a wrench implies the need to either tighten or loosen a nut or bolt. In addition, the Nut Check will be located in the same aisle of hardware stores as wrenches, so customers looking for wrenches will see the Nut Check as well. The number of wrench purchases as a portion of the DIY market in Year 5 (2011) (US Dept of Commerce) and the expected penetration for the Nut Check is shown in Figure 3 below. Cumulatively, over a five-year span the Nut Check is expected to penetrate approximately 4.4% of the 135 million DIYer market.

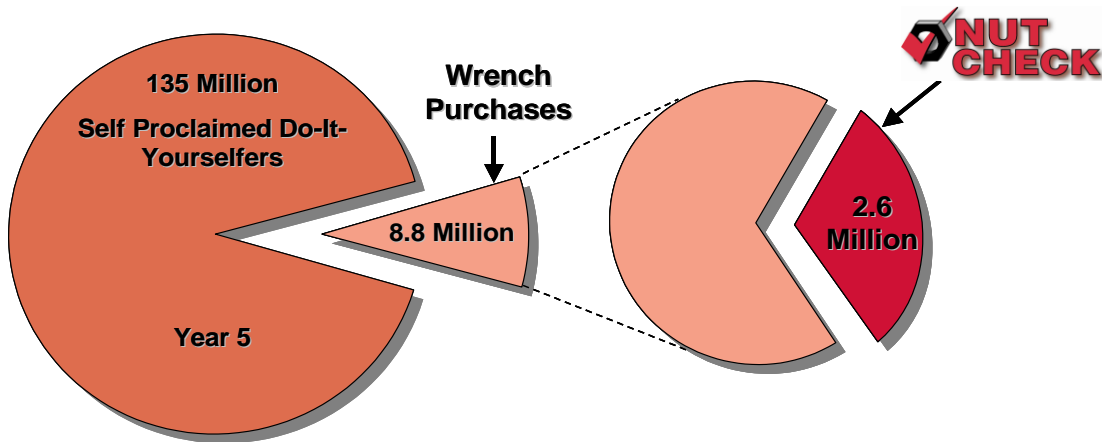


Figure 3. Nut Check Market Penetration in 2011

Target Market

The Nut Check will initially target the home improvement DIYer market segment because of its size and ease of access through nationwide home improvement centers. Upon successful market entry, in Year 4, the Nut Check will target the automotive DIYer segment to expand the customer base and to take advantage of synergies between the two market segments.

Table 2. Target Market for the Nut Check (Simmons Market Research)

	Gender	Age	Income	From Households
Home Improvement	M or F	30-54	\$30-150K	2-4 people
Automotive	M	25-34	\$20-40K	3-5 people

Nut Check Customers:

- Perform DIY work as a hobby or to save money
- Are fed up with walking back and forth to the tool box
- Do not want to carry multiple wrenches to find one that fits
- Dislike using adjustable wrenches because of their tendency to damage fasteners

In many cases, women purchase the products for home improvement projects. Gender makes no significant difference in the purchase of these products (Simmons Market Research). In fact, 80% of all home improvement purchasing decisions are influenced by women and 34% of the time women turn to home improvement retailers for information on projects (Owens Corning). Because Lowe's is catered more towards women, Weekend Warriors has decided to enter Lowe's before Home Depot. In some cases, women may not be the end product consumer, but nevertheless play an important part in the target market because they will purchase the Nut Check as a gift for a home improvement DIYer man in their lives.

At the core of the automotive DIYer segment is the "cultural" DIYer, the dedicated hobbyist or semi-professional who, regardless of the practical motivations for doing it himself, maintains his own vehicle for emotional reasons, as well as for the for the problem-solving aspects. In addition, these men value the challenge of continuously increasing vehicle performance.

**These people (serious DIYers) don't think, 'Shoot, I have to buy new tools.'
They say, 'Great! I get to buy new tools!'
Sal Cinquemani, president of TrueCraft Tools**

Industry Overview

Increasingly, large hand tool manufacturers have been buying the smaller tool manufacturers to subsequently own innovative designs and niche portfolios of brand names. These large companies, namely, Stanley Works, Snap-On Inc, and Cooper Tools Inc dominate the hand tool industry. These large tool manufacturers manufacture tools both domestically and through foreign manufacturing agreements.

Traditionally, hand tool manufacturers have sold their goods to wholesalers of several types who distribute the products to retailers. These wholesalers break down into three types: dealer-owned distributors, merchandising groups, and unaffiliated dealers. In addition, many manufacturers sell directly to home improvement retail operations, especially larger home center chains such as Home Depot and Lowe's. However, most independent hardware stores and the smaller home centers still purchase through distributors (Packaged Facts). For a complete description on the value chain for hand tool manufacturers in both the home improvement and automotive markets, reference Appendix 1.

Competitive Environment

While many hand tools are considered low-tech, the industry itself is highly automated and employs state-of-the-art materials and technologies in its factories. Research has focused on improving the quality, durability, and usability of the many different tools already produced. Currently, research and development in the industry has been focused on:

- Development of high quality, low-cost materials
- Maintaining low-cost production while meeting the requirements of stringent US antipollution laws
- Automation production technologies
- Ergonomic tools that reduce fatigue and injuries for the users
- "Smart" tools that perform tasks more quickly and accurately than conventional tools using laser and computer technology
(Encyclopedia of Global Industries)

Retailers are fond of stocking hand tools such as the Nut Check because they offer steady, year round sales, and because they carry higher profit margins than power tools. Most retailers carry at least two or three different brands. The main selling points for hand tools from a consumer point of view are:

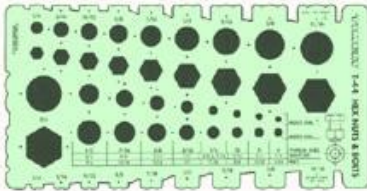
- Packaging
- Appearance
- Brand
- Price
(Packaged Facts)

Manufacturers compete for retailer’s business on the same selling points as perceived by the customers. In addition, the speed of order filling and application specific packaging are important to retailers. There is simply not that much distinction between brands of products in the hand tool category for DIY enthusiasts or retailers to base their choices (Packaged Facts).

Competition

The Nut Check is a measurement tool that does not fit into a category that already exists. However, the Nut Check does compete against various products both directly and indirectly. The direct competitors can measure nuts and bolts like the Nut Check, but less effectively. The indirect competitors reduce the usefulness of the Nut Check because a person can either tighten or loosen a fastener without knowing its size, but again, these products also have shortcomings. For a complete competitor matrix reference Appendix 2.

Direct Competitors:



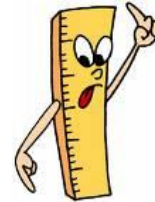
Plastic Templates

- Can only use on loose nuts and bolts
- Difficult to use
- Flimsy



Calipers

- Expensive
- Require skill to use
- Require converting decimals to fractions



Rulers

- Inaccurate
- Bulky
- Cannot use in tight spaces

Indirect Competitors:



Universal Wrenches

- Expensive
- Cannot fit into tight spaces
- Have tendency to damage fasteners



Adjustable Wrenches

- Difficult to adjust
- Cannot fit into tight spaces
- Have tendency to damage fasteners



OPERATIONS PLAN

Weekend Warriors is a company committed to the design and marketing of tools that solve common problems experienced by the average DIYer. A focus on innovative marketing, comprehensive product design, and efficient product logistics will promote and maintain relationships with both business partners and consumers. The following functions will be performed in-house:

- Product design and refinement
- Warehousing and order fulfillment
- Marketing and sales
- Customer service and website response
- Quality assurance on incoming shipments

Several functions will be outsourced due to efficiency and economic considerations. These functions and their locations are identified in Table 8 below. Also, if partners for the various functions have been identified, they are also included.

Table 8. Outsourced Operations

Function	Description	Partner	Location
Website design	Design website for selling the Nut Check, warranty claims, customer feedback, and for sharing information about the company, products, and events	Not Identified (NI)	US
Prototype	Build production quality prototype	5 Man Conspiracy	CO
Accounting	Handle business accounting and tax return preparation	NI	CO
Legal	Develop business legal framework and file for intellectual property protection	NI	CO
Public Relations	Issue clear, concise and focused press releases	NI	US
Manufacturing	Produce and assemble small quantities of the Nut Check for trade shows, local hardware stores, etc; Year 1	QSC	Longmont, CO
	Produce and assemble moderate-high quantities of the Nut Check for nationwide hardware store distribution; Years 2-4	Universal Tool Company	Denver, CO
	Produce mass quantities of the Nut Check for the nationwide home improvement retail centers and automotive, Year 5	NI	Overseas
Packaging	Package the goods for sale after manufacturing	NI	NI
Distribution	Distribute the Nut Check to various independent and hardware store chains	NI	US

Shipping	Ship the Nut Check to nationwide home improvement centers and smaller hardware stores as required	NI	US
	Ship product manufactured overseas to the US; Year 5	NI	NI

Order Fulfillment

The following figure demonstrates how Weekend Warriors will receive and subsequently fill orders for the Nut Check.

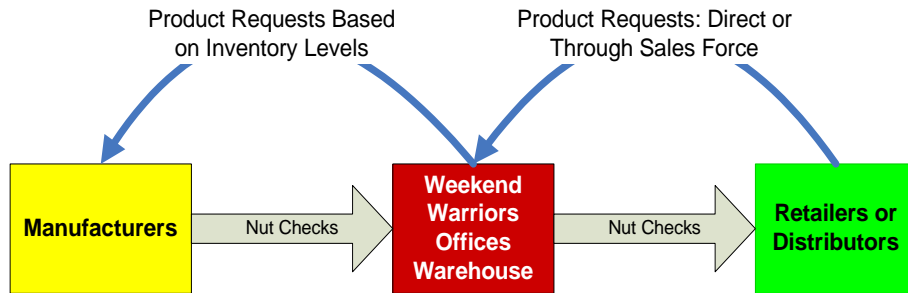


Figure 4. Order Fulfillment

Customer Service

Customer service, including warranty claims and website inquiries will be handled by a small staff that will grow as sales increase. All correspondence will be via email unless absolutely necessary to ensure efficient processing.

Facilities

Weekend Warriors will lease a 5000 square foot office/warehouse facility in Longmont, Colorado in Year 2. This space will serve as the marketing, customer service, design, logistics, and warehousing headquarters. This space will contain enough offices to accommodate approximately 40 employees, a conference room, and an adjacent warehouse. Longmont was chosen because of its proximity to the initial market (Denver-Boulder) and to the initial manufacturing facilities (QSC-Longmont and Universal Tool-Denver). When manufacturing operations are moved overseas in Year 5, a similarly sized warehouse/office will be leased on the west coast to simplify the logistics of receiving and warehousing product.

DEVELOPMENT PLAN

There will be four development phases over a two-year span leading up to the Nut Check being sold in nationwide home improvement centers.

Phase I: Product and Company Development (Q1-Q3 2007)

- Secure seed capital
- Incorporate and set up legal framework for Weekend Warriors
- Produce a “production quality” prototype
- Develop website
- Apply for full intellectual property protection
- Establish sales agreements with local hardware stores

Phase II: Market Introduction (Q3 2007-Q1 2008)

- Attend tradeshow and exhibitions
- Lease office/warehouse space
- Establish sales agreements with statewide hardware chains

Phase III: Market Penetration (Q1 2008-Q3 2008)

- Secure Round A financing
- Hire CFO, sales manager, and marketing manager
- Heavy marketing

Phase IV: Channel Development (Q3 2008)

- Start selling product to Lowe's home improvement centers

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