



Business Plan

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12/5/2007

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Executive Summary

Electric Lady, is an annual 2-day, Chicago based, summer music and culture festival. Electric Lady celebrates women reaching new heights of artistic achievement and showcases the most edgy and influential female musicians and artists in the world along with the hottest pop culture of our time. We produce dozens of events including concerts, a film festival, parties and workshops in Chicago's most popular nightspots. In an industry produced mostly by men-- where women are under-represented and highly sexualized, Electric Lady is produced by women, showcasing women and reflects a more diverse, socially responsible perspective that welcomes all. This feminine perspective goes hand in hand with the green revolution and the \$500 billion dollar wellness trend—the world wants to help evolve the human legacy forward in a socially responsible way and Electric Lady offers a place to do it. If you are looking for a window into the future of our culture, Electric Lady is where it's at.

Credibility

Electric Lady has been raved about in the LA Times, Spin Magazine, NPR, and The Boston Globe for its ground breaking programming and trendsetting, enthusiastic audiences. Scion, Orbitz and Showtime have already jumped on board to sponsor. Since Electric Lady started in 2002, five short years ago, attendance has doubled to 15,000 and patrons are coming from over 20 states and 7 countries. We have loyal customers, a recognized brand and the only female focused festival of its kind.

Ahead of the Curve

At Electric Lady, hip, intelligent industry pros will teach you how to DJ, play lead guitar, engineer a sound board and get better acquainted with working on the stage or behind the scenes in the entertainment industry. At our workshops, you will learn skills you always dreamed of or never knew existed before—skills that will sky rocket your esteem and opportunities to be a part of a more meaningful lifestyle or career.

Socially Responsible

Electric Lady also gives back to the world through non-profit partnerships. These partners receive a portion of the events proceeds and speak on Electric Lady stages to educate attendees about how they can help change their world while being a part of something bigger than themselves. So in addition to gaining hands on experience in the entertainment industry, meeting influential and like-minded women, hearing pioneering music and seeing provocative art, you will accrue good karma from doing so!

Booming Market

Electric Lady targets the growing numbers of college students in Chicago (over 50 universities and 150 thousand students). We are a part of a 200 billion dollar

entertainment industry, an industry in which music alone is estimated to increase by 26% over the next 5-years. Community environments specifically are growing because as Howard Shultz of Starbucks says, *“Customers today have a powerful need and desire for human contact and for community--People want to be a part of something bigger than themselves.”* Recent reports also show the lasting impression music festivals have on customers, and as a result they are quickly becoming an advertiser demographic of choice. Other top requested demographics are young, urban, early adopters--especially women. Since this is exactly the Electric Lady audience we plan to capitalize on this opportunity with a highly qualified team. This team will sell sponsorships, vendor booths, concessions, web advertising and book innovative, high grossing artists while producing one of the most ground breaking festivals of our time.

Experienced Management Team of Star Players

Our management team possesses a blend of seasoned leadership, strategic skills and international experience to navigate the music industries challenges and capitalize on its opportunities. Brenda Schumacher our Managing Director is a 20-year veteran of event production, marketing and sponsorship, with over 100 events under her belt. She has worked with MTV's LOGO Television, NBC5.com and Sirius Satellite Radio. Khyentse James, our Artistic Director, founded Electric Lady with absolutely no funding and has passionately made it thrive for 5 years. She has been honored in Chicago as an “Outstanding Community Leader” and featured on/in MTV, NPR, The Chicago Tribune, The LA Times, Q Television and Rolling Stone Magazine. Our Boards include Music Festival producers, attorneys, financial advisors, a Chicago Tribune writer, a PR firm owner, Rolling Stone writers, a police officer, the Chicago Park District and Pollstar Industry Magazine.

Pioneering Marketing Strategy

Our marketing strategy encompasses many innovative elements including guerilla marketing at college campuses. One technique includes sending a top 10 U Tube compilation to college students with an Electric Lady video included and a super hip hand painted cover. We are also developing co-branding and co-marketing strategies with online giants Myspace and Facebook. We have a series of events leading up to the festival that get our audience excited, raise money and offer more opportunities for our sponsors to get exposure. These events include a black-tie women in music awards ceremony to honor exceptional artists at a high profile location downtown Chicago and a battle of the bands where the winner opens the following year main event.

Financials

Electric Lady will be profitable in year one and is expected to reach nearly one million dollars in revenue by year five. Due to large upfront costs and the seasonality of the festival industry, it will need \$125,000 in sponsorships, loans and/or donations to get started. The profits in the first two years will be put back into the organization and in the years that follow, a portion of the proceeds will be donated to the non-profit partnerships listed above.

Company Overview

Introduction

The Electric Lady Music and Culture Festival, formerly known as Estrojam, is celebrating 5-years of continually sold out shows in downtown Chicago. Electric Lady is one of the most anticipated cultural events of the year, drawing a young, sophisticated and trendsetting audience. Electric Lady currently has an audience of over 15,000 people with hopes to grow to numbers over 20,000 in the next five years.

Mission Statement

The mission of Electric Lady is to showcase women reaching new heights of artistic achievement and celebrate the hottest work women are producing in the world. Our goal is to help build a supportive arts community that inspires, educates, breaks down stereotypes, and encourages bold creative expression. We also strive to give back to the world through non-profit partnerships.

History and Current Status

Every year Electric Lady sells out to enthusiastic audiences. Attendance has doubled since its inception in 2003, with patrons from over 20 states and 7 countries. We have achieved this success with a team of volunteers. We now want to take this festival to the next level and hire star players that will make Electric Lady a national success. We have researched the best people to make these goals a reality and have highlighted them in our management plan.

Objectives

Our goal is to make Electric Lady a self-sustaining and well-known culture and music festival nationwide; one that grows steadily but not exponentially in order to keep the core culture and community intact. We hope to build upon the already successful organization so that we have the means in which to make it positive for years to come.

Product and Service Description

Who We Are

Electric Lady is a nonprofit festival production organization that has enjoyed success over the past five years. In May 2008, Estrojam's flagship event, Electric Lady (formerly self-titled) will be an annual 2-day, Chicago based, music and culture festival. We produce dozens of events including concerts, a film festival, parties and workshops in Chicago's most popular nightspots.



Reviews

"Lilith, Schmilith: Estrogen & Rock Unite in Chicago" ~Spin Magazine

"The lineup of nearly four dozen acts was refreshingly dynamic and individualistic."
~ Los Angeles Times

"Edgy and inspired, Estrojam offered a whiff of what creative women world-round have been up to. Festival organizers are going to have a difficult time topping this year's festivities." ~ SAN FRANCISCO BAY GARDIAN

"Estrojam fest fills vital, rockin' role and offers place to party with a purpose" ~CHICAGO TRIBUNE

"In five years, Estrojam is celebrating half a decade of continuous growth and influence. Mixing artistic expression with social responsibility, Estrojam becomes a microcosm of how art transcends gender, sexuality, race and culture throughout the world."~Don Baiocchi UR CHICAGO MAGAZINE

The emotional and social benefits that Electric Lady provides are:

<i>Features</i>	<i>Benefits</i>
<i>Edgy, Independent and Influential Musical, Artistic and Cultural Entertainment</i>	Exciting, enjoyable atmosphere. Feel connected with what's happening in independent music, pop culture and the art world.
<i>Educational Workshops</i>	Learn something you always dreamed of doing – or never knew existed before. Build skills to feel more knowledgeable. Sky rocket your esteem and your opportunities to be a part of a more meaningful lifestyle or career.
<i>Community Building Including Service-Oriented Partnerships</i>	Feel more connected to the world while being socially responsible and a part of something bigger than yourself.
<i>Dedicated Audience of Women, Students and Early Adopters in Chicago</i>	Growing, fun, engaging and desirable advertiser demographic.

Why this is Unique

Electric Lady offers a place for women to be inspired and envision their dreams—to see the most cutting edge music and art all in one place—to sharpen criticism and produce knowledge—to network with powerful and pioneering women. All of this while being a part of the electricity and adrenaline that comes from the excitement of a one of a kind music festival environment.

We strive to create a space for attendees to feel a part of a community while nurturing their souls and giving back to the world.

“People, especially young people think the government and public sphere are broken, but they feel they can personally make a difference through community service.” –Time Magazine Sept 07



It is clear that American youth are eager to become more involved in a socially responsible community that gives back to the world and Electric Lady speaks directly to this need. Each year, Electric Lady partners with nonprofit organizations for the arts, education, health, social change, human rights and non-violence. These partners receive a portion of the events proceeds and speak on Electric Lady stages. Our goal with these partners is to help educate attendees about social change issues and how they can help change their world through volunteering and service.

Market Analysis

Market Size and Growth

Electric Lady consists of two equally important customers - sponsors and attendees. Without the successful integration of both, this festival is not possible. Sponsors are needed not only to assist in funding Electric Lady, but to reinforce the socially responsible goals of the festival. Attendees are needed for ticket sales and the overall support of the community and culture that Electric Lady looks to emulate.

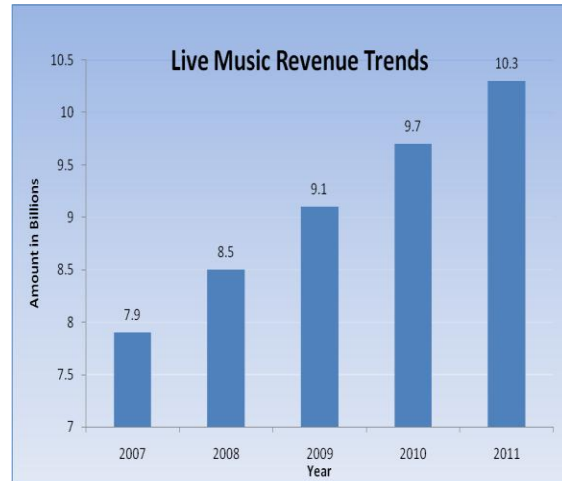
Attendees

Electric Lady's target customers are educated women between the ages of 18 – 35. In the greater Chicago area there are approximately two million women within this demographic. A subset of this sizeable market includes women currently attending a University, or art school. In the city limits of Chicago alone there are 30 colleges consisting of over 150,000 students. These numbers provide evidence that there is a population great enough to support a festival like Electric Lady.



Live Music Industry and Advertising

Electric Lady is competing within the \$200 billion Entertainment Industry. According to Rider Research, live music is expected to increase in revenues by 26% in the next five years and advertising through music festival sponsorship has become a growing trend. Music festivals offer marketers the opportunity to get closer to specific consumer groups, especially when related to an event associated with positive and enjoyable times. eMarketer senior analyst Paul Verna stated, “the climate for marrying brands to musical artists has never been more favorable. Brand marketers interested in reaching the coveted teen and 18-35 demographics should take note of the many possibilities that today’s music industry offers¹”.



Women in the Market Place

“We are perhaps on the first step to a matriarchal society: women will earn more money than men if current trends continue by 2028,” said Michael J. Silverstein of the Boston Consulting Group². This quote portrays that women have buying power today that did not exist before, and therefore have the ability to support and maintain a music festival such as Electric Lady. However, women continue to feel misunderstood and misrepresented in the market place. According to Brand Strategy, 71% of women believe that manufacturers only consider them ‘interested in beauty and stuff for the home’. Electric Lady would provide an opportunity for companies to market themselves in an environment where women feel safe and comfortable.

¹ eMarketer. “North American Music Sales to Reach \$26.5b in 2011. Rider Research (2007) September, 12, 2007. <http://search.rdsinc.com/taxis/rds/>.

² “What do Women Want? Just Ask.” New York Times October 29, 2006. September 17, 2007. <http://search.rdsinc.com/taxis/rds/suite2/>

Industry Analysis

Direct Competitors



Electric Lady has several direct competitors who also produce music festivals focused on women in the arts. These competitors include:

- Los Angeles Women's Music Festival (very similar to Electric Lady, over 50 performers, cultural workshops and panels, urban target market),
- Iowa Women's Music Festival (a nonprofit organization to "support and promote the work of women artists and musicians")
- National Women's Music (college target market, workshops)
- Michigan Womyn's Music Festival (40 performances, cultural workshops)
- Lilith Fair (though no longer being held, pioneered the Women's Music Festival concept).

Indirect Competitors

- Preference for solo concert tours and events
- Up and coming musicians prefer to perform with them for increase exposure.
- Preference of recorded media
- Televised festivals are now available.
- Bars, Clubs, Venues that all have live shows in the Chicago area.

Future Competitors



As Electric Lady's fan base continues to grow, Electric Lady will soon find itself in direct competition with some of the powerhouses in the industry. These production companies include: Superfly (Bonnaroo and Vegoose), C3 Presents (Lollapalooza), Guerilla Union (Rock The Bells), and Live Nation (The largest production company in the world. Promoted 26,000 live events in 18 countries in 2006).

Competitive Environment

Target Market

18-35 year olds, large production companies are constantly researching how to connect with this market.

Image

Recent marketing budget increases at companies like Superfly show the importance of establishing and strengthening a brand value. There is constant competition to reach target demographics and as a result production companies are constantly exploring new channels. Recently Myspace has exploded with festival pages, and many other sites like JamBase advertise festivals as partners.



Bands

Production companies also compete in what bands they sign. Getting bands that haven't played a ton of times during the year to perform at the beginning of their tours, so that their music is still fresh is essential in attracting a large audience. Festivals that are expanding their genres often find themselves competing with other more specific genre festivals in signing new talent.

Venues/Dates

The most competition comes from when and where the festival will happen. Larger events like Bonnaroo and Lollapalooza have already booked the best weekends, and have put rigorous research and investigation into where to hold their events and when.

Sponsors

Large production companies like Superfly (Bonnaroo), C3 presents (Lollapalooza), and Guerilla Union (Rock the Bells) all have a list of sponsors they use for many events. While some of these companies sponsor events regardless of the production company, many festival production companies try to get exclusive sponsors. Most of the big festivals also have at least one liquor sponsor, and if it's not Budweiser, it is usually a local microbrewery.

Pricing Strategy

Ticket prices are almost universally based upon the venue, and the artists performing. These seem to stay at relatively consistent values

- Around \$90 per day for large eclectic festivals like Bonnaroo, Lollapalooza, Rock the Bells: Large to massive venues, big name performers
- \$45-90 per day for medium sized festivals like High Sierra, 10k1f, Wakarusa: Medium to large venues, well known performers and/or specific genres.
- \$10-45 per day for small festivals like Skylab, Caffeine tour, PMPresents' Halloween festival: Specific genres, up and coming artists.

Degree of Rivalry

Currently the music and recording industries are being revolutionized. Festivals have become extremely popular and thus profitable. Many performing artists are realizing the potential festivals have to bring in revenue. Festivals expose artists to new audiences and attract and provide for larger crowds. Also, festivals like Bonnaroo, Coachella, and Lollapalooza have huge potential for up and coming musicians as they get the exposure to both the audience and a stronger network of bands.

Barriers to Entry and Competitive Advantage

The ultimate competitive advantage that Electric Lady possesses is that it has already bypassed many of the key barriers to entry that most music festivals face such as increasing brand recognition, creating a culture, and developing contacts within the industry. It has a reputable and respected name that attracts sponsors as well as the contacts it needs to bring in well-known musicians. The only major barrier Electric Lady faces in order to obtain crucial growth is the ability to gain the necessary funding. Please see the Funding section for information on how Electric Lady plans to mitigate this barrier.

Electric Lady has built on a concept that continues to be the only one of its kind within the Chicago area, making it increasingly difficult for direct competition to emerge.



Marketing Plan

Customer Research

Over 40 customer responses were received from our two different customer surveys given out.

Through Customer Surveys, we have discovered that the reason people return to the festival annually is because of the culture and concept of the festival. However, people within our target market that have not yet been to Electric Lady tell us the specific musician is the primary reason they would go to this festival. With this in mind, we hope to interest new attendees through well-known artists and keep them coming back because of the community and culture the festival possesses. See customer survey results and distribution methods in Appendix A.

The Electric Lady Customer

Women: Educated, edgy and outgoing women between the ages of 18 – 35 in the greater Chicago area. Attendees are into the independent rock scene and are under-represented in the music industry. They go to the festival because they feel connected to the community and cultural environment present.

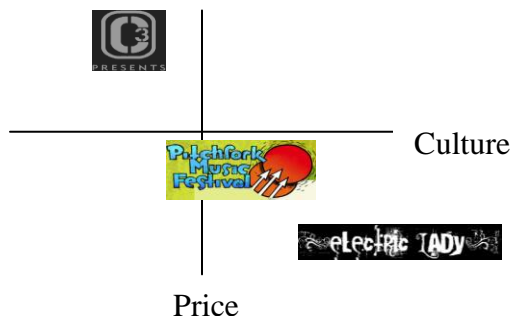


Sponsors: Socially responsible sponsors are fundamental necessary to the success of this organization. It is crucial that Electric Lady shows potential sponsors what they can gain by representation at the festival.



Positioning Strategy

Electric Lady is a nonprofit, culture and music festival, targeted towards women and focused on emerging and edgy female musicians.



Product Strategy

The Festival

Electric Lady will take place during a weekend in May, before many college students leave for the summer. The festival will be located at Grant Park in Chicago. It will highlight not only female musicians and speakers but socially conscious male artists. There will be one stage with back to back acts consisting of up and coming musicians, global speakers, comedians, local activists, and well-known musical performers.

Benefits and Events Prior to Electric Lady

There will be a number of different benefits that will happen in downtown Chicago to help fund and promote the May festival. These events will be planned strategically to gain exposure to the target market through different mediums and to target specific subsets of the market.

Black Tie Awards Event: The evening will include an auction of rock memorabilia, exceptional artists' awards a cocktail reception and an exquisite dinner at a high profile location downtown Chicago. This will take place in the fall when fundraising will have a bigger emphasis than promoting.



Back to the Basics Concert: This independent rock concert will be geared towards the core audience of the original Electric Lady. It will provide old and new faces with a sense of the Electric Lady culture.

Battle of the Bands: This will be promoted to college students. The winner of the battle of the bands will win the opening spot at Electric Lady. This will hopefully be attractive to a different demographic and bring in friends and supporters of this band while showcasing local talent at Electric Lady.



Spin Nightclub Benefit Series: One of the hottest nightclubs in Chicago has agreed to give Electric Lady four free promotional nights for the festival. With a \$5 cover charge, Electric Lady can bring in between \$1,000 and \$1,500 while passing out fliers to the clubbers as well as those who pass by.

Communications and Sales Strategy

The following bullet points, along with weekly marketing meetings will be the emphasis of Electric Lady's strategy.

Attendees

- **Google Adwords** – Pay-per-click will be utilized with a monthly budget of \$100 and will be monitored and adjusted as needed. This will increase the market's knowledge of Electric Lady while maintaining control over advertising dollars.
- **Website** – Represent Electric Lady in its truest form by branding the event, giving up-to-date information, selling tickets, and advertising for sponsors.
- **Internet Marketing** -- Online co-branding and co-marketing strategies with Rollingstone.com. Spin.com, women's online magazine and online giants Myspace and Facebook.
- **University promotions** – target specific organizations on college campuses with social/global change initiatives and give free festival tickets in exchange for publicity and flyering. We will also use guerilla marketing tactics to reach students on a more grassroots level.
- **Radio**– Create a contract with XRT radio station in Chicago and have advertising begin in April and increase in capacity as the date gets closer.
- **PR** – Send out consistent press releases to magazines and newspapers and select different events to flyer at.

Sponsors

- **Sponsorship Kits**- Send out initial letters of contact to businesses in order to gain interest and brand recognition. Determine the main contact person. Send email with a PDF file of sponsorship kit. Continue sales effort with a telephone call to set up a possible meeting.

Pricing Strategy

Festivals relative to Electric Lady are priced at between \$25 and \$40. Electric Lady will charge \$25 because we don't want to overprice our audiences. This price is supported with customer surveys and in the past, Electric lady has typically charged \$15 per show. In the future, Electric lady pricing will be strongly dependent on the musicians that perform and will be raised accordingly. By the end of year five, ticket prices will reach \$40.

Revenue Model

Ticket Sales	303,125.00	363,750.00	470,250.00	517,275.00	608,932.50
Total Vendor and T-shirt	139,875	167,550	184,475	203,013	223,324
Total Benefit Show	35,000	35,000	35,000	40,000	40,000
Total Sponsorships	28,000	64,000	90,000	105,000	120,000
Net Revenue	506,000	630,300	779,725	865,288	992,256

Operations Plan

Operations Strategy

The success of Electric Lady's operations strategy depends on:

- Reaching a larger market without losing the current fan base
- Up and coming musicians that will promote Electric Lady
- Community and government relations
- Vendor Solicitation
- Site evaluation and design
- Sponsorship sales and funding

Scope of Operations

The operational and personnel management strategy is vital to increasing Electric Lady's brand value and continued success as an independent women's music festival. By subcontracting some critical tasks of Electric Lady, focus can be placed on marketing towards sponsors, producing smaller benefits to supplement the company in "the off-season", and organizing and managing all of the entities essential to the event. Outsourcing these tasks will also provide Electric Lady access to networks at the forefront of the industry. This will increase Electric Lady's service value, as it will facilitate larger and more organized events. This will draw in larger audiences, and allow for increased ticket costs, as well as larger sponsors and better funding. This will result in cycle of consistent increase in brand value. These subcontracted aspects will be expanded upon in this section.

Marketing

Promotion and public relations will continue to be run by the Electric Lady team. However a graphic and web designer will be contracted on a project by project basis to improve our website, fliers, t-shirts, etc. The website is vital to Electric Lady's success, as it will be utilized for ticket sales, exchange of information, and marketing towards both attendees as well as sponsors.

Booking Agent

Hiring a booking agent with access to "in demand" and cutting edge artists is crucial to Electric Lady's success. Further, the booking agent will oversee management of and communication to the performers via Electric Lady. Entertainment must be managed with precision from the time the performers sign on to the time they leave the stage. The booking agent will also provide exposure to a network of new artists and their managers, keeping Electric Lady up to date with current trends in the industry, and helping Electric Lady earn a larger fan base by expanding the festival's genres.

Event Production

Festivals will run much more smoothly if an event (technical) production company is hired. This company will be in charge of installing a stage, sound, light displays,

tents, power generation, fencing, security, sanitation, and any other necessary equipment.

Community and Government Relations

Events must have the cooperation and support of local community leadership. Electric Lady presents strong economic and social benefits to the community, but a lawyer is needed to handle liability. A low cost group such as *Lawyers for the Creative Arts* will be consulted about needed permits and possibly contract negotiations. This lawyer or law group will also oversee the festival's insurance policy, and government relations (police, fire codes, public officials).

Vending

Electric Lady retail (T-shirts, CDs, DVDs) vending, will be ran in house, and will also contribute to the marketing of the brand. Alcohol, Food, and Drinks will also be done in house but with the use of the event production's liquor license.

Ongoing Operations

Electric Lady currently has 3 paid employees and 15 volunteers that run every aspect of operations. In addition, the Electric Lady staff spends much of its time applying finding sponsors and hosting benefits to raise money.

Larger venues are needed as the number of attendees increase. Last year, Electric Lady's flagship event drew a crowd of 15,000 people. 12,500 people are expected next year (decrease due to venue relocation and combine event). Electric Lady is moving from indoor facilities to Union Park.

See Operations Value Chain in **Appendix**

Development Plan

Electric Lady's main focus over the coming year is to solidify our reputation for a rich, diverse and fun festival and destination spot that is ahead of the curve.

In the first 6 months

- 1.) Hire a booking agent.
- 2.) Launch and market new name.
- 3.) Hire a graphic designer and web developer to add key components to the site i.e. Electric Lady Radio, a social networking component, etc.
- 4.) Get a contract for Union Park.
- 5.) Implement Sponsorship 2008 and target socially responsible and internet focused sponsors.
- 6.) Hire a lawyer.
- 7.) Implement monthly strategic marketing meetings focusing on guerilla marketing, internet (especially Myspace and Nylon), marketing at other festivals, on radio talk shows and strategic college marketing--starting immediately.

In the first year

- 1.) Finish the process of hiring a highly qualified board with prior industry experience, networking abilities and that have a mature network of social and professional contacts.
- 2.) Implement co-branding partnership and marketing program with other companies that target the same demographic for little or no cost. We will also start to sell tickets through these partners with a web link that give them a commission.
- 3.) Develop a vendor and concessions program.
- 4.) Develop a donations, grants and government funding program.
- 5.) Find educational opportunities we can outsource by partnering with organizations that have great educational/youth programs already established.

On a continual basis

We will conduct market research, attending trade shows, network and undergo the strategic management planning process annually, study trends and pains. Also we will look at the external environment continually including economic, social, demographic, technological trends, customers, markets and competitors. We will continually discuss understanding internal capacities, strengths, weaknesses, core competencies, defining mission, values, vision, developing goals and strategic initiatives, creating project plans and performance indicators.

See Development Timeline in **Appendix**.

Management Plan



Brenda Schumaucher – Managing and Sponsorship Director

Brenda has extensive experience in marketing, communications, corporate partnerships and the entertainment industry. She has produced a widely successful outdoor festival with attendance of 60,000, three stages, 250 vendors and internationally recognized talent. Brenda produced more than 100 events with Fresh Dish Productions, an organization she co-founded and served as Artistic Director with. She has also been a field producer for MTV's LOGO Television, Q Television, NBC5.com, Sirius Satellite Radio and served as chief spokesperson on CNN, CSPAN, NPR and in NY Times.



Khyentse James – Artistic Director

James lived abroad in places such as Africa, Brazil, Tibet, and Northern Ireland, studying women's social concerns, customs and environmental/political issues. She has won several awards for academic excellence from Boston University and Columbia College, where she obtained her B.A. James was honored by the General Board of Education as an American Scholar and by the National Organization for Women as an Out Standing Community Leader. James has been awarded a City of Chicago Grant for the arts, selected twice as a top activist in Chicago under 30 and invited to speak at Chicago Historical Society. James has worked with Amy Ray (Indigo Girls), Joan Jett and Miranda July (Me and You and Everyone We Know) and has been featured on/in MTV, NPR, The Chicago Tribune, The LA Times, Q Television and Rolling Stone Magazine. She is currently studying entrepreneurship at CU.

Board of Directors:

Andrea Hansen – Financial Advisor and Entertainment Marketing Specialist
Natalie Perniciaro – Trader, Chicago Board of Trade
Katherine Frazier – Owner, Biz 3 Publicity
Moirra McCormick – Staff Writer, Chicago Tribune
Jennifer Koehler – Attorney
Allison Jenks – Businesswoman in the Chicago Community

Board of Advisors:

Bethany Watson – Sundance Film Festival, Voodoo Music Festival
Heather Lee Chapel – Blue Man Group Producer, Las Vegas
Phoebe Riley – Feminist/Independent Music Writer/Spin Magazine
Ann Powers – Feminist Critic, LA Times, NY Times
Jenny Elisu – Staff Writer, Rolling Stone
Teri Hemmert - WXRT Radio Chicago
Carolyn Kujawa – Chicago Police Department
Manny Diez – Pollstar, Music Industry Magazine
Susan Dawrusk – Flower Booking
Joe Shanahan – Metro Chicago Owner and Highly Reputable Businessman in Chicago
Tom Russell – Producer, Superfly/Bonoroo
Joan Anderman – Boston Globe Staff Writer
Jess D'Amico – Chicagoist Music Magazine
Barry Adams – Chicago Park District

Management areas of need: CEO, Marketing Director

Financial Plan

Summary Financials

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	506,000	630,300	779,725	865,288	992,256
Gross Profit	223,629	295,758	390,255	427,046	498,379
EBIT	127,079	52,734	113,940	118,911	155,575
EBITDA	128,294	54,148	115,555	120,726	158,390
Net Earnings	127,079	52,734	113,940	118,911	155,575
Net Cash from Operating Activities	128,294	54,148	115,555	120,726	158,390
Capital Expenditures	7,500	1,000	1,000	1,000	5,000
Interest Income/(Expense)	0	0	0	0	0
Dividends	0	0	0	0	0
Cash	123,794	176,942	291,496	411,222	564,612
Total Equity	130,079	182,813	296,754	415,665	571,240
Total Debt	0	0	0	0	0
Growth					
Revenue Growth Rate - CAGR:		25%	24%	11%	15%
Net Earnings Growth Rate - CAGR:		Nil	116.1%	4.4%	30.8%
Profitability					
Gross Profit %	44.2%	46.9%	50.1%	49.4%	50.2%
Operating Expenses %	42.2%	38.4%	35.3%	35.5%	34.4%
Net Earnings %	25.1%	8.4%	14.6%	13.7%	15.7%
Returns					
Return on Assets	97.7%	28.8%	38.4%	28.6%	27.2%
Return on Equity	97.7%	28.8%	38.4%	28.6%	27.2%
Return on Capital (LT Debt + Equity)	97.7%	28.8%	38.4%	28.6%	27.2%

Funding

Requirements

Due to the large, upfront fees of booking agents, musicians, technical production crews and employees in addition to the seasonality of revenue, \$125,000 will be needed in year one in order to make this festival a success. This could be received in increments up until the festival in May, but would be most beneficial at the beginning of year one as a lump sum.

As seen in the financial summary, despite the large start-up costs, Electric Lady will be self-sustaining and profitable at the end of year one.

Funding Strategies

Electric Lady will look towards non-traditional financing for its monetary needs. Electric Lady will target sponsorships aggressively through both its well-connected network of Board members and the sponsors already on board.

Uses of Funds

Key Management	60,000
Musicians	30,000
Booking Agent	20,000
Marketing	15,000

Risks

Market Saturation

Because of the large capacity of people already attending the festival it is difficult to determine if the specific target market has already been saturated. However, there are many innovative and unique marketing techniques to bring new attendees to the festival.

Name Change

With such positive brand recognition of Electric Lady, it is possible to lose attendees with lose of brand correlation and the name change to Electric Lady. This will be compensated for by keeping the name Electric Lady for the production company and In addition, “Electric Lady Presents – Electric Lady” will be put on all flyers, radio ads, and benefit shows for the first two years until the name Electric Lady can stand on its own.

Key Musicians

The main promotional tool to draw new attendees is well-known musicians. If well-known musicians will not play for the festival, ticket prices will need to be lowered and the amount of people may decrease. This will be mitigated by hiring a booking agent to handle the negotiations with performers.

Key Management

The Executive Director/CEO is a key position that is currently being filled by two people, a Managing Director and an Artistic Director. The Board will discuss this situation and decide if an Executive Director or CEO needs to be added to the team. Because we have a talented board of directors with the ability to seek out the right candidate for the job this risk is offset.

Appendices

Key Assumptions

Revenue Model

- Number of attendees is slightly lower than the amount of attendees for last year based off of the transition from venue to festival event.
- Revenue is based on \$25 for one day pass and \$45 for two day pass 70% of attendees will attend one day, 30% of attendees will attend two day
- There will be more not-for-profit organizations who will want a booth than people willing to pay \$500 for the large booth
- food and liquor sales based on each attendee spending \$10
- 0.5% of people going to the festival will purchase a t-shirt and it will rise in even increments Cost of t-shirt is \$15
- Numbers based on doubling current sponsorship level, increasing incrementally

Personnel

- There will be four full time employees: CEO, Artistic Director, Marketing Director and Development Director
- Sponsorship Coordinator and Marketing Director be commission-based by receiving 10% or all sponsorship sales made
- Wages increase by 5% each year
- There will be two, part-time employees for the two months before the show to work with ticket sales, promotional flyering and press releases

Operating Expenses

- Radio Campaign based on rates given by XRT Radio station in downtown Chicago for a two months prior to show and will increase by 25% yearly
- Rent will increase by \$1,000 per year
- Pay-Per-Click based on Google and Chicago Tribute options (\$150 per month)
- Flyering based on doubling current amount of flyers (5,000 flyers and 2000 posters) and includes shipping

Cost of Revenue

- Park Reservations are based on rates given to us by the Chicago Park Systems
- Cost of Benefit Shows based on past years costs
- Food Costs are 15% of food revenue
- Booking agent will receive 5% commission on all ticket sales

Extraordinary Expense

- Website Design and Graphic Designer based on researched options
- We will receive 75,000 in extraordinary income in year one

Customer Survey Distribution

There were two surveys developed on Survey Monkey to be distributed via email. The first was given to past Electric Lady attendees through Electric Lady's email distribution and was tailored to determine why they attend and what could be improved. Sixteen surveys were collected and analyzed. The second survey was given via an email chain to women, between the ages of eighteen and thirty-five, who had never heard of the festival. This was developed in order to get feedback about the concept, the musicians, and the name (which will be changed because of responses we received).

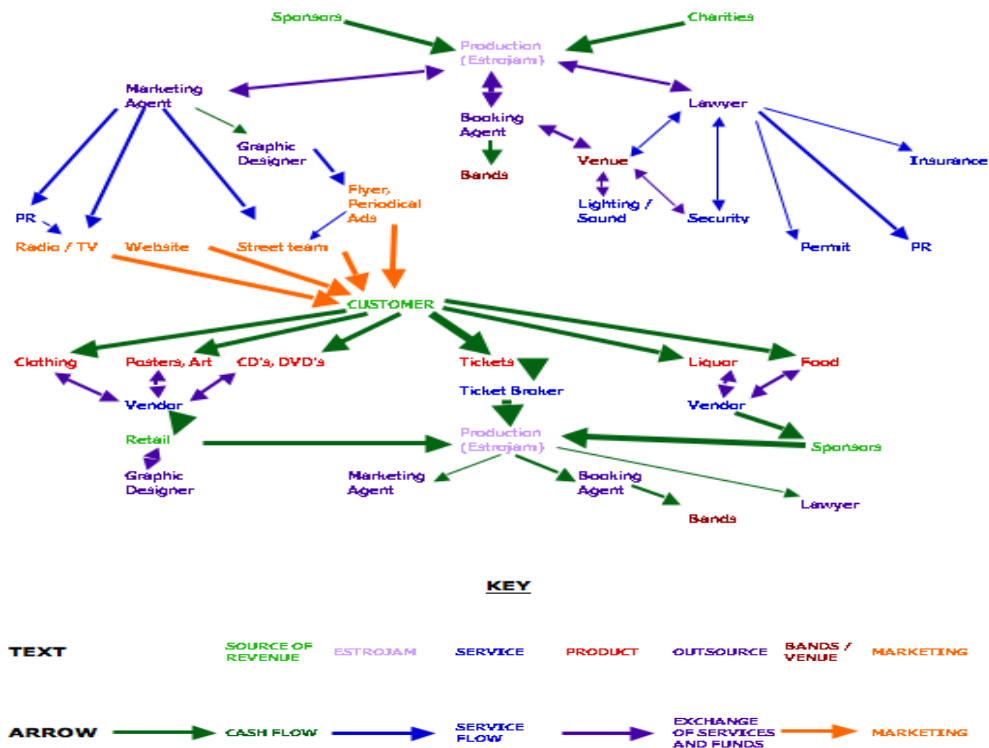
Past Electric Lady Attendees

- 44% heard about the festival through friends and family
- 38% heard about the festival through the internet
- 53% say come because they love the edgy, women-focused feel of the event
- 43% say they would pay between \$30-40 for the festival
- 75% say they like the culture and community of Electric Lady A lot (top choice)

Females who have not heard of festival

- 71% of women say they hear about festivals through their friends
- 80% say that the main reason they go to a festival is a specific performer
- 97% say change the name

Value Chain Analysis



Development Timeline

Task Name	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Hire a booking agent		↓				
Launch and market new name						
Hire a graphic designer						
Obtain contract with Union Park		↓				
Obtain needed permits		↓				
Seek sponsorships						
Monthly marketing meetings						
Hire a board of directors						
Define job titles						
Hire staff/volunteers for festival						
Find partnerships						
Vendor solicitation						
Organize donations						
Estimate resource needs						
Create budget for resources						
Draft a proposed resource list						
Attend trade shows						
Networking						
Management assesment						
Assess community impact						
Update Objectives						

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	506,000	630,300	779,725	865,288	992,256
COST OF REVENUE	282,371	334,542	389,470	438,241	493,877
% of Revenues	55.8%	53.1%	49.9%	50.6%	49.8%
GROSS PROFIT	223,629	295,758	390,255	427,046	498,379
% of Revenues	44.2%	46.9%	50.1%	49.4%	50.2%
OPERATING EXPENSES					
Sales & Marketing	130,930	152,719	177,568	201,377	227,890
General and Administration	82,620	89,306	97,747	105,757	113,914
Total Operating Expenses	213,550	242,025	275,315	307,135	341,804
% of Revenues	42%	38%	35%	35%	34%
EARNINGS FROM OPERATIONS	10,079	53,734	114,940	119,911	156,575
EXTRAORDINARY INCOME / (EXPENSE)	117,000	(1,000)	(1,000)	(1,000)	(1,000)
EARNINGS BEFORE INTEREST & TAXES	127,079	52,734	113,940	118,911	155,575
INTEREST INCOME / (EXPENSE)	0	0	0	0	0
NET EARNINGS BEFORE TAXES	127,079	52,734	113,940	118,911	155,575
TAXES	0	0	0	0	0
NET EARNINGS	127,079	52,734	113,940	118,911	155,575
% of Revenues	25.1%	8.4%	14.6%	13.7%	15.7%

Balance Sheet
Years 1 to 5

(\$)

ASSETS

CURRENT ASSETS

	<u>Begin</u>	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Cash	3,000	123,794	176,942	291,496	411,222	564,612
Accounts Receivable		0	0	0	0	0
Inventories		0	0	0	0	0
Other Current Assets		0	0	0	0	0
Total Current Assets	3,000	123,794	176,942	291,496	411,222	564,612

PROPERTY & EQUIPMENT

	0	6,286	5,871	5,257	4,443	6,629
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TOTAL ASSETS

	3,000	130,079	182,813	296,754	415,665	571,240
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Short Term Debt	0	0	0	0	0	0
Accounts Payable & Accrued Expen		0	0	0	0	0
Other Current Liab		0	0	0	0	0
Current portion of long term debt	0	0	0	0	0	0
Total Current Liabilities	0	0	0	0	0	0

LONG TERM DEBT (less current portion)

	0	0	0	0	0	0
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NON PROFIT BALANCE

Net worth	0	0	0	0	0	0
Retained Earnings	3,000	130,079	182,813	296,754	415,665	571,240
Total Equity	3,000	130,079	182,813	296,754	415,665	571,240

TOTAL LIABILITIES & EQUITY

	3,000	130,079	182,813	296,754	415,665	571,240
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**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	127,079	52,734	113,940	118,911	155,575
Depreciation	1,214	1,414	1,614	1,814	2,814
Working Capital Changes (Increase)/Decrease					
Accounts Receivable (Increase)/Decrease	0	0	0	0	0
Inventories (Increase)/Decrease	0	0	0	0	0
Other Current Assets Increase/(Decrease)	0	0	0	0	0
Accts Pay & Accrd Expenses Increase/(Decrease)	0	0	0	0	0
Other Current Liab	0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities	128,294	54,148	115,555	120,726	158,390
INVESTING ACTIVITIES					
Property & Equipment Other	(7,500)	(1,000)	(1,000)	(1,000)	(5,000)
Net Cash Used in Investing Activities	(7,500)	(1,000)	(1,000)	(1,000)	(5,000)
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					
	120,794	53,148	114,555	119,726	153,390
CASH AT BEGINNING OF YEAR					
	3,000	123,794	176,942	291,496	411,222
CASH AT END OF YEAR	3,000	123,794	176,942	291,496	411,222
		564,612			

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	506,000	630,300	779,725	865,288	992,256
Cost of Revenue					
Variable	226,706	276,903	325,049	365,653	410,807
Fixed	55,664	57,639	64,421	72,588	83,070
Total	282,371	334,542	389,470	438,241	493,877
Operating Expenses					
Variable	41,930	54,269	68,173	80,028	96,373
Fixed	151,620	161,756	175,143	189,106	201,431
Total	193,550	216,025	243,315	269,135	297,804
Total Costs & Expenses					
Variable	268,636	331,171	393,221	445,682	507,180
Fixed	207,284	219,395	239,563	261,695	284,501
Total	475,921	550,566	632,785	707,376	791,681
Variable Costs/Revenue Ratio	0.53	0.53	0.50	0.52	0.51
Break-Even Point Revenues	441,878	462,292	483,290	539,652	581,966

**Cash Flow Statement
Year 1 by Months**

	January	February	March	April	May	June	July	August	September	October	November	December	Estimated Year 1 Annual Projection	Estimated Year 2 Annual Projection	Year 1 Annual Projection
OPERATING ACTIVITIES	4,777	5,508	24,552	23,288	56,002	508	1,777	508	1,777	508	1,777	508	121,482	159,148	106,482
Net Earnings	101	101	101	101	101	101	101	101	101	101	101	101	1,214	1,591	1,214
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Working Capital Changes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Accts Pay & Acctd Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Other Current Liab	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities	4,878	5,609	24,653	23,384	56,103	609	1,878	609	1,878	609	1,878	609	122,696	158,563	106,696
INVESTING ACTIVITIES	0	0	0	0	0	0	0	0	0	0	0	0	(7,500)	(7,500)	0
Property & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	(7,500)	(7,500)	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Investing Activities	0	0	0	0	0	0	0	0	0	0	0	0	(7,500)	(7,500)	0
INCREASE/(DECREASE) IN CASH	4,878	5,609	24,653	23,384	56,103	609	1,878	609	(622)	609	(3,122)	609	115,196	151,063	98,196
CASH AT BEGINNING OF PERIOD	3,000	7,878	13,487	38,140	61,524	117,627	118,236	120,114	120,723	120,101	120,710	117,587	117,587	3,000	3,000
CASH AT END OF PERIOD	7,878	13,487	38,140	61,524	117,627	118,236	120,114	120,723	120,101	120,710	117,587	118,196	118,196	102,196	102,196

**Cash Flow Statement
Year 2 by Months**

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Estimated Year 2 Annual Projection	Year 2 Annual Projection
OPERATING ACTIVITIES	2,738	1,308	33,542	32,111	76,004	1,308	2,738	1,308	2,738	1,308	2,738	1,308	159,148	159,148
Net Earnings	2,856	1,426	33,659	32,229	76,122	1,426	2,856	1,426	2,856	1,426	2,856	1,426	160,563	159,563
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Working Capital Changes	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Accts Pay & Acctd Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Other Current Liab	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities	2,856	1,426	33,659	32,229	76,122	1,426	2,856	1,426	2,856	1,426	2,856	1,426	160,563	159,563
INCREASE/(DECREASE) IN CASH	2,856	1,426	33,659	32,229	76,122	1,426	2,856	1,426	2,856	1,426	2,856	1,426	160,563	158,563
CASH AT BEGINNING OF PERIOD	118,196	121,052	122,478	158,137	188,366	264,489	265,914	268,770	270,196	273,052	274,477	277,333	277,333	102,196
CASH AT END OF PERIOD	121,052	122,478	158,137	188,366	264,489	265,914	268,770	270,196	273,052	274,477	277,333	278,759	278,759	260,759

**Cash Flow Statement
Years 3, 4 & 5 by Quarters**

	Year 3				Year 4				Year 5				Year 3 Annual Projection	Year 4 Annual Projection	Year 5 Annual Projection
	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr			
OPERATING ACTIVITIES	62,024	179,744	10,981	9,106	261,865	70,707	204,096	13,082	10,862	298,727	128,758	375,150	19,549	16,542	539,899
Net Earnings	404	404	404	404	454	454	454	454	454	1,814	704	704	704	704	2,814
Depreciation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Working Capital Changes	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Inventories	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease Other Current Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Accts Pay & Acctd Expenses	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) Other Current Liab	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Provided/(Used) by Operating Activities	62,428	180,147	11,385	9,510	263,470	71,161	204,549	13,515	11,315	300,541	129,462	375,854	20,253	17,246	542,814
INVESTING ACTIVITIES	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property & Equipment	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Cash Used in Investing Activities	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
INCREASE/(DECREASE) IN CASH	62,428	180,147	11,385	9,510	263,470	71,161	204,549	13,515	11,315	300,541	129,462	375,854	20,253	17,246	542,814
CASH AT BEGINNING OF PERIOD	278,759	341,187	521,334	532,718	542,229	613,389	613,389	817,939	831,454	842,769	842,769	842,769	842,769	842,769	260,759
CASH AT END OF PERIOD	341,187	521,334	542,229	542,229	613,389	613,389	817,939	831,454	842,769	842,769	842,769	842,769	842,769	842,769	820,769