



Ciao Bella
Business Plan

May 2, 2007

Table of Contents

Executive Summary2
Company Overview3
Products and Services Description 4
Market and Industry Analysis..... 6
Marketing11
Operations 17
Management.....19
Development 20
Competitive Advantage..... 20
Summary of Financials.....21
Funding.....23
Appendices

Executive Summary

Concept Description

Ciao Bella Young Women's Wellness Center is a place for women to come together and embrace their natural beauty through a series of hands on courses taught by seasoned professionals relating the ideas of nutrition, beauty and body diversity, health education, hair care, skin care and exercise. This, combined with a youth salon, creates an oasis and afternoon escape for young women to celebrate being with other women.

Opportunity

Increasingly young women struggle with self esteem. Over 70% of girls say that they are unhappy with themselves. Surveys showed that many young women would like a place outside of their homes and schools to spend with other women. Allowing young women to interact in a non-threatening way with one another while discussing topics that are influential in their lives will greatly impact their self esteem.

Product and Service

Ciao Bella offers a curriculum of courses designed to improve the self esteem of middle school and high school aged young women through hands on activities and interactive group learning. It will be innovative and different in that it addresses self esteem both through physical activity, lessons in beauty and body diversity and through our state of the art, in house salon (our secondary service offering) offering hair cuts, colors and styling, manicures, pedicures, facials and make-up sessions, girls will be able to apply the lessons they have learned to find their own definition of what is beautiful.

Value Proposition

Ciao Bella Young Women's Wellness Center is a center for young women to learn about self esteem and overall health and within its facility houses a salon for young women. Through its hands on courses teaching body and beauty diversity, nutrition, health, and exercise, and its salon services, it creates higher self esteem and confidence as well as a safe learning environment for its customers.

Marketing Strategy

The marketing strategy that Ciao Bella will utilize will focus on strategic relationships with middle and high school counselor thus instilling trust in the parents of our customers. We will also be utilizing peers selling to peers, meaning after a young woman has completed one of the Ciao Bella programs and loved it; she will have the opportunity to become a spokesperson for our company creating credibility among young women.

Competitive Advantage

Ciao Bella's competitors are youth organizations, especially those that focus on the development of self esteem and wellness. There is no current competitor with a salon in their facility or with the same open door policy, social setting, and instructors that are certified counselors and psychiatrists. Our location is also very important as it will create a long term competitive advantage for our organization.

Management

As Founders, Caitlin Merrell, Eric Linder, Michelle Daigle and Samira Rajabi will run Ciao Bella working diligently to ensure the success of the venture until they can complete an extensive search to secure an experienced management team. The CEO and management team of Ciao Bella will need experience both in youth services and business to adequately relate to the customers and to run the operations successfully.

Financial

Ciao Bella generates revenue based on course session fees and salon revenues. It incurs costs based upon instructor salaries, materials used in courses and course instruction, and hardware used in the facility as well as rent. This being said Ciao Bella hopes to become cash flow positive in year three of operation.

Funding

Ciao Bella will require \$200,000 dollars to get off the ground. Each of the four founders will contribute \$50,000 which they will raise from their family and friends or contribute from their personal capital and each founder will in turn own 25% of Ciao Bella.

Company Overview

Introduction

Over 70% of young women struggle with their self esteem in some respect (<http://sev.prnewswire.com>). Many young women look to the media for lessons in self esteem and wellness. Women, increasingly, need a place to call home, to celebrate their diversity and embrace their unique talents and abilities. Ciao Bella is that place.

Ciao Bella Young Women's Wellness Center, better known to it's consumers as Ciao Bella and its business associates as Ciao Bella, LLC will be a women's facility that offers a structured curriculum to young women ages 10-19, focusing on self esteem development and body and beauty health through a system of women being with women. It will additionally feature a salon to allow young women to grow into themselves and their beauty diversity in the proper manner. The Ciao Bella Center will be located in The Streets at Southglenn in Centennial, CO.

Mission Statement

Our mission is to enable bright young women to see past the stereotypes existing in today's society regarding self esteem and beauty, and to embrace themselves and one another through education, experience, and action.

History and Current Status

Ciao Bella began with the vision of a salon owner and counselor in Grand Junction, CO. Tycee Belcastro wanted to teach young women how to be beautiful and respectful without projecting the negative images of the media on themselves. The project evolved as research highlighted that more important in a young girls development than beauty was first education. From that was born the curriculum of nutrition, health education, body diversity, skin and hair care, and exercise with a salon geared at young women.

Objective

To satisfy consumers needs - both parents and young women - by providing a strong curriculum that allows for the development of empowered young women who celebrate the diversity of their bodies and their beauty.

Product and Services Description

Features and Benefits

The product and service offerings of Ciao Bella are two-fold. The primary offering is the course curriculum which includes a series of five different courses that will be taught by instructors that are also licensed psychiatrists, counselors, estheticians, or beauticians. There will also be peer mentors on site teaching exercise courses and relating to customers on a peer to peer level.

Courses Include:

- Nutrition - taught by instructors
- Hair Care/Skin Care- taught by instructors
- Health and Wellness Education - taught by instructors
- Exercise - The sport or activity will be seasonal - taught by peer mentors
- Beauty and Body Diversity - taught by instructors

The courses can be taken individually or can be purchased as a package depending on the topic. If a student desires to take all of the courses it would run the same length as a school semester and would be 3 times a week after school. Prices for the courses, while dependant on the individual course, are generally \$35 per course; exercise and wellness services are \$45 per session.

The environment of the Ciao Bella Center will be the most important aspect in welcoming young women into our business. Customer satisfaction is ingrained into the service due to the nature of our offering. As we are dealing with a sensitive issue that is highly personal to most young women, we would like to create a second home to them. Using a Zen-like atmosphere and decorating using Love Sacs and relaxing paint colors in our space, we will transform a 3000 square foot area into a second home for young women.

This product is unique due to how it addresses self esteem. While there are many products that offer beauty services and a few services that offer opportunities for women to spend time together. Seldom do they address the issue of self esteem in a group setting, in a structured format that young women would enjoy *and* that their parents would embrace.

The second aspect of this product is the salon. While the salon is the secondary aspect of this product offering, once these young women have taken the courses it is important for them to be able to experiment with what they have learned about their beauty and body through beauty development. The stylists, estheticians, nail technicians will all be private contractors working in the Ciao Bella space with our customers. While they are private contractors they will be screened to assure parents and young women that they have the ideals of the Ciao Bella Center. The prices for the salon will be based on the individual stylist but Ciao Bella will be charging a \$10 service fee for each service administered.

<i>Features of Ciao Bella</i>	<i>Benefits for Students</i>	<i>Benefits for Parents</i>
Courses - Beauty/Body Diversity	Higher self-esteem, improved confidence, Understanding of one's body image	Child is safe - parents no longer require babysitters, more confident, child is fostering new friendships (Applicable for all courses)
Courses - Nutrition	Higher self-esteem, healthier body	Child is developing better eating habits
Courses - Skin Care/Hair Care	Understanding of hygiene, beauty, hands on application	Creates confidence, opens door for teaching for parents
Courses - Health Education	Fosters friendships while teaching young women things they may not want to ask about	Opens doors for conversation about high pressure issues without taking the place of parents and creates respectable images of self worth among children
Courses - Exercise	Creates Confidence; sense of belonging to a team without the pressure of competition	Relieves burden of taking care of child's fitness
Salon	Create a positive self image among customers through its unique ability to offer the same quality services as other salons with the atmosphere and attitudes relating to good self esteem and high self worth	Offers haircuts, manicures, & make-up sessions that will be fun for children & keep with the Ciao Bella attitudes & culture; parents will know will be respectable & suitable for their child

Stage of Development

This product is in the early stage of the lifecycle, it is not ready for market as it is still being developed by various experts in the field. The course curriculum will be developed using the help of experts such as Tycee Belcastro of the original Ciao Bella Spa in Grand Junction, CO and Isabelle Tierney of the Body Beloved Center in Boulder, CO. Obstacles in development

are defining the curriculum to appropriately address self esteem without trying to diagnose because it is important to note that Ciao Bella is *not* a treatment facility.

Market and Industry Analysis

Market Size and Growth

The market segments in which Ciao Bella is competing are the child services and overall health and wellness with a secondary focus on beauty. We are initially considering 10,300 unit sales which would be 9% of the market segment. We plan to grow substantially within the first three years and experience slower growth in years four and five.

Trends

Trends that are driving the market are the increase in single parent households, in the past decade the number of one parent households present in the United States has risen to 46% of all white children and 86% of African American children (Social Problems). Another trend is dual working parents, “50% of all marriages in the United States are dual-earner marriages” and that “76.6 percent of all women with a child under age three were in the paid workforce” (Social Problems). This can lead to an inability for parents to support their children and in turn low self esteem for children. Other trends include technology increasing social connection and media’s affect on young women. These media sources have caused young women to be exposed to detrimental materials at young ages and are damaging to self esteem and development.

Target Market

The segment that best suits this venture is young women ages 10-19. Primary research highlights that young women struggle with self esteem at younger ages and signs of their hardship can be seen close to elementary school ages. Our service directly benefits the market in this age group. The total population of Colorado as of 2005 was 4,562,244 and had risen 6% from the previous year. Of Colorado’s total population there were 305,379 females between the ages of 10 – 19 years old, which was up from 298,646 in 2000 (US Census).

The consumer of this specific service is young women in Arapahoe, Douglas, Denver and Jefferson Counties. In those counties there are 119,907 young women in the ages of 10-19. By county the break down of young women is as follows:

County	Total Females	Females ages 10-19	5 year growth
Arapahoe	265,635	34,455	7.7%
Douglas	124,737	17,089	42%
Denver	269,015	28,247	7.6%
Jefferson	261,387	37,167	1.6%

Within this target market families are typically middle to upper class families. We will target single income and dual income families as well as single and married parents. Our market is 30-40% of the women in the counties in and around Centennial, CO.

Industry Structure

This industry is a service heavy industry. Generally goods and services are delivered to the customers directly with few intermediaries and a high level of integration.

Competitive Environment

In this industry the competitors' compete primarily based on services and customer support. Since the services and secondarily the products are aimed at care of youth and youth health services, competition is based on the highest quality of customer care and support. Quality of customer care and support is measured by the amount of attention each customer receives when they enter the door and how satisfied they are when they leave. As the industry deals both with issues of health and youth care/services it is important that each customer feels that they received adequate attention in regards to their individual needs. This is followed by cost to consumers. If customers can get comparable quality of services from counselors and child advocates then they will likely go to the more competitively priced location.

There is generally a low degree of rivalry among competitors in this industry since the ultimate goals of multiple organizations in this industry, whether for or non profit, is to benefit young people, get them off of the streets, and provide them with comprehensive counseling services. It is not uncommon for organizations to send referrals to each other when they do not have adequate services or funds to provide for their customers.

The average sizes of competitors are over \$100,000,000 in annual revenue in their national headquarters and are operated as multiple locations nationwide. The industry is not dominated by one company rather each company covers one component of what is necessary for youth treatment and development.

Barriers to Entry

Barriers to Entry include customer loyalty, agreements with customers, dominant position of competitors, government regulations, and industry hostility to new entrants.

- Within this industry it will be difficult to obtain customer loyalty because more than anything we are marketing this product and service to parents. When caring for and potentially counseling some one else's child in a classroom setting you are acting as a surrogate parent and it takes great care. Once a company has been entrusted with that kind of care it is very difficult as a new competitor to come in and be a new entrant.
- It will be difficult to make agreements with new customers and those agreements will have to be child driven in order to convince parents to pay, particularly if they have an existing organization that they are patrons of.
- Competitors, and there dominant position, will create a barrier to entry by making it difficult to create a sustainable competitive advantage.
- Government regulations will impede the counseling/services given to minors even when in the form of a classroom setting and will make it so we must obtain the proper waivers and policies to make all of our services legal.
- There may be hostility to a new entrant in this industry because when dealing with children and adolescent women who are inherently vulnerable, it is important to have trust, which is developed over time. It will be difficult to replicate that trust and to try to compete with the developed trust of competitors.

Control

Prices of the courses will be dependant on competition and costs. Since Ciao Bella is mainly a services company a large portion of prices can be based on the needs of our customers. Costs can be controlled through hiring a number of our staff "peer counselors" from local universities to assist our four certified counselors/instructors with their curricula; this low

cost labor will not only grant them experience but be beneficial to us. These “peer counselors” will also be able to teach exercise classes and assist in the salon.

Competition

The breadth of competition in the industry ranges from youth salons/make-up studios and youth development centers with a focus on keeping young people safe and off of the streets. Ciao Bella falls somewhere in the center.

Children’s Comprehensive Services

At the basic level Children’s Comprehensive Services provides for profit services for at risk or troubled youth. These services are residential or nonresidential and focus on the emotionally disturbed, behaviorally disordered, developmentally delayed, and the medically fragile. They achieve this through education, treatment, and juvenile justice services. As a secondary service they offer management training to community mental health centers and third parties.

YWCA

Created in 1907 and sister company to the YMCA, the YWCA focuses on providing 2.6 million women in 100 locations, in 120 countries non profit services to empower them through services such as sports, physical fitness, childcare, employment training, job placement and youth development. There is also a large focus on racial justice, antiviolence and human rights advocacy.

YMCA

The largest not for profit community service organization in America the YMCA provides health and human service needs to men, women and children in the United States throughout 10,000 communities. Originally conceived as the “Young Men’s Christians Organization” the YMCA is not limited to men or Christians but (depending on the location) provides a multitude of services from child and youth services, teen leadership, sports clubs for older adults, swim lessons, and after school programming.

Marlene Kurland Cosmetics

Marlene Kurland Agency provides a number of unique services from a teen beauty boot camp to a variety of services for the individual, including make up for professional photo sessions, make over for prom, formals and black tie affairs, birthday make up parties, permanent make up and make up instruction. One of the highlighted events that pertains most to the youth health and beauty industry are the princess make up parties in which the agency and cosmetic studio hosts a make up, manicure and nail art birthday party for a young woman and her guests.

Girls Incorporated

Girls Inc is a national not for profit youth organization that focuses on three primary goals, inspiring women to be, “strong, bold and smart.” Dating back from 1864 Girls Inc uses educational programs such as Operation Smart, Preventing Adolescent Pregnancy and Media Literacy to teach young women ages 6 through 18 about value and potential.

Open Door Youth Gang Alternatives

ODYGA is a preventative program whose aim is to keep young kids off of the street and out of gangs. In an attempt to achieve this goal they have developed a number of educational and support programs to teach and enrich elementary through teenage age boys and girls. These programs include the After School Bonding and Character program, Summer Camp and Team program, The Daily program, Employment and Job training for teens, Youth resource unit and resources for parents.

Opportunity

There is a compelling need for Ciao Bella. In the area that spans Centennial, CO there are 120,000 young women and our target market covers roughly 40,000 of those young women. With 70% of women struggling with a self esteem or appearance issue it is imperative now to make the strides to address self esteem and give young women an outlet to address these problems. In customer surveys, young women stated that they would enjoy participating in activities with 2 to 3 other girls. College women surveyed stated that they didn't like participating in activities with other women because it had always made them feel self conscious. By disallowing young women to face their fears of beauty and body they will lack confidence to enter social situations in the futures. Ciao Bella gives young women a

comfortable setting to face these fears and our advantage is that we impact health, self esteem and beauty for the long term.

Marketing

Customer Research

Please see appendix.

Target Market Strategy

Ciao Bella Young Women’s Wellness Center target consumers consist of young women between the ages of 10 and 19. These young women are in a time of extensive change with learning how to deal and overcome social pressures, peer pressures, learning new skills and identifying “who” they truly are. Unmet needs of 10-19 year old women include “young women being with young women,” celebrating body diversity, discussing beauty misconceptions, and an opportunity to become rightfully educated about an array of topics that will benefit their overall health and development.

The young women will not be the primary purchasers, but they will be the one’s deciding if our center and salon is something that they would like to participate in. They will make the final decision based on previous experiences, what interests them, and what their friends think. Our customer surveys show that 90% of young women would be interested in coming to our center and salon if it were located in their town.

Channel Strategy

Our products, services, and programs will be distributed by selling directly to our consumers through the physical location of the Ciao Bella Young Women’s Wellness Center. It will be located at the redeveloped Southglenn Mall in Centennial, Colorado. We will use e-commerce to support our primary channel of distribution.

Positioning

“Ciao Bella Young Women’s Wellness Center and Salon is a child and youth’s services company providing a curriculum of health and exercise services to the child services market. Our unique combination of a wellness center and salon provides a safe yet trendy community for young women between the ages of 10 and 19 to celebrate who they are and overcome self-esteem and body acceptance issues.”

Positioning ourselves in the Child and Youth Services Industry provides us with a way to fill unmet needs as well as create a competitive advantage over the current competition. Currently, there are no other youth organizations in Colorado that have combined wellness counseling and education with personal appearance instruction.

Ciao Bella Young Women’s Wellness Center was chosen as the company name because it portrays our modern and unique approach as well as our welcoming and accepting culture. When translated into English, Ciao Bella means “Hello Beautiful.” This emphasizes our mission and positioning within the market. We are a company that strives to help young women celebrate who they are and build healthy self-esteem. The name reinforces the company message, “all young women are beautiful in their very own unique and special way.”

Product •Service Strategy

In the initial start-up phase, year 1 and 2, we will provide a limited number of services and programs. The main focus will be directed towards our wellness programs and be complemented by the salon services.

Program	Description
Beauty & Body Diversity	To educate young women about body awareness, body as a temple, self-value, self objectification and internal (inner power and personal truth and assessing your attributes) versus external (what is attraction and how the media influences these definitions) beauty.
Nutrition and Healthy Eating	To educate women on healthy eating, this will include topics on food groups, the food pyramid, portion size and control, and how to eat healthy for their body type.
Fitness	Fitness programs will allow young women to physically participate in different types of exercises (yoga, aerobics, and variety of sports)
Healthy Lifestyle Choices	Will focus on importance of quality sleep, life balance (work, school and play), sexuality, and developing a personal support system.
Salon Services	Haircuts, hair highlight/dyes, hair treatments, manicures, pedicures, and facials.

By developing the services using customer surveys as well as an innovative modern approach, Ciao Bella is assured to meet customer needs. The community aspect that we are creating with our services and programs makes us diverse from competition because we are creating an exclusive and fun atmosphere for young women to learn and express themselves.

Our employee base will represent product and service enhancement because they will be able to deliver exceptional customer service to our customers in their field of expertise.

The strengths of our company include high-level service, value, and our atmosphere as outlined above. Our weaknesses include lack of evaluations from our programs; this limits us to not knowing the best way to deliver our product to our customers. Also, for a while we will be operating on trail and error and in this type of market too many errors can be detrimental to a business. Another weakness is that we rely heavily on superior customer service as we are addressing sensitive topics with a very sensitive market. Because of this so we do not have time for our employees to have “off” days, one poor experience could lead to many lost sales

Pricing Strategy

When pricing our products we will evaluate two different pricing strategies. The first is value pricing, considering how much parents and young women are willing to spend on our services. The second is cost plus mark-up, considering we can ensure our programs and services generate a profit for the company.

Programs	Price for years 1-5
2 hour class	\$35
2 hour class w/product	\$45
3 -2 hr class series	\$75
3-2 hr class series w/product	\$120

According to surveys, parents and young women are willing to pay between \$30-\$50 for each program or class. This evidence supports our current pricing strategy.

E-commerce

Ciao Bella understands the importance of having a presence on the internet, thus we have developed an E-commerce strategy that will help us in reaching our target market and sales goals.

E-commerce presence in years 1-2:

- Product/service descriptions, customer quotes, calendar of events, and pricing will all be posted on our company website: **URL:** <http://www.ciaobella.com>

- E-mail blasts to potential customers
- E-mail blasts to potential networks (counselors, teachers, etc.)

E-commerce presence years 3-5:

- Online registration capabilities for services and programs
- Online customer feedback surveys and evaluations of programming
- Search engine key word preferential results
- Ability to purchase salon products (i.e. shampoo, conditioner, hair gel, face wash/cleanser, nail polish, etc)

Communication Strategy

In order to establish Ciao Bella we need to communicate the messages “all young women are beautiful” and “Ciao Bella Young Women’s Wellness Center is an exceptional, modern and exclusive community for young women to become familiar about health and personal appearance.” To successfully accomplish this we will first have to reach the young women and then their parents to realize a sale.

“Where you’re all beautiful” Campaign

Vehicle	Description	Frequency	Cost
Direct Mailings	Informational and reminder postcards that will emphasize upcoming programs, guest speakers and services	<ul style="list-style-type: none"> • Mailed once a month for the first year • Once every 3 months for the following years 	Printing and Postage = \$.37 per 5,000 cards *printingforless.com*
Brochures	Designed to provide a broad overview of our wellness center and what are mission and values are	<ul style="list-style-type: none"> • Distribute 1,000 tri-fold brochures to area middle school and high school counselors to display in their offices during the school year 	Printing = \$550 for 1,000 tri-fold, 8.5x11 brochures *printingforless.com*
Public Events	Grand Opening and various seasonal events that will offer free trial of products, free guest speakers and question and answer sessions	<ul style="list-style-type: none"> • During the first month of operations we will host a grand opening event • Throughout the remaining year we will offer events that coincide with seasonal events, such as homecoming, prom and graduation 	Initial Grand Opening = \$25,000 Various events = Range from \$1500 - \$4000 an event
Intense Spokesperson Marketing	After a young woman attends one of our programs and found it to be very successful, we will hire her on as a spokesperson for our company. She will be able to spread the word to other women through social connections	<ul style="list-style-type: none"> • After our first program offering, we will identify the best candidate and hire her. • She will constantly be promoting our company’s program and services at school and other social events 	Cost = Discounted services and programs for her enthusiasm that she uses to promote our company
Relationship Building	Build trust and confidence with area middle school and high school counselors	<ul style="list-style-type: none"> • Monthly allowances to promote organization among counselors and pertinent networks 	Cost = \$500 per month

Sales Strategy

Ciao Bella Young Women's Wellness Center sales strategy will consist of personal selling, direct mail and internet. We will focus more heavily on personal selling initially because it is important to gain the trust of both young women and their parents. In order to do this, we will have the guidance instructors and salon service providers work as the company's main sales force. They will be highly trained in their specific fields and able to speak to their expertise and answer questions thoroughly because they are the one's that will be teaching the curriculum. Therefore, training will be a non-factor. The direct mailings will be used in the strategy to serve as a follow-up reminder. Internet selling is very important because the younger generation is highly in-tune with internet networking. Due to this, it is a must that we are on resources such as facebook.com and myspace.com as well as our own E-commerce presence.

Ciao Bella will generate leads by developing customer profile cards that will be used by the sales force and the internal staff when they visit schools and other community events. As well as having an inquiry e-mail on our website that will require young women to enter their information in order to inquire about our programs. These customer profile cards and inquiry e-mails will than be inputted into a customer database.

Revenue Model

Revenue Model

MARKET POTENTIAL	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Key Assumption</u>
Young Women Aged 11-18				
Arapahoe County	37,454	38,031	38,616	Population grew at 1.54%
Douglas County	17,088	18,882	20,865	Population grew at 10.5%
Jefferson County	28,247	28,337	28,428	Population grew at .32%
Denver County	37,117	36,560	36,012	Population decreased at -1.52%
Total Market Potential	119,906	121,810	123,921	
SALES PROJECTIONS				
Market Penetration Rate	55.00%	55.00%	55.00%	With continuous advertising, and word of mouth we hope to have a steady growth in the percentage of market share each year.
Market Participation	9.0%	12.60%	16.40%	
Number of Participants per Location per Year				
Single customer sales	3,605	5,047.00	6,561.10	Took market potential multiplied by the % of penetration and added estimated repeat sales
Repeat Sales	6,695	9,373.00	12,184.90	
Total	10300	14,420.00	18,746.00	

Retail Prices

Educational Classes	\$35
Wellness Classes	\$45

Product Line Revenue				
Educational Classes = \$35	\$180,250	\$252,350	\$328,055	Multiplied the estimated number of girls participating in educational classes per year times the unit price
Wellness Classes = \$45	\$231,750	\$324,450	\$421,785	Multiplied the estimated number of girls participating in wellness classes by the unit price
Salon Services	\$30,900	\$43,260	\$56,238	Multiplied the number of unit sales by an estimated 25% of participation in the salon services by a fixed \$10 cost fee to stylist subcontractees
Total Revenue	\$442,900	\$620,060	\$806,078	
Number of Locations	1	1	1	

Operations

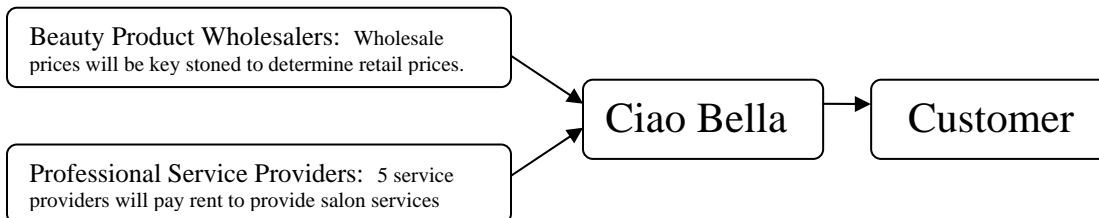
The Ciao Bella Young Women’s Wellness Center will provide its products and services through a single location in “The Streets at Southglenn”, which is a part of the newly renovated Southglenn Mall shopping development. This is an ideal location because it is central to many high schools in the Denver Metro area and will allow for the long term expansion of Ciao Bella’s customer base. All of our operations will be housed in this location, both the learning center and beauty salon, and our hours of operation will compliment the schedules of our target market allowing us to maximize our business potential.



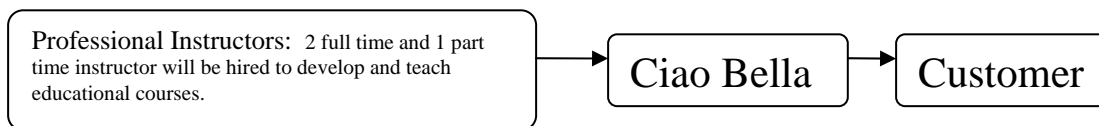
Operations Strategy

Ciao Bella will have a distinct process for delivering its salon services as well as a process for delivering its educational self-esteem programs.

- Salon Service



- Education Programs



Our operations will add value to our target market because it provides our customers with multiple options of services they can receive. Having these multiple options will allow and encourage them to visit more frequently then not. We will win in the marketplace on the dimensions of our service offerings, and customer service.

- **Delivery of Service Menu:** We can adapt our service offerings and its delivery to the changing schedules and changing needs of our target market, such as academic calendars, changing seasons, and special events (back-to-school, winter, homecoming).
- **Customer Service:** Our customer interaction will not be transactional based but more relationship based. We will strive to develop relationships that make our customers feel welcomed and encouraged to come back. Our goal is that every customer we service will leave our operations both looking good and feeling good about themselves.

Scope of Operations

Ciao Bella Young Women’s Wellness Center and Salon is primarily a services business offering an extensive course curriculum paired with an in house salon. That being said, a majority of our customer service and product/service development will be in house. This is most efficient for Ciao Bella because the nature of our operation is very sensitive to dealing with the self-esteem and development of young women. It is very important to ensure that customer satisfaction as well as quality in the product and service output is consistent, because of this a majority of our programs and curricula will be developed in house by our employees and our advisory board. If and when outside sources are used they will be monitored very carefully to ensure they align with the quality and service of our other programs. For the salon portion of the center our individual service providers will rent stalls from the center. They will operate their own finances but will sell the products that are offered through the salon, receiving a percentage of the sales.

Ongoing operations

Our facility at “The Streets at Southglenn,” will be 3,000 sq/ft and will have a young modern look to it that will create an attractive and comfortable atmosphere that our target market will want to return to time and time again. It will include two classrooms, and nine service stations. We will employ three top management positions, along with two full-time instructors and one part-time instructor. We will also rent out our service stations to five qualified service providers.



The Streets at Southglenn
(<http://www.newsouthglenn.com/tomorrow.htm>)

The salon services and wellness center programs will utilize the same products to maintain consistency in the message we are communicating to our clients. These products will be stored in house, with enough on hand to maintain the day to day operations of the salon services and programs, as well as to sell small quantities a day. A large amount of revenue is not expected to come from product sales. The salon will be responsible for maintaining the monthly inventory of shampoos/conditioners, make-up, and other products used in the wellness courses. We will purchase these supplies from local distributors.

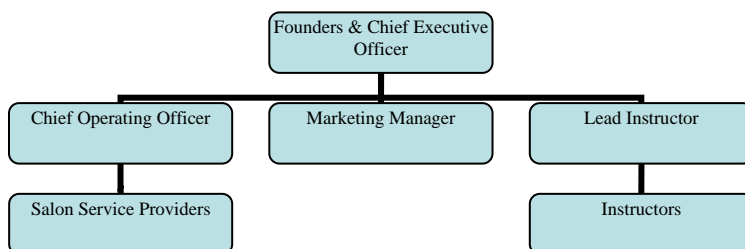
As our customer base grows and we receive feedback regarding the needs and wants of our target market we will be able to grow the breadth and width of our programs and service offerings. By the end of our fifth year of operation we hope to grasp 16% of the target market, which totals 6,560 customers. Every season we will evaluate our programs and make appropriate changes and additions necessary to allow us to meet future operations goals.

Management

Ciao Bella Young Women’s Wellness Spa and Salon was founded by Michelle Daigle, Eric Linder, Caitlin Merrell, and Samira Rajabi. After establishment in late 2007 the four founders will hold 25% of the company.

Key hiring for Ciao Bella will begin immediately after opening. As Founders we realize that we need a credible management team, thus we need to hire a Chief Executive Officer, Marketing Manager, and lead instructor within the first months of operation. As our operation grows we will then hire a Chief Operating Officer (Refer to appendix). The founders will work closely with the management team to successfully sustain the business. For the time being the founders will fill the positions.

Company Organization



Board of Advisors

Upon establishment, Ciao Bella will rely heavily on a Board of Advisors composed of industry professionals, community members, school counselors, parents, and business owners to assist the organization in meeting the needs of its customers.

Development

A majority of our development will occur in the first 20 weeks of operation. Since we are entering a market that is difficult to capture we must ensure that we are as fully operational as possible before doors are opened to customers. Before April 4th we must have location ready, our instructors and service providers hired, and our service menu and curriculum developed. Once we have captured the market, our strategy is to develop a variety programs and change our menu seasonally to meet the needs of our target market. (See appendix for development timeline.)

Competitive Advantage

Physical Assets: A physical location where women can be with women in a safe after school location central to high schools and middle schools, in a mall which target market likes to visit.

Location: In The Streets at Southglenn the center/salon will be in an ideal area in a center of mixed use real estate. The for rent and sale luxury apartments and condominiums as well as the retail space will create a large amount of foot traffic in and out of Ciao Bella.

-

Human:

- Four certified psychiatrists and counselors instructing the courses decreases liability and increases credibility in the material taught and the overall curriculum.
- Social setting that allows young women to grapple with serious issues in a manner differentiating it from other young women’s centers. In house counselors, coaches, peer counselors, and mentors.

Organizational:

- The salon and wellness center will focus on solely females in middle and high school.
- Open door policy, open forum for parents and youth that have self esteem issues.
Board of Directors well versed in counseling and adolescent services to provide optimum wellness for clientele.

The competitive advantages outlined above would be exemplified by the first class management that would implement the curriculum that would be developed through relationships built with women’s outreach groups in the community as well as our well trained and educated professionals that will be serving as instructors. The curriculum in itself would grant a large competitive advantage in that it is unique and exhilarating but just rigorous enough that it cannot be replicated by any competitor that picks up the course binder. This combined with agreements with estheticians, stylists, instructors and peer mentors to maintain the structure and essence of the program will create credibility and add to the “expertise” of the Ciao Bella name.

<i>Summary of Financials</i>

Ciao Bella Young Women’s Center generates revenue from per class fees paid by participants, and salon revenues, and incurs cost of goods sold from instructors salaries, materials purchased for participants use, and hardware replacement/maintenance costs. Gross Margins become stable at 56% in years three, four, and five. In the first five years net earnings do not stabilize but grow steadily from 4% in year three to 9% in year five. The company becomes profitable in year three, and cash flow is positive in year three at \$42,000.

	Year 1	Year 2	Year 3	Year 4	Year 5
Net Revenues	\$442,900	\$620,060	\$806,078	\$909,181	\$1,000,099
Cost of Goods Sold	\$216,572	\$280,535	\$352,586	\$402,514	\$432,698
Gross Profit	\$226,328	339,525	453492	506,667	567,401
% of Revenues	51.1%	54.8%	56.3%	55.7%	56.7%
Expenses	\$463,507	\$466,678	\$503,203	\$527,745	\$543,432
% of Revenues	104.7%	75.3%	62.4%	58.0%	54.3%
Net Earnings	(\$145,781)	(\$25,494)	\$35,243	\$64,325	\$89,814
% of Revenues	-32.9%	-4.1%	4.4%	7.1%	9.0%
Capital Expenditures	\$10,000	\$14,000	\$19,999	\$24,000	\$31,000
Cash Flow	(\$151,678)	(\$21,670)	\$42,686	\$76,454	\$104,708
Total Assets	\$62,192	\$37,654	\$73,963	\$138,113	\$228,909
Total Current Liabilities	\$7,972	\$8,929	\$9,995	\$9,819	\$10,801

Total Equity	\$62,192	\$37,654	\$73,963	\$138,113	\$228,909
---------------------	----------	----------	----------	-----------	-----------

Comprehensive income statement, statement of cash flow, and balance sheets are available in the appendix.

Assumptions

The following key assumptions have been validated through surveys, interviews, and company analysis:

- Ciao Bella will be able to capture 9% of the target market.
- 65% of customers will be repeat buyers.
- The rent at Southglenn will be 90,000 or less a year.
- The breakeven point for year one will be \$583,898
- 25% of Ciao Bella’s customers will utilize its salon services.

Potential Risks

Risk: Ciao Bella will be unable to capture 9% of the initial target market.

Mitigate: Ciao Bella is investing heavily in an initial marketing campaign, which will be extensive throughout the year.

Risk: Children do not perceive the programs as fun and more as treatments or school classes.

Mitigate: Ciao Bella is doing in-depth research into developing its programs, and gear them appropriately towards children.

Risk: Parents don’t perceive any value in Ciao Bella’s programs.

Mitigate: Ciao Bella has established ways in which to involve the parents if requested, and allow parents to choose which programs they would like their children to participate.

Risk: Customers will not partake in repeat sales.

Mitigate: Ciao Bella classes will be complementary, combined with incentive buying plans, and a customer profile database will be generated to target customer interest.

Funding

Funding Requirements

Ciao Bella will only require one initial investment of \$200,000 to develop the center, pay legal services, kickoff marketing campaign, and initial operational expenses. The revenues generated in year one in which all major assumptions regarding demand and pricing have been validated, will sustain the company into the following years.

Sources and Use of Funds

The initial \$200,000 funding required to open Ciao Bella will be raised from friends and family of each owner. Each owner will raise \$50,000 and in return be given 25% ownership of Ciao Bella. \$100,000 of the initial money raised will be used to pay for extraordinary expenses incurred in the first year of business operations. These expenses include: Legal expenses - \$20,000, Marketing Kickoff - \$25,000, Remodeling – \$30,000, Initial equipment - \$20,000, and Website creation – \$5,000. The additional 100,000 will be used for operating expenses until year three when Ciao Bella becomes profitable.

IRR Calculation:

Year	Cash Flow
0	-200,000
1	-\$151,678
2	-\$21,670
3	\$42,686
4	\$76,454
5	\$104,708
6	\$104,650
7	\$110,929
8	\$118,694
9	\$127,003
10	\$135,893

IRR = 13%

The IRR was calculated estimating an initial investment of \$200,000, and the cash flows it would generate over a 10-year period. The cash flows between years 6-10 were estimated using a growth rate of 7%.

Appendices

Appendix 1: Financials

Financial Assumptions

Income Statement Years 1 to 5

Balance Sheet Years 1 to 5

Cash Flow Statement Years 1 to 5

Break-Even Analysis Years 1 to 5

Appendix 2: Competitive Matrix

Appendix 3: Management Resumes and Needs

Appendix 4: Customer Survey Methodology and Results

Appendix 5: Development Timeline

Appendix 6: Operations Specifications

Appendix 1: Financials

Detailed Assumptions

Program Revenue

The revenue forecast is based off of an estimated \$119,907 girls between the ages of 10-19 potential that exist in Arapahoe, Douglas, Denver, and Jefferson counties in Colorado. The previous estimate is based off of the 2005 U.S. Census. From this it was estimated that 60% of this market fits Ciao Bella's target market demographics, which consist of girls in the middle to upper class to upper class, which left a target market of 75,000 individuals. This again was

reduced by 45% to 40,000 individuals to estimate the number of people who would consider to use services similar to the services provided by Ciao Bella, which was determined from interviewing professionals. It was then estimated that Ciao Bella would be able to capture 9% of the target market available. Although 15% is an high estimation, it is concurrent it the amount of marketing that is being utilized to attract the target market. It was then estimated from the amount of marketing and type of services being provided that 65% to 75% of customers that would enter Ciao Bella would be repeat buyers. Keeping on the low side Ciao Bella estimates that 65% of its customers will be repeat buys, purchasing 3 or more programs. Which leaves an estimated 10,300 sales in Ciao Bella's first year.

Cost of Revenue

The major cost of revenue consist of guidance counselor/Instructors cost, and variable cost that are incurred per program sale. The cost per guidance counselor was estimated off websites that gave average salary for inexperienced and experienced guidance counselors. Experienced counselors are paid anywhere from \$50,000 to \$80,000 and inexperienced counselors make between anywhere between \$40,000 and \$60,000. Ciao Bella decided to only hire one experienced counselor to cut costs who could train any inexperienced counselors who will be brought on. The variable cost associated with each sale were estimated to be \$7 per customer to cover any additional materials that will be needed during programs, or gifts that will be given away.

Rent

The rent at The Streets at Southglenn where Ciao Bella will be located was first estimated using comparable pricing for mall locations which estimate a cost better \$25 a sq ft. to \$100 a sq ft. This estimate was then narrowed down from interviews with real estate professionals who indicated that cost would most likely range from \$50 to \$70 considering the location in question. It was then advised that since the area is new, rent would be on the lower side, which then led

Ciao Bella to estimate that its rent would cost \$30 sq. ft. at 3000 sq and 10,000 in utility costs, the estimated rent cost is \$100,000 a year.

SG&A Expenses

The salaries for executive were estimated form interviews and websites, which stipulated the average amount that would be paid to each executive in accordance with the size of Ciao Bella.

Salon Revenue

From interview from professional salon owners Ciao Bella estimated that 30% of customers who utilize it programs will use its salon services. This number was kept on the low side since the salon services are not Ciao Bella's primary source of revenue. They were also kept low, because of the varying ages between Ciao Bella's target market this is because it less likely that an 11 year old will get a manicure or pedicure than an 16 year old. From interviews estimated that a \$10 fee per customer would be an adequate free since a majority of subcontracted stylist at either charged a rental fee or free per customer, which is usually 50% of the revenue brought in per customers. Since Ciao Bella is already bringing in customers it was assumed to be a minor risk to only charge by customer.

Extraordinary Expenses

Ciao Bella assessed that it extraordinary expenses would include remodeling expenses, initial equipment purchases, legal fees, and additional promotional marketing. The expenses associated with legal remodeling, and legal fees are all expenses based on general costs. The remodeling will not be extensive primarily consisting of new paint, aesthetics, and offices being built. The initial equipment will be desks, and equipment that will be used in educational and wellness programs. This equipment will be relatively inexpensive such as yoga mats, balls, mirrors, and workstations for children. As well as books and supplies that will be used for teaching, and additional computers that the participants will use. The initial marketing expenses that will be incurred are expenses that will be used to promote Ciao Bella before and during its initial opening.

Funding

The funding for Ciao Bella will consist of an initial one investment of \$200,000, \$50,000 of which will come from each owner who in return will receive a 25% stake in the company. Each owner is responsible for raising their own funding from friends and family and fulfilling any binding contracts they sign in the process. This funding will cover extraordinary expenses incurred before the Ciao Bella opens and provide necessary operative cash flow. If revenue projections are correct there is estimated to be \$38,000 cash on hand at the end of year one.

Income Statement
Years 1 to 5
(\$)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
NET REVENUES	442,900	620,060	806,078	909,181	1,000,099
COST OF REVENUE	216,572	280,535	352,586	402,514	432,698
% of Revenues	48.9%	45.2%	43.7%	44.3%	43.3%
GROSS PROFIT	226,328	339,525	453,492	506,667	567,401
% of Revenues	51.1%	54.8%	56.3%	55.7%	56.7%
OPERATING EXPENSES					
Sales & Marketing	114,787	130,102	167,332	190,425	200,503
Research & Development	0	0	0	0	0
General and Administration	157,321	234,917	250,917	251,917	262,333
Total Operating Expenses	272,108	365,018	418,249	442,342	462,836
% of Revenues	61%	59%	52%	49%	46%
EARNINGS FROM OPERATIONS	(45,781)	(25,494)	35,243	64,325	104,564
EXTRAORDINARY INCOME / (EXPENSE)	(100,000)	0	0	0	0
EARNINGS BEFORE INTEREST & TAXES	(145,781)	(25,494)	35,243	64,325	104,564
INTEREST INCOME / (EXPENSE)	0	0	0	0	0
NET EARNINGS BEFORE TAXES	(145,781)	(25,494)	35,243	64,325	104,564
TAXES	0	0	0	0	(11,500)
NET EARNINGS	(145,781)	(25,494)	35,243	64,325	93,064
% of Revenues	-32.9%	-4.1%	4.4%	7.1%	9.3%

Ciao Bella

CIAO BELLA
Income Statement
Year 1 by Months

	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>
NET REVENUES	0	0	0	22,145	39,861	44,290	39,861	53,148	66,435	53,148
COST OF REVENUE	0	0	0	10,829	19,492	21,657	19,492	25,989	32,486	25,989
GROSS PROFIT	0	0	0	11,316	20,369	22,633	20,369	27,159	33,949	27,159
OPERATING EXPENSES										
Sales & Marketing	0	0	0	5,739	10,331	11,479	10,331	13,774	17,218	13,774
Research & Development	0	0	0	0	0	0	0	0	0	0
General and Administration	0	0	0	7,866	14,159	15,732	14,159	18,879	23,598	18,879
Total Operating Expenses	0	0	0	13,605	24,490	27,211	24,490	32,653	40,816	32,653
EARNINGS FROM OPERATIONS	0	0	0	(2,289)	(4,120)	(4,578)	(4,120)	(5,494)	(6,867)	(5,494)
EXTRAORDINARY INCOME / (EXPENSE)	(80,000)	(15,000)	(5,000)	0	0	0	0	0	0	0
EARNINGS BEFORE INTEREST & TAXES	(80,000)	(15,000)	(5,000)	(2,289)	(4,120)	(4,578)	(4,120)	(5,494)	(6,867)	(5,494)
INTEREST INCOME / (EXPENSE)	0	0	0	0	0	0	0	0	0	0
NET EARNINGS BEFORE TAXES	(80,000)	(15,000)	(5,000)	(2,289)	(4,120)	(4,578)	(4,120)	(5,494)	(6,867)	(5,494)
TAXES	0	0	0	0	0	0	0	0	0	0
NET EARNINGS	(80,000)	(15,000)	(5,000)	(2,289)	(4,120)	(4,578)	(4,120)	(5,494)	(6,867)	(5,494)

Ciao Bella

CIAO BELLA
Income Statement
Year 2 by Months

	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>
NET REVENUES	37,204	43,404	43,404	49,605	43,404	37,204	37,204	49,605	62,006	68,207
COST OF REVENUE	16,832	19,637	19,637	22,443	19,637	16,832	16,832	22,443	28,054	30,859
GROSS PROFIT	20,371	23,767	23,767	27,162	23,767	20,371	20,371	27,162	33,952	37,348
OPERATING EXPENSES										
Sales & Marketing	7,806	9,107	9,107	10,408	9,107	7,806	7,806	10,408	13,010	14,311
Research & Development	0	0	0	0	0	0	0	0	0	0
General and Administration	14,095	16,444	16,444	18,793	16,444	14,095	14,095	18,793	23,492	25,841
Total Operating Expenses	21,901	25,551	25,551	29,201	25,551	21,901	21,901	29,201	36,502	40,152
EARNINGS FROM OPERATIONS	(1,530)	(1,785)	(1,785)	(2,040)	(1,785)	(1,530)	(1,530)	(2,040)	(2,549)	(2,804)
EXTRAORDINARY INCOME / (EXPENSE)	0	0	0	0	0	0	0	0	0	0
EARNINGS BEFORE INTEREST & TAXES	(1,530)	(1,785)	(1,785)	(2,040)	(1,785)	(1,530)	(1,530)	(2,040)	(2,549)	(2,804)
INTEREST INCOME / (EXPENSE)	0	0	0	0	0	0	0	0	0	0
NET EARNINGS BEFORE TAXES	(1,530)	(1,785)	(1,785)	(2,040)	(1,785)	(1,530)	(1,530)	(2,040)	(2,549)	(2,804)
TAXES	0	0	0	0	0	0	0	0	0	0
NET EARNINGS	(1,530)	(1,785)	(1,785)	(2,040)	(1,785)	(1,530)	(1,530)	(2,040)	(2,549)	(2,804)

Ciao Bella

**CIAO BELLA
Income Statement**

	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>Year 3</u> <u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Total</u>	<u>1st Qtr</u>	<u>2nd Qtr</u>	<u>Year 4</u> <u>3rd Qtr</u>	<u>4th Qtr</u>	<u>Total</u>	<u>Year 5</u> <u>1st Qtr</u>	<u>2nd</u>
NET REVENUES	185,398	177,337	193,459	249,884	806,078	227,295	245,479	190,928	245,479	909,181	250,025	270,
COST OF REVENUE	81,095	77,569	84,621	109,302	352,586	100,628	108,679	84,528	108,679	402,514	108,175	116,
GROSS PROFIT	104,303	99,768	108,838	140,582	453,492	126,667	136,800	106,400	136,800	506,667	141,850	153,
OPERATING EXPENSES												
Sales & Marketing	38,486	36,813	40,160	51,873	167,332	47,606	51,415	39,989	51,415	190,425	50,126	54,
Research & Development	0	0	0	0	0	0	0	0	0	0	0	
General and Administration	57,711	55,202	60,220	77,784	250,917	62,979	68,018	52,903	68,018	251,917	65,583	70,
Total Operating Expenses	96,197	92,015	100,380	129,657	418,249	110,586	119,432	92,892	119,432	442,342	115,709	124,
EARNINGS FROM OPERATIONS	8,106	7,753	8,458	10,925	35,243	16,081	17,368	13,508	17,368	64,325	26,141	28,
EXTRAORDINARY INCOME / (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	
EARNINGS BEFORE INTEREST & TAXES	8,106	7,753	8,458	10,925	35,243	16,081	17,368	13,508	17,368	64,325	26,141	28,
INTEREST INCOME / (EXPENSE)	0	0	0	0	0	0	0	0	0	0	0	
NET EARNINGS BEFORE TAXES	8,106	7,753	8,458	10,925	35,243	16,081	17,368	13,508	17,368	64,325	26,141	28,
TAXES	0	0	0	0	0	0	0	0	0	0	(2,875)	(3,1
NET EARNINGS	8,106	7,753	8,458	10,925	35,243	16,081	17,368	13,508	17,368	64,325	23,266	25,

CIAO BELLA**Balance Sheet****Years 1 to 5****(\$)**

	<u>Begin</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
ASSETS						
CURRENT ASSETS						
Cash	200,000	38,162	2,492	26,177	78,631	155,590
Accounts Receivable		7,972	8,929	9,995	9,819	10,801
Inventories		0	0	0	0	0
Other Current Assets		7,972	8,929	9,995	9,819	10,801
Total Current Assets	200,000	54,106	20,350	46,168	98,270	177,192
PROPERTY & EQUIPMENT	0	8,086	17,305	27,795	39,843	54,967
TOTAL ASSETS	200,000	62,192	37,654	73,963	138,113	232,159
LIABILITIES & SHAREHOLDERS' EQUITY						
CURRENT LIABILITIES						
Short Term Debt	0	0	0	0	0	0
Accounts Payable & Accrued Expen		3,986	4,464	4,998	4,910	5,401
Other Current Liab		3,986	4,464	4,998	4,910	5,401
Current portion of long term debt	0	0	0	0	0	0
Total Current Liabilities	0	7,972	8,929	9,995	9,819	10,801
LONG TERM DEBT (less current portion)	0	0	0	0	0	0
STOCKHOLDERS' EQUITY						
Common Stock	200,000	200,000	200,000	200,000	200,000	200,000
Preferred Stock	0	0	0	0	0	0
Retained Earnings		(145,781)	(171,274)	(136,032)	(71,707)	21,358
Total Equity	200,000	54,219	28,726	63,968	128,293	221,358
TOTAL LIABILITIES & EQUITY	200,000	62,192	37,654	73,963	138,113	232,159

Ciao Bella

CIAO BELLA
Cash Flow Statement
Years 1 to 5
(\$)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
OPERATING ACTIVITIES					
Net Earnings	(145,781)	(25,494)	35,243	64,325	93,064
Depreciation	1,914	4,781	8,510	11,952	15,876
Working Capital Changes					
(Increase)/Decrease Accounts Receivable	(7,972)	(957)	(1,067)	176	(982)
(Increase)/Decrease Inventories	0	0	0	0	0
(Increase)/Decrease Other Current Assets	(7,972)	(957)	(1,067)	176	(982)
Increase/(Decrease) Accts Pay & Accrd Expenses	3,986	478	533	(88)	491
Increase/(Decrease) Other Current Liab	3,986	478	533	(88)	491
Net Cash Provided/(Used) by Operating Activities	(151,838)	(21,670)	42,686	76,454	107,958
INVESTING ACTIVITIES					
Property & Equipment	(10,000)	(14,000)	(19,000)	(24,000)	(31,000)
Other					
Net Cash Used in Investing Activities	(10,000)	(14,000)	(19,000)	(24,000)	(31,000)
FINANCING ACTIVITIES					
Increase/(Decrease) Short Term Debt	0	0	0	0	0
Increase/(Decrease) Curr. Portion LTD	0	0	0	0	0
Increase/(Decrease) Long Term Debt	0	0	0	0	0
Increase/(Decrease) Common Stock	0	0	0	0	0
Increase/(Decrease) Preferred Stock	0	0	0	0	0
Dividends Declared	0	0	0	0	0
Net Cash Provided / (Used) by Financing	0	0	0	0	0
INCREASE/(DECREASE) IN CASH	(161,838)	(35,670)	23,686	52,454	76,958
CASH AT BEGINNING OF YEAR	200,000	38,162	2,492	26,177	78,631
CASH AT END OF YEAR	200,000	38,162	2,492	78,631	155,590

Ciao Bella

CIAO BELLA

Cash Flow Statement

Year 1 by Months

	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>
OPERATING ACTIVITIES										
Net Earnings	(80,000)	(15,000)	(5,000)	(2,289)	(4,120)	(4,578)	(4,120)	(5,494)	(6,867)	(5,494)
Depreciation	160	160	160	160	160	160	160	160	160	160
Working Capital Changes										
(Increase)/Decrease Accounts Receivable	0	0	0	(2,657)	(2,126)	(531)	531	(1,594)	(1,594)	1,594
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	0	0	0	(2,657)	(2,126)	(531)	531	(1,594)	(1,594)	1,594
Increase/(Decrease) Accts Pay & Accrd Expenses	0	0	0	1,329	1,063	266	(266)	797	797	(797)
Increase/(Decrease) Other Current Liab	0	0	0	1,329	1,063	266	(266)	797	797	(797)
Net Cash Provided/(Used) by Operating Activities	(79,840)	(14,840)	(4,840)	(4,787)	(6,087)	(4,950)	(3,429)	(6,929)	(8,302)	(3,740)
INVESTING ACTIVITIES										
Property & Equipment	(1,416)	(1,417)	(1,417)	(1,417)	(1,416)	(1,416)	(1,416)	(1,416)	(1,416)	(4,248)
Other										
Net Cash Used in Investing Activities	(1,416)	(1,417)	(1,417)	(1,417)	(1,416)	(1,416)	(1,416)	(1,416)	(1,416)	(4,248)
FINANCING ACTIVITIES										
Increase/(Decrease) Short Term Debt	0									
Increase/(Decrease) Curr. Portion LTD	0									
Increase/(Decrease) Long Term Debt	0									
Increase/(Decrease) Common Stock	0									
Increase/(Decrease) Preferred Stock	0									
Dividends Declared										
Net Cash Provided / (Used) by Financing	0	0	0	0	0	0	0	0	0	0
INCREASE/(DECREASE) IN CASH	(81,256)	(16,257)	(6,257)	(6,204)	(7,503)	(6,366)	(4,845)	(8,345)	(9,718)	(7,988)
CASH AT BEGINNING OF PERIOD	200,000	118,744	102,486	96,229	90,025	82,522	76,156	71,311	62,966	53,248
CASH AT END OF PERIOD	118,744	102,486	96,229	90,025	82,522	76,156	71,311	62,966	53,248	45,260

Ciao Bella

CIAO BELLA

Cash Flow Statement

Year 2 by Months

	<u>Month 1</u>	<u>Month 2</u>	<u>Month 3</u>	<u>Month 4</u>	<u>Month 5</u>	<u>Month 6</u>	<u>Month 7</u>	<u>Month 8</u>	<u>Month 9</u>	<u>Month 10</u>
OPERATING ACTIVITIES										
Net Earnings	(1,530)	(1,785)	(1,785)	(2,040)	(1,785)	(1,530)	(1,530)	(2,040)	(2,549)	(2,804)
Depreciation	398	398	398	398	398	398	398	398	398	398
Working Capital Changes										
(Increase)/Decrease Accounts Receivable	3,508	(744)	0	(744)	744	744	0	(1,488)	(1,488)	(744)
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	3,508	(744)	0	(744)	744	744	0	(1,488)	(1,488)	(744)
Increase/(Decrease) Accts Pay & Accrd Expenses	(1,754)	372	0	372	(372)	(372)	0	744	744	372
Increase/(Decrease) Other Current Liab	(1,754)	372	0	372	(372)	(372)	0	744	744	372
Net Cash Provided/(Used) by Operating Activities	2,377	(2,130)	(1,386)	(2,385)	(642)	(387)	(1,131)	(3,129)	(3,639)	(3,150)
INVESTING ACTIVITIES										
Property & Equipment	(1,416)	(1,417)	(1,417)	(1,417)	(1,416)	(1,416)	(1,416)	(1,416)	(1,416)	(1,418)
Other										
Net Cash Used in Investing Activities	(1,416)	(1,417)	(1,417)	(1,417)	(1,416)	(1,416)	(1,416)	(1,416)	(1,416)	(1,418)
FINANCING ACTIVITIES										
Increase/(Decrease) Short Term Debt	0									
Increase/(Decrease) Curr. Portion LTD	0									
Increase/(Decrease) Long Term Debt	0									
Increase/(Decrease) Common Stock	0									
Increase/(Decrease) Preferred Stock	0									
Dividends Declared										
Net Cash Provided / (Used) by Financing	0	0	0	0	0	0	0	0	0	0
INCREASE/(DECREASE) IN CASH	961	(3,547)	(2,803)	(3,802)	(2,058)	(1,803)	(2,547)	(4,545)	(5,055)	(4,568)
CASH AT BEGINNING OF PERIOD	28,332	29,292	25,745	22,942	19,140	17,081	15,278	12,731	8,186	3,131
CASH AT END OF PERIOD	29,292	25,745	22,942	19,140	17,081	15,278	12,731	8,186	3,131	(1,437)

CIAO BELLA
Break-Even Analysis
Years 1 to 5
(\$)

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Revenue	442,900	620,060	806,078	909,181	1,000,099
Cost of Revenue					
Variable	8,858	14,515	16,122	18,184	20,002
Fixed	94,214	141,020	182,465	211,730	233,321
Total	103,072	155,535	198,586	229,914	253,323
Operating Expenses					
Variable	13,287	18,602	24,182	27,275	30,003
Fixed	218,821	346,417	394,067	415,067	432,833
Total	272,108	365,018	418,249	442,342	462,836
Total Costs & Expenses					
Variable	22,145	33,117	40,304	45,459	50,005
Fixed	313,036	487,437	576,532	626,797	666,155
Total	335,181	520,554	616,835	672,256	716,160
Variable Costs/Revenue Ratio	0.05	0.05	0.05	0.05	0.05
Break-Even Point Revenues	329,511	514,939	606,875	659,786	701,216

Appendix 2: Competitive Matrix

	Children’s Comprehensive Services, Inc (for profit – public)	YMCA (Non-profit)	YWCA(non-profit)	Marlene Kurland Cosmetics Agency (for profit)	Girls Incorporated (non-profit)	Open Door Youth Gang Alternatives (non-profit)	Adolescent Girls (for profit)
Product	For-profit educational and juvenile justice services for at-risk and troubled youth; residential and non residential for the emotionally disturbed. Secondary consulting to NPOs.	Allow teens to express themselves and become informed citizens; youth education	Eliminating racism and empowering women; safe environment for women and girls; build women leaders; advocate for women’s rights, childcare, health and fitness, job training and career counseling (17% child youth and teen)	Make-up for all occasions; nutrition; photos; beauty boot camps; princess parties	Dating from 1864, inspires particularly high risk underserved girls to be strong, smart and bold, through educational programs (physical, intellectual and emotional) focusing on value and potential.	Crisis intervention, mediation, parent and community outreach, education and prevention as gang alternatives	Empowering program including counseling and beauty services.
Pricing		Dependant on YMCA location	Dependant on YWCA location	\$425.00 – boot camp \$175 - Teen one day	Dependant on location, no girl is ever turned away due to inability to pay	Free	Dependant on location
Target Market	Youth – at risk, troubled	Youth ages 6 and above	Women seeking social justice	Ages 3-14 (princess parties); 11-16 (boot camps)	Girls and women ages 6-18	Parents and concerned families of inner city youth – all ages; all incomes	Young women ages 11-18
Channels	Direct; Through a secondary channel (via hospitals or other	Direct	Direct	Direct	Direct	Direct	Mostly direct

Ciao Bella

	centers)						
Marketing	Towards hospitals; juvenile centers, parents, counselors	Towards all ages and backgrounds	Towards women of all ages, races and classes	Towards young girls and their parents	Towards young women and their families, mainly underserved	“The Rev” – Towards students; gang members	Towards young women and their parents, schools
S/Ws	Broad base with large expertise is able to reach many people; fast expansion led to losses.	Diverse; Several different programs offered to reach multiple age groups	Targeting social issues in 122 countries – still state of the art	Small but national customer base and diversified products	Diverse programs focusing on multiple issues, large age range	Low funding but large numbers of volunteers and community resources	Unique service; hard to balance beauty and emotional issues
Location	Nashville, TN (headquarters)	Multiple Locations - Nationwide	Multiple Locations - Nationwide	Owing Mills, MD (headquarters)	Multiple Locations - United States, Canada	Denver, CO	Grand Junction, CO
Wealth information	\$131,730,000 (2001 revenue)	Undisclosed	\$781,945,022.41 (2005 assets)	Undisclosed		\$99,000 (annual budget -1996)	
Investors	Public	Through donors and grants	\$550 million. Of this amount: 44 percent is from government grants; 28 percent comes from public support (individuals, foundations, corporations) and membership fees; 18 percent comes from program service fees		77 percent of its revenue from public support—corporations, foundations, government grants, and individuals. Program fees cover 1.5% of their costs.	Through donations	
Alliances	Ohio girls Residential Treatment Program, Christian Children’s Fund	YWCA, Boys and Girls Clubs	YMCA, Girls Scouts of America	‘B Natural Cosmetics’	Quarters from Kids, Annie E. Casey Foundation	Fox Sports Net, Denver Police Department	Relationships with salons and cosmetics companies

Appendix 3: Management Resumes and Needs

Michelle L. Daigle

michelle.daigle@colorado.edu

28280 E. 168th Avenue

Brighton, CO 80603

720-936-0120

OBJECTIVE

To obtain a position that will enhance my abilities developed through my experience and education along with providing the opportunity for professional growth based on performance and ethics.

EDUCATION

University of Colorado at Boulder, expected date of graduation; May 2007

Leeds School of Business, Area of Emphasis: Marketing

American Dream Real Estate School, Northglenn, CO, Colorado Real Estate Associate Broker License, August 2006

Weld Central Sr. High School, Keenesburg, CO, High School Diploma, May 2003

WORK EXPERIENCE

Sage Technical Services, Henderson, CO December 2006 through present

Staff Assistant

I am responsible for carrying out daily administrative tasks that include: answering phones, taking messages, customer service, and faxing student career applications, transcripts and certificates. I am developing sales skills through generating leads for the school by making cold calls and following up with previous leads. I am also responsible for completing the daily and monthly payables and creating a year end report for the corporate office. I keep record of all students' attendance to stay in compliance with the Department of Higher Education. I also shadow the school Administrator in order to learn the schools computer system and daily operations.

American Dream Real Estate School, Northglenn, CO February 2006 through December 2006

Office Manager

I was responsible for the daily operations of a start-up real estate educational school. I have gained experience in administrative, accounting, marketing, and managerial tasks. I developed and maintained client and customer relationships by providing customer service. I developed QuickBooks experience that includes accounts payable, accounts receivable, and account balancing. I expanded my experiences with marketing by creating and implementing all marketing plans for the company.

Sears Grand, Broomfield, CO October 2005 through February 2006

In Store Support Associate

My responsibilities include posting current Ad information, making and hanging signs for sale merchandise in the entire store, and performing price changes (mark-ups, mark-down's, and clearance) to the merchandise.

Brighton Cooperative Federal Credit Union, Brighton, CO May 2004 through August 2005

Customer Service Representative

I carried out several teller duties. I was responsible for performing transactions for members, cash handling, customer service, answering phones, filing daily work, making money orders, and taking wire transfer requests. I also completed the Staff Training and Recognition Program and received a certificate and pin in Member Services for furthering my education while working for the credit union.

OTHER SKILLS

Microsoft Office 2000 (Excel, Word, Access), Microsoft PowerPoint and Publisher

HTML/Web Publishing and Internet Explorer

Colorado Real Estate Associate Broker License

Eric A Linder

2152 Goss Circle Boulder, CO 80302

v- (402) 210-5274

f- (402) 506-3478

e- lindere@colorado.edu

OBJECTIVE: To obtain knowledge and experience in order to become a leader in business.

QUALIFICATIONS: •**Bachelor of Business Administration in Management & Certificate in Entrepreneurial Business, May 2007**

- Knowledgeable in developing marketing proposals
- Experience in sales and warehouse operations.
- Resident Assistant with Bryant University
- Strong leadership and interpersonal skills

EDUCATION: **August 2005- Present, University of Colorado. Boulder**
August 2003- May2005 Bryant University: Smithfield, Rhode Island

EXPERIENCE: **Rage Unlimited: Boulder, Colorado**
Internship Position, January 2007 to Present

- Responsible for creating customer proposals
- Attending to general office duties.

Boulder Hydroponic & Organic Center: Boulder, Colorado
Warehouse Assistant, August 2005 to January 2007

- Responsible for warehouse operations and customer sales.

Bryant University: Smithfield, Rhode Island
Resident Assistant, August 2004 to January 2005

- Supervision of campus area including 400 students during a 12 hour shift
- Duties included building community & enforcing campus policy.
- Responsible for organizing and leading student programs.

**LEADERSHIP
ACTIVITIES:**

- The Family Learning Center: 2006 – Present
- Sexual Health Educator: 2005- 2007
- Secretary, Peer Education: 2003-2004
- Bryant University Resident Assistant: 2004-2005
- Vice President, Peer Education: 2004-2005
- Relay for Life Co-Chair Team Development: 2004-2005
- Relay for Life Co-Chair Cancer Education: 2003-2004
- Instructor, Nick Cerio's Kenpo Karate: 2001- 2003

Samira Rajabi

50 S. Boulder Cir, Unit 5031
Boulder, CO 80303

(303) 547-0043
samira.rajabi@colorado.edu

EDUCATION:

University of Colorado at Boulder GPA: 3.6
Bachelor of Science, Business Administration Area of Emphasis: Management
Entrepreneurship Certificate, Minor: French Anticipated Graduation: 2005-2007

ACADEMIC/LEADERSHIP HIGHLIGHTS AND AWARDS:

- *Conferee*, Rotary Youth Leadership Award (RYLA) 2002; one of 240 students to receive a scholarship to participate in a leadership conference for Rotary districts 5440/5450.
- *Junior Counselor/Head Junior Counselor/Camp Administrator*, RYLA, 2003-2005; One of 20 candidates to return as a counselor; Led the team of Junior Counselors
- *Key Note/Motivational Speaker*, RYLA, 2005, 2006.
- *Chair*, Advanced RYLA Leadership Committee, Organizer of a pilot in the United States to reach 18 to 30 year olds
- *Deans List*; Spring 2005, Fall 2006.
- *MBSA, Gold Honors*, 2005, 2006.
- *National Forensics League*, Badges of Honor and Distinction.
- *DECA, ICDC*, National Competitor 2003, 2004.
- *Rotary District Governors Youth Discretionary Award*, April 2007
- *University of Colorado Office of Diversity & Equity, Excellence in Diversity Award*, April 2007

EXPERIENCE:

Millenium Venture Group, *Research Intern*, December 2006 -February 2007

- Researched leads to expand MVG's real estate portfolio
- Provided financials, demographics, and growth information on expanding companies

NAILPOLISH, *Promoter*, November 2006

- Promoted the film NAILPOLISH for the Starz Denver Film Festival and PigDog Films

University of Colorado Foundation, *Student Research Development Analyst*, August 2006 –March 2007

- Perform foundation searches for all Colorado campuses based on the research hotline requests.
- Internet and News based research to find suitable University donors and information
- Update and research existing people in research database.

Office of Orientation, University of Colorado at Boulder, Summer 2005

- Led diversity sessions to create an "inclusive campus climate."
- Met with freshman to teach them about combating important issues on campus.

Starz Entertainment Group, *Intern*, Summer 2005

- Created promotions to air on the Starz and Encore channels and their affiliates.
- Researched demographics to broaden the scope of the Starz Entertainment Group.
- Brainstormed marketing concepts for new demographics, analyzed ideas based on market research.

Hollister & Co., *Brand Representative*, Spring 2005

- Stocked merchandise and helped customers with purchases.

ASSOCIATIONS

Colorado Creed – Social Responsibility Group for the University – Alcohol Strategies, CU Competes with Class

CU G.O.L.D. (Gaining Opportunities through Leadership Development)

Chancellors Committee on Women - Student Tri- Chair 2006-2007

Multicultural Business Students Association - Corporate Relations Committee; Tri-Executive, 2006-2007

Alpha Kappa Psi – Professional Business Fraternity

Beta Gamma Sigma – Business Honors Society

Senior Class Council - Senior Gift Co - Chair

SKILLS

- Fluent in French and English, Persian is spoken.
- Proficient in Microsoft word, Access, Excel, and Power Point, Mediasoft and Producers Database.

Management Needs

Position	Role	Salary	Essential Functions	Experience Required
Chief Executive Officer	Oversees Management of all business operations	\$60,000 to \$80,000	Ensures that Ciao Bella continues to meet and exceed its mission and goals. Provides guidance to staff, runs meetings, works with teachers and counselors, and is the outward face of Ciao Bella.	<ul style="list-style-type: none"> • Professional background in the child and youth services industry or adolescent counseling. • 5 or more years experience in an executive level position
Chief Operating Officer	Oversees operations	\$50,000 to \$70,000	In charge of human resource duties, manages distribution channels (classes and salon), and works with lower level staff. Also handles clerical and secretarial duties.	<ul style="list-style-type: none"> • Experience in developing and running programs through the child and youth services industry as well as experience in wellness center operations. • 3 or more years of experience in an executive level position.
Lead Instructor	Oversees instructional counselors and curriculum	\$50,000 to \$70,000.	Runs teacher meetings on a weekly basis, oversees course curricula, sees that teachers and counselors are certified, assists with salon operations.	<ul style="list-style-type: none"> • Experience in the child and youth services industry as well as the wellness center industry • Experience developing and implementing educational programs for children and youth. • Experience in coaching/training others to instruct children and youth. • 3 or more years of experience in a lead instructor
Marketing Manager	Controls Marketing and Sales	\$40,000 to \$60,000	Controls all marketing decisions, makes all sales to students, BtB sales, creates promotions	<ul style="list-style-type: none"> • 3 or more years experience in developing and implementing integrated marketing communications to youth. • Experience in web development and maintenance

Appendix 4: Customer Survey Methodology and Results

Our customer surveys were randomly distributed through email and in person to forty high school students and 20 parents/guardians. Results showed that 27.5% of young girl respondents think about their appearance almost every hour during the day and 70% are interested in a service that would teach them about appearance, self-esteem, and healthy lifestyles. As for parents, 75% said yes that they would allow their daughters to participate in our services because they believe the things we address are important.

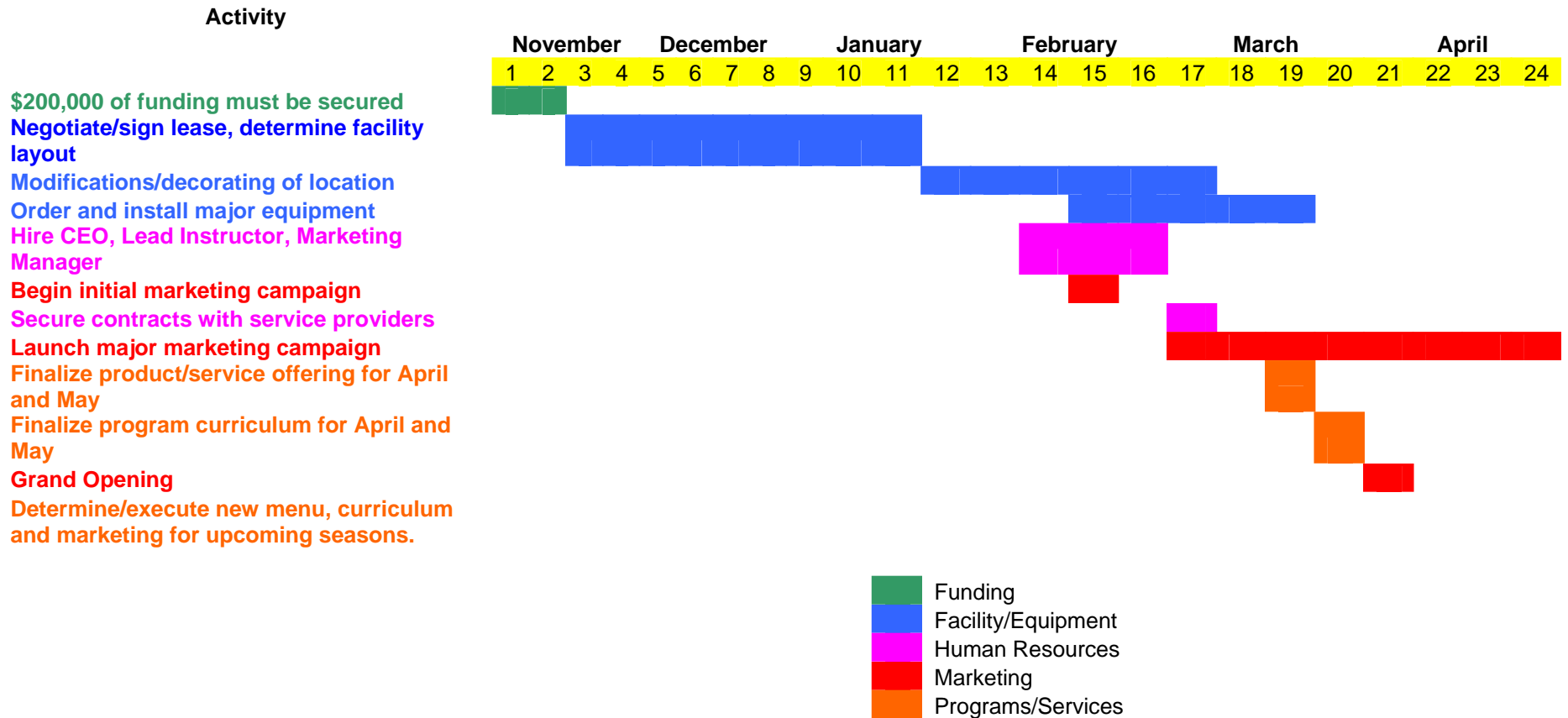
Young Women Survey Results

Fun Activities	Favorite Places	Why	How they get there	Who they hang out with	Do they think about their appearance	Do they want to change their appearance
85% - hangout w/friends	25% retail store	62.5% it's the "cool place"	60% drive themselves	3 or more friends	35% 1-3 times a day	65% yes
85% listen to music	21% park	60% it makes me happy	35% have a friend drive them	2 friends	27.5% almost every hour a day	35% no
80% shopping	18& movies	57.5% easy for me to get there		1 friend		
Do they want to participate in wellness/beauty services	What they want to learn about	Would they be interested in our services	Would they come if it is in their town	Who will pay for the services	Will your parents let you use these services	
67.5% for body, appearance and self-esteem	52.5% skin care	60% yes	90% yes	60% parents	87.5% yes	
70% for living a healthy lifestyle	50% hair care	40% no	10% no			

Parent Survey Results

Mother or Father	Single or Married	Do you talk to your daughter about self-esteem	Do you talk to your daughter about her appearance and how she feels	How often do you talk about beauty and makeup	How important is it that young women have an understanding about beauty and appearance	How important is it that young women have an understanding about nutrition/healthy eating and fitness
Mother 55%	Single 30%	65% Yes	65% Yes	50% 0 times a month	45% said very important	70% said very important
Father 45%	Married 70%	35% No	35% No	30% 1-3 times a month	15% said average important	5% said average important
What age should young women learn about :	How important is it to you that she learns these appropriately	How comfortable do you feel about her learning these from a professional	Would you allow your daughter(s) to participate in our services	What services and programs do they approve of	How much will they pay for these services	How much will they pay for the programs
Body Care 25% said 9	Body Care 90% said very important	Body Care 45% said very comfortable	75% Yes	75% Nutrition/Healthy eating	60% said \$10-\$30 for manicure	65% \$10-\$30 make-up, 50% \$31-\$50 hair care, 50% \$51-\$70 fitness
Hair Care 20% said 12	Hair Care 60% said very important	Hair Care 55% said very comfortable	25% No	75% Fitness	50% said \$10-\$30 for hair cut and pedicure	45% \$51-\$70 nutrition/healthy eating, 40% \$10-\$30 skin care
Make-up 25% said between 14-16	Make-up 45% said very important	Make-up 60% said very comfortable		70% Haircut/dye/treatment	40% said they would pay \$31-\$50 for hair dye & treatment and facial	35% \$51-\$70 beauty/body acceptance

Appendix 5: Development Timeline



Development Timeline Part 2

May				June				July				August				September				October				November				December			
25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43	44	45	46	47	48	49	50	51	52	53	54	55	56



Appendix 6: Operations Specifications

Facility

Location: The Streets at Southglenn.

- Alberta Development Partners LLC, in partnership with mall owner, Walton St. Capital, is undertaking a \$310 million redevelopment of Southglenn Mall
 - The Streets at Southglenn will be an outdoor lifestyle center with a "main street" feel, casually eclectic and energetic with festivals, concerts and other community events.
 - The new development will feature strong urban design principles to include shaded walkways and private spaces for relaxing.
 - A gourmet natural foods market, a movie theater, bookstore, European bistros, sidewalk cafes and unique women's and men's apparel shops are planned.
 - The new development is projected to become a regional destination with local color, regional draw and universal appeal.
- Source: <http://www.newssouthglenn.com/tomorrow.htm>



Advertisement by from Alberta Development Partners LLC website:



There's No Other Place Like It

The Commons, a comfortable outdoor park along with a gourmet natural foods market, sidewalk cafés, bookstore and upscale retailers are just a few of the many features that will make The Streets at Southglenn the place you'll come back to again and again.

This regional, urban lifestyle destination will build on its neighborhood character to create a community with shopping, dining, living and working experiences as varied and vital as the city and as convenient and comfortable as the suburbs.

Source: <http://www.thestreetsatsouthglenn.com/>

Size: 3000 square feet

Rent: \$50 per square foot/per year

Facility/Capital assets

- 2 classrooms with 5 tables and 15 chairs in each
- 3 salon hair chairs, with mirrors, countertops and outlets
- 2 manicure tables, with chairs, mirrors, and outlets
- 2 pedicure chairs, with outlets, plumbing attachments, product carts, stools
- 2 facial areas with chairs and sinks, product carts, mirrors, and outlets
- 2 hair washing sinks with attached chairs, countertops, and towels

Employees

- Chief Operating Officer, \$65,000 (full-time)
- Chief Operating Officer, \$50,000 (full-time)
- Marketing Manager, \$40,000 (full-time)
- Lead Instructor, \$55,000 (full-time)
- Instructor, \$45,000 (full-time)

Ciao Bella