

ParadigmStar

The Successful Transition from One Paradigm to Another via a Revolutionary Star

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ParadigmStar.com

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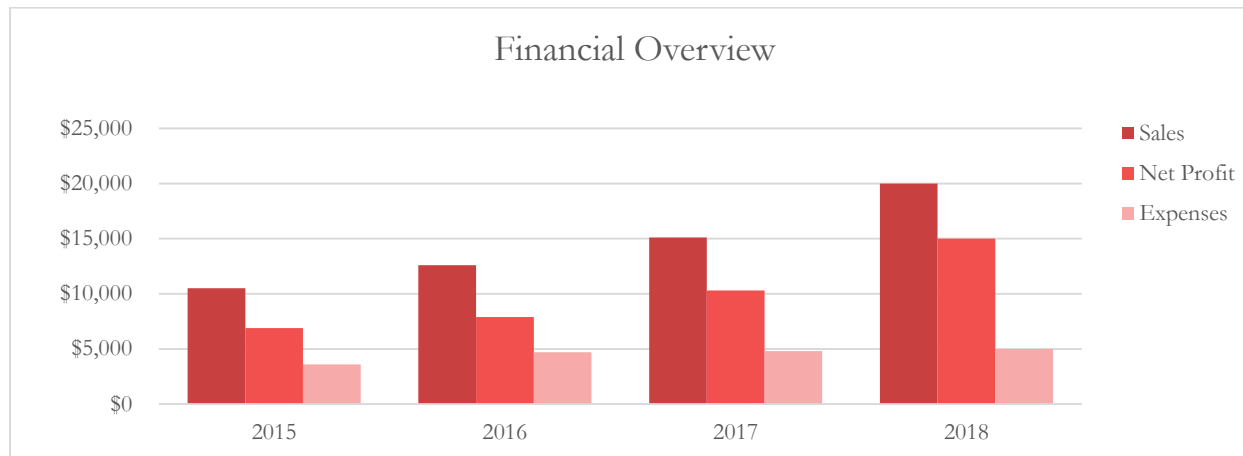
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Executive Summary

Introduction

ParadigmStar was founded in 2015, our principal office and production is located in Jacksonville, Florida. We are raising capital to build a local brewery and tasting room. Founded by Toochikwu Udeinya, the brewery has established its reputation as a local community business that utilizes mainly local ingredients to produce its products.

Financial Snap Shot



Business Products

ParadigmStar delivers three unique flavors, which are Gold, Platinum, and Diamond. These products will be the primary focus for the company. Each product was modified based on initial taste test with 200 individuals within my ideal market. The principal ingredient in each flavor is distinctive in that it has never been used to produce any beverage.

Mission Statement

Paradigm Star will provide craft spirit products with the highest quality. We will have a locally centric culture, focusing on community events while utilizing primarily local ingredients.

Keys to Success

Keys to success for ParadigmStar will include:

- Providing the highest quality and unique flavors of spirits.
- Building a strong relationship with local businesses.
- Build on relationships with key consumers.
- Maintain consistency with production of products.

The Market

We define our market as craft spirits, which the American Distilling Institute describes as spirits produced by an independently owned distillery with maximum annual sales of 52,000 cases where the product is physically distilled and bottled. Florida defines craft distillery as a distillery that produces 75,000 or fewer gallons per calendar year of distilled spirits on its premises.

Spirits have seen an uptick in market share over brewers for the fifth straight year (Kell, 2015). Continued interest in super - premium products and modernization of liquor laws throughout the States has contributed to this growth (Nedelka, 2014). By offering new and flavorful products that have been a hit with consumers, the spirit market, in general, has been extremely popular in the past five years. According to 2013 Beverage Information Group Handbook, the craft movement is driving this resurgence and growth in the market.

The Competition

We compete directly with flavored liquors, liqueurs, and flavored cognacs. Examples of my competitors are 20 Grand, Grand Marnier, and Chambord; alternatives competition to our product include flavored whiskey, vodka, and rum products. Our products are unique and superior

because of the infusion of ingredients that has never been tried before. We have a competitive advantage because of our speed to market, locally tied operations, proficient production, distinct flavors, and high quality.

Risk/Opportunity

The greatest risks associated with my business this moment are Federal in addition to State statutes. A plethora of laws governs alcohol products, production, and transactions. Regulation influences, distribution, labeling, advertising, characteristics, alcoholic content, and tax rates. We believe we can overcome these risks because the size of my operations will allow me to actually maintain the needed documentation for any audits or inspections.

Description of Business

ParadigmStar makes three distinct spirits and sells the majority of its spirits on premise. The Brewery will open in 2015. For the first couple of years we will focus on building relationships with our core customers, local businesses, and local merchants.

Company Ownership/Legal Entity

ParadigmStar will be incorporated as a privately held corporation managed by the owner.

Location

The location of all operations will be in Jacksonville, FL. Jacksonville, FL has a metro population close to 1.6 million, an unemployment rate of 6.1% and a cost of living 0.1 percent below national average (Jacksonville, FL Metropolitan Statistical Area, 2015). Jacksonville's coastal location facilitates the Port of Jacksonville, Florida's third largest seaport and multiple military facilities. Naval Air Station Jacksonville, Naval Station Mayport, Blount Island Command, as well as Naval Submarine Base Kings Bay located nearby, make the city the third largest military presence in the country. Jacksonville is home to a number of attractions including NFL's Jaguars playing at EverBank Field, Jacksonville Landing, Jacksonville Riverwalks, Jacksonville Maritime Museum, Jacksonville Zoo and Gardens and St. Johns River Park or Friendship Park. Some of the annual events hosted by Jacksonville are Gate River Run, the Blessing of the Fleet and the Great Atlantic Seafood and Music Festival, Jacksonville Film Festival and AT&T Greater Jacksonville Kingfish Tournament. Jacksonville's has a metro

population of 842,583 and a median age of 36. The website wallethub.com ranked Jacksonville No. 1 on its list of “2014’s Best Cities to Start a Business” (Northeast Florida, 2014).

Hours of Operation

The brewing will take place as needed; brewing will be produced in batches and stored for aging. The tasting room hours of operation will take place Thursday through Saturday from 1800 to 2200.

Products and Services

The Company produces the following products:

Gold



Gold is my most popular product. Its unique taste, distinctive mint aftertaste, and scented flowery aroma is blended to perfection. The infusion of locally plucked grapes, honey, and Oolong tea is an irresistible combination. This deep, robust, and favorable drink is perfect for any occasion.

Platinum



Platinum is our most aged spirit that we offer. The herbal infusion produces a sweet taste that will excite your whole body. The initial taste of peaches and deep red fruits provides a sudden surprise while ending with a hint of honey. The refreshing aftertaste of herbs and spices will leave you mesmerized.

Diamond



Diamond is an ultra-refined liqueur; a handcrafted spirit that is aged to perfection. The clarity and smoothness come from the ultra-pure distillery process that we utilize. The unique taste is delivered by the infusion of locally grown oranges, honey, and white tea leaves. This combination will stimulate your taste buds leaving you in a tranquil state of mind.

All of our products will succeed in the craft beer/spirit movement; we will maintain quality in all of our products. We produce in small batches, with superior ingredients maintaining the esprit de corps of craft liquor.

Suppliers

We will strive for a lean logistics supply chain due to initial capital constraints. For an efficient supply and distribution system, we will contract with local vendors. The raw materials necessary for the production of excellent spirits needs to meet certain quality demands and I will work with the local vendors to achieve this.

Service

Our number one goal is to provide our customers with the best products that we can offer. We will encourage customer feedback and interaction. We will concentrate on satisfying our core group of customers in the first year.

Manufacturing Equipment

- Two 3” copper pot stills with a 26 gallon boiler
- Two rolling mills for stripping and crushing raw materials
- One mash and fermentation container
- One four element electric heating system
- One Hand bottling and labeling line

Management

Mr. Udeinya started ParadigmStar as a means for brewing and supplying quality spirits for family, friends, and shipmates in the military. His passion gained enough momentum and support that he eventually opened up his own brewery while still actively serving his country. Toochikwu Udeinya attended Millersville University in Millersville, PA., where he was a four-year basketball starter, while graduating with a Bachelor of Science degree in Industrial Technology in 2006. He received his Master’s degree in Entrepreneurship from Western Carolina University in 2015.

In November 2006, Toochikwu enlisted in the U.S. Navy as an Electronic Technician and reported to USS Chancellorsville (CG 62) on January 2007. He completed his first Western Pacific/Arabian Sea deployment with the Ronald Reagan Strike group where he was USS Chancellorsville's lead technician for Identify Friend or Foe (IFF) Antenna system and components.

After a successful deployment as an enlisted Sailor, Toochikwu was commissioned as a Naval Officer in March 2009. He then reported to Strike Fighter Squadron 41 (VFA-41), the "Black Aces", stationed at NAS Lemoore, CA, where he served as the Material Control/Division Officer. He completed a successful deployment in the Western Pacific and Middle East aboard USS Nimitz (CVN 68) in support of Operations Enduring Freedom. In 2011, he completed a one year Individual Augmentee (I/A) assignment as the Fuels Officer for Camp Lemonier in Djibouti, Africa in support of Operation Enduring Freedom. His next command was at Fleet Readiness Center Mid-Atlantic Norfolk (FRCMA Norfolk). At FRCMA Norfolk, he served as the Division Officer for 400, 500, and 900 divisions. He is currently the Material Control Officer for Patrol Squadron EIGHT (VP-8) in Jacksonville, FL.

Toochikwu's personal awards include the Navy/Marine Corps Commendation Medal, Navy and Marine Corps Achievement Medal (two awards), the Humanitarian Service Medal, the Global War on Terrorism Expeditionary Medal, the Global War on Terrorism Service Medal, and Enlisted Aviation Warfare Specialist Insignia. His time in the navy has provided the fundamentals of leading, managing, acquisitions, and logistical management. He has received his Green belt in Six Sigma leading various process improvement events.

Financial Management

The owner will manage financials until production and profits dictate need in additional employees. Financial projections are based on less than ideal assumption of low initial sales. The company does not plan to sell any assets; some manufactured products will need to mature in order to reach its optimum quality taste.

An initial investment capital will be required, in the amount of \$100,000 for equipment costs and working capital. This includes \$22,000 in total capital expenditures and fixed cost. \$78,000 in working capital will be used for leasing, labor, utilities, and licensing. I will also invest \$50,000 of my own funds for additional working capital. Within four to five years I will be successful enough making the business profitable; I am planning to have a steady cash flow by year two.

Our financial plan is based on sales of 346 products sold in 2015, 400 products sold in 2016, and 464 products sold in 2017. These assumed figures are relatively small; I will not be surprised if these figures are higher by years end. The graph below shows 2015 through 2017 sales assumption.

		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Product	Price	NUMBER SOLD												
Diamond 375 ML	\$24.00	3	3	3	3	3	3	3	3	4	4	4	4	40
Platinum 375 ML	\$24.00	3	3	3	3	3	3	3	3	4	4	4	4	40
Gold 375 ML	\$20.99	3	3	3	3	3	3	3	3	4	4	4	4	40
Diamond 750 ML	\$28.00	3	3	3	3	3	3	3	3	3	3	3	3	38
Platinum 750 ML	\$34.00	3	3	3	3	3	3	3	3	3	3	3	3	38
Gold 750 ML	\$24.00	3	3	3	3	3	3	3	3	3	3	3	3	38
Diamond 1.75 L	\$40.00	3	3	3	3	3	3	3	3	3	3	3	3	37
Platinum 1.75 L	\$50.00	3	3	3	3	3	3	3	3	3	3	3	3	37
Gold 1.75 L	\$32.00	3	3	3	3	3	3	3	3	3	3	3	3	37
TOTAL NUMBER SOLD		27	27	28	28	28	29	29	29	30	30	30	31	346

2016 2016 2016 2016 2016 2016 2016 2016 2016 2016 2016 2016 2016 2016

		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Product	Price	NUMBER SOLD												
Diamond 375 ML	\$24.00	3.8	3.9	4.0	4.0	4.1	4.2	4.3	4.4	4.5	4.5	4.6	4.7	51
Platinum 375 ML	\$24.00	3.8	3.9	4.0	4.0	4.1	4.2	4.3	4.4	4.5	4.5	4.6	4.7	51
Gold 375 ML	\$20.99	3.8	3.9	4.0	4.0	4.1	4.2	4.3	4.4	4.5	4.5	4.6	4.7	51
Diamond 750 ML	\$28.00	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.7	3.8	43
Platinum 750 ML	\$34.00	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.7	3.8	43
Gold 750 ML	\$24.00	3.4	3.4	3.4	3.5	3.5	3.6	3.6	3.6	3.7	3.7	3.7	3.8	43
Diamond 1.75 L	\$40.00	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.4	39
Platinum 1.75 L	\$50.00	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.4	39
Gold 1.75 L	\$32.00	3.2	3.2	3.2	3.2	3.2	3.3	3.3	3.3	3.3	3.3	3.3	3.4	39
TOTAL NUMBER SOLD		31	31	32	32	33	33	33	34	34	35	35	36	400

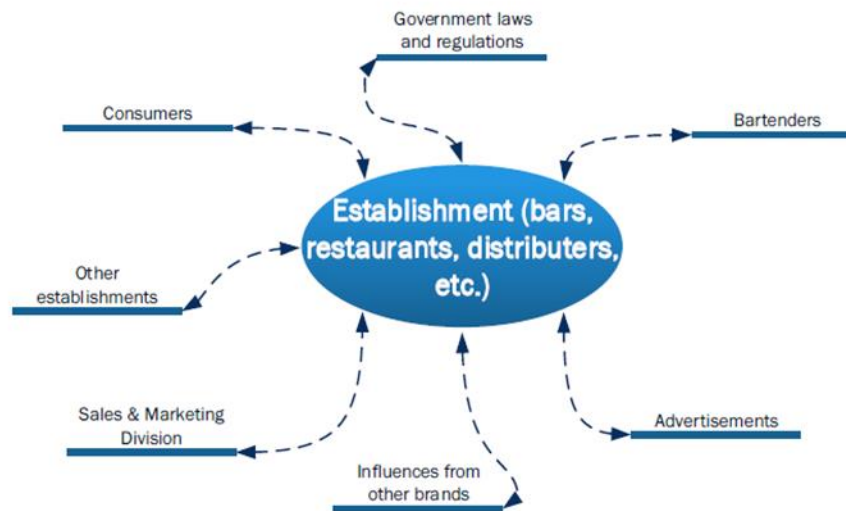
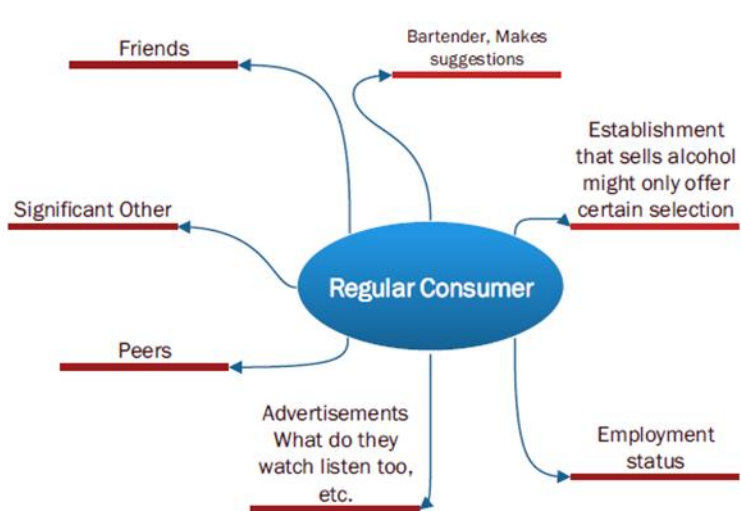
		2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
Product	Price	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Diamond 375 ML	\$24.00	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.7	5.8	5.9	6.0	65
Platinum 375 ML	\$24.00	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.7	5.8	5.9	6.0	65
Gold 375 ML	\$20.99	4.8	4.9	5.0	5.1	5.2	5.3	5.4	5.5	5.7	5.8	5.9	6.0	65
Diamond 750 ML	\$28.00	3.8	3.8	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.2	4.2	4.2	48
Platinum 750 ML	\$34.00	3.8	3.8	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.2	4.2	4.2	48
Gold 750 ML	\$24.00	3.8	3.8	3.9	3.9	4.0	4.0	4.0	4.1	4.1	4.2	4.2	4.2	48

Diamond 1.75 L	\$40.00	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.6	3.6	42
Platinum 1.75 L	\$50.00	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.6	3.6	42
Gold 1.75 L	\$32.00	3.4	3.4	3.4	3.4	3.4	3.5	3.5	3.5	3.5	3.5	3.6	3.6	42
TOTAL NUMBER SOLD		36	37	37	37	38	38	39	39	40	40	41	41	464

Marketing

Market Analysis

My end users or day-to-day users of my product are bartenders, club owners, restaurant owners, and those that consume my product for leisure. My typical or ideal customers are working adults that drink on occasion, prefers high-end drinks, social drinkers, a likable person who shares their experiences through social media, and someone that is adventurous. Bartenders, club owners, restaurant owners, and anyone that sells alcohol are major end-users of my product; I considered this group my extended customer group. In my situation, customers tend to recommend products that they enjoy. The span of influence for my company ranges from a friend that encourages another friend to partake of a particular drink to the restaurant owner that requires the bartenders promote a particular brand that given month. My economic buyers are customers that go out to the liquor store to buy my products. These commercial customers can also be associated with the mom and pop restaurant owner, major sports bar, clubs, etc. The decision makers are the owners of alcohol selling establishments, individual consumers, owners of distribution companies, party organizers, etc. The image below shows the span of influence for my regular customers.



Organizational Map and Customer Influence Map

Saboteurs that can inhibit my business are vast. Any significant well-established product e.g. Grand Marnier, Belvedere, and Cîroc will be major players in disrupting my progression in the industry. The advertisement and the financial advantage is a major reason that these types of companies continue to hold a significant influence on the sale of alcohol.

Market Type

The market that I will be entering has an existing market that is established and well defined with large numbers of customers. My products will provide a unique taste in which will help me distinguish myself from my competitors. Being in a regimented market, I will have to position my company as either low-cost or to be unique by focusing on a niche segment.

The graph below shows where some of my competition customers will be coming from. My ideal customers purchase alcohol that is of high quality and is priced relatively high.



Positioning Grid Analysis

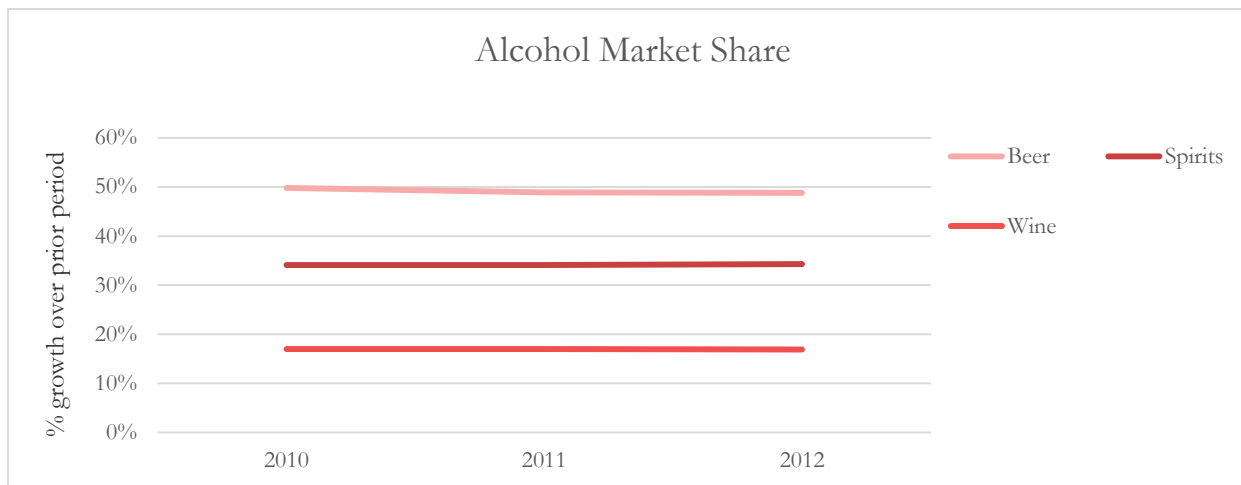
The unique characters of those customers are educated, age range from 30-42, employed full time, and willing to try new alcoholic beverages. There are no compelling needs of those customers are unmet by existing suppliers. However, the compelling features of my product will get customers of existing companies to abandon their current suppliers. These features are different taste, smooth texture, high quality (reduced after taste), easily mixable, and locally produced. Other existing companies can provide most of what I am offering, but the taste and quality will be unique to my products. In addition, other companies do not produce their product locally.

My immediate potential customers can be presented with my product within a month of making it available. I will directly contact my initial clients. The size of the market that I would consider sufficient is when I am able to sell 100 bottles of any size of any product per month. My approach to creating demand will be driven by my budget, which in actuality is a good thing. Having a tight budget will foster necessity, which will spawn creativity. I initially want to utilize social media, local events, and local venues, this approach will allow me to create a brand that has a local feel. I believe that I could sell ten bottles a month of my product for the first full year. The following year, I think product sells will ramp up to 13-15 per month. In year 3, I will assume that sales would be up in the range of 15-20 per month.

Customer Problems

The major problem that my initial client group had with their particular brand was the cost association with buying and consuming alcohol. Alcohol is a discretionary product; however, that being said people would buy what they can afford. The other major factors that influence my customers are the effects that alcohol has whenever the individual consumes too much. Overall, the initial group of customers enjoyed their favorite brand of liquor. Despite that love for their favorite brand or brands of alcohol, most of my clients that I interviewed would or have tried different brands of liquor. Conducting interviews with various brewery distilleries, they alluded to two major problems that distributors, restaurants, clubs, etc. might have in regards to their product. These major problems are sales and keeping up with demand.

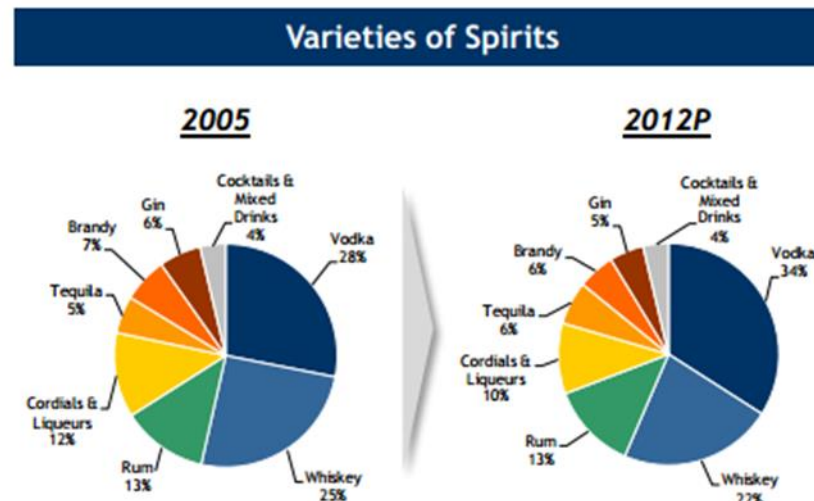
Market Segment



Looking at the graphs above you can induce that beer has a good hold on alcohol sales in U.S. Conversely, the shares of spirits have been gaining ground over the years. In addition, if you break down the market shares of spirits you can conclude that Vodka followed by whiskey has a majority of the market sales. I believe that the only way to crack this market is to provide new unique products.

Beverage Alcohol Market Share - Revenue Based							
Year	Supplier Gross Revenues (Billions)				Market Share		
	Beer	Spirits	Wine	Total	Beer	Spirits	Wine
1999	\$ 21.20	\$ 10.66	\$ 6.00	\$ 37.86	56.0%	28.2%	15.8%
2000	\$ 22.60	\$ 11.70	\$ 6.41	\$ 40.71	55.5%	28.7%	15.7%
2001	\$ 23.80	\$ 12.22	\$ 6.63	\$ 42.65	55.8%	28.7%	15.5%
2002	\$ 24.10	\$ 13.17	\$ 7.04	\$ 44.31	54.4%	29.7%	15.9%
2003	\$ 24.87	\$ 13.87	\$ 7.50	\$ 46.24	53.8%	30.0%	16.2%
2004	\$ 25.62	\$ 15.12	\$ 7.90	\$ 48.64	52.7%	31.1%	16.2%
2005	\$ 25.62	\$ 16.00	\$ 8.30	\$ 49.92	51.3%	32.1%	16.6%
2006	\$ 26.34	\$ 17.20	\$ 8.62	\$ 52.15	50.5%	33.0%	16.5%
2007	\$ 27.49	\$ 18.20	\$ 9.24	\$ 54.93	50.1%	33.1%	16.8%
2008	\$ 28.46	\$ 18.72	\$ 9.38	\$ 56.56	50.3%	33.1%	16.6%
2009	\$ 28.82	\$ 18.74	\$ 9.48	\$ 57.04	50.5%	32.9%	16.6%
2010	\$ 28.64	\$ 19.16	\$ 9.76	\$ 57.56	49.8%	33.3%	16.9%
2011	\$ 29.24	\$ 20.36	\$ 10.19	\$ 59.79	48.9%	34.1%	17.0%
2012	\$ 30.32	\$ 21.29	\$ 10.53	\$ 62.13	48.8%	34.3%	16.9%

Sources: 10k Reports, DISCUS Estimates & Adams/BIG Wine Handbook
Distilled Spirits Council, Economic & Strategic Analysis Dept.

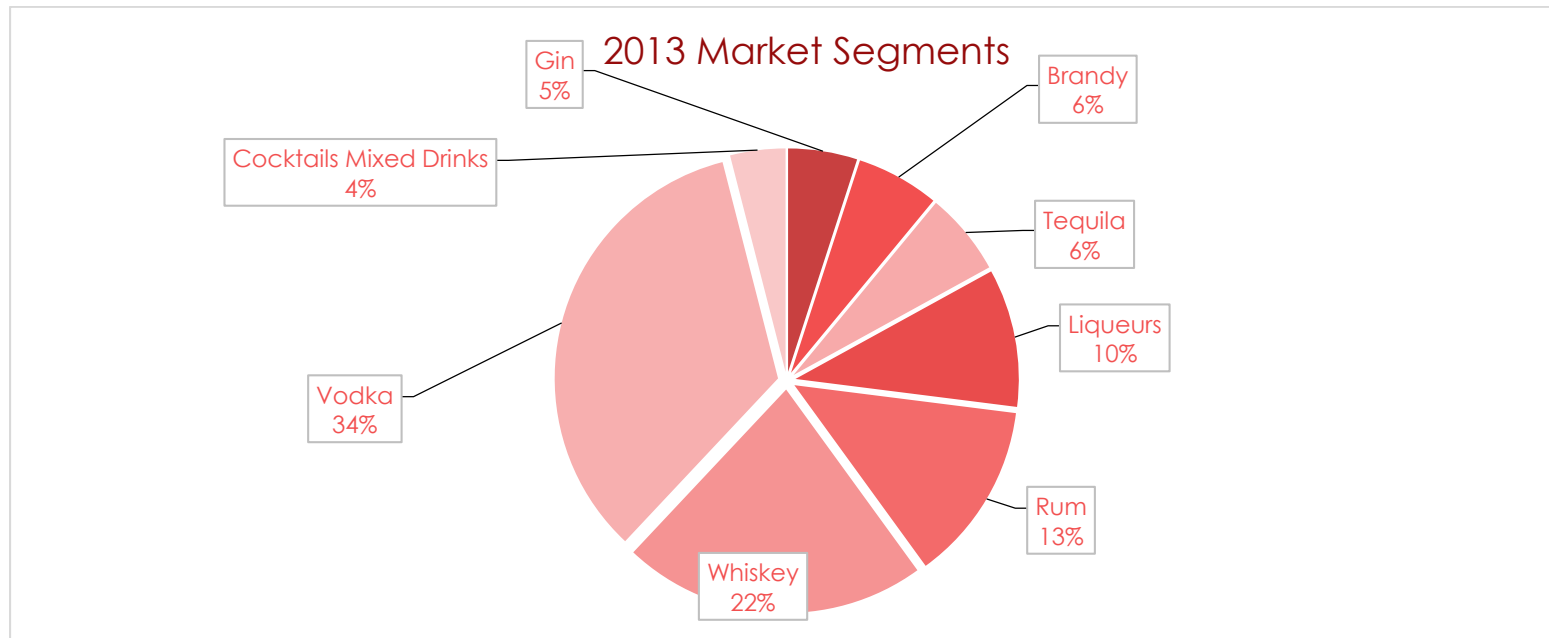


Return on Investment Justification

ROI justification customer hypothesis will be slightly difficult for me to formulate; the cost associated to have customers change brands is little to none. In order for the businesses (bars, restaurants, etc.) to switch brands, it would need to be profitable for them, which means that I would need to wholesale my products to undercut my competitors.

Based on the interviews that I conducted the minimum criterion that my ideal buyer requires are smooth taste, reasonable cost, quality, and the ability to get them intoxicated. These requirements along with a unique flavor are what I would strive to produce.

Competition



There is high growth in the craft beer and liquor segments. Existing competitors use what I call an advertisement blitz in that they bombard customers with ads from everywhere. The competition claims smooth taste, a great time, the ultimate drinking experience, etc. Their features are various from flavored to aged products to being produced at a particular location e.g. cognac from France. My products will be a different tasting product that is produced locally. While there is high brand loyalty, based on my interview loyalty stems from the quality of their favorite product.

In 2013, the total revenues from distilled spirits were \$22.2 billion. In the last six years, the craft distillery business has seen double the amount of new entries each year. All 50 states now have operating craft distilleries. In 2012, there were 739 new products in the spirits and beer markets. Most new craft distilleries are focused on producing vodka, gin, rum, and whiskey.

Pricing

The federal government tightly regulates alcohol distribution, with individual states imposing their own particular set of laws and regulations. Almost all states mandate the “three-tier” distribution system for the control of alcohol sales however, there are some exceptions to this regulation. In a three-tier distribution system, manufacturers sell to wholesalers/distributors; wholesalers/distributors sell to retailers, and retailers sell to consumers. Proponents of this arrangement claim it protects consumers, limits consumption, and provides an efficient and dependable method of tax collection (Monahan, 2014). Conversely, this type of distribution system has created impediments to market entry, higher prices, and fewer options for consumers, which increase monopoly in the industry. This process of distribution can overwhelm beginner companies, causing them to shut down or never open (Monahan, 2014). The three-tier system also promotes monopolies between large manufacturers and distributors. Distributors can have an adverse influence on the market. Distributors may refuse to ship the products of smaller manufacturers at the demand of large brewers, thus leaving start-ups paying higher prices. This situation reduces competition in the industry, giving consumers fewer options at higher prices (Monahan, 2014).

State's Liquor Control Acts, which heavily influence the cost of alcohol sales, sets boundaries for the industry. Several provisions in the liquor industry have an indirect effect on prices. Since I will use only the finest ingredients and quality processes, I will ask a premium price for my products. A higher retail price will provide the customer with the perception that they are paying for the quality they will receive. In addition, this will also allow me to increase margins and retained earnings.

Breaking down the competing products cost association is difficult; most cost comparisons are inconsistent because of the state-mandated three-tier requirement. Factoring in that each state imposes different regulations along with knowing that regulations imposed on products produced outside the U.S., I will rely on pure market prices. There are some exemptions to the three-tier system. For example some exceptions to the traditional system allows brewers to act like retailers depending on the amount of products produced per year, my production and distribution will work on this premises. I do not mind the negatives associated with direct sales e.g. small coverage, high fixed cost, difficulty in generating leads, and the whole solution. I believe that these mentioned barriers can be positives also. With little coverage, I can control my production more efficiently and have intimate connections with my customer.

Since Alcohol is a non-monetary product, my initial cost offering of my products will be two times the cost of producing it. The fixed, variable, and sunk cost for my competitors is extremely different. From packaging to taxes to material, all are different based on where you

are producing your product. Therefore, the primary cost comparison that I can use as mentioned earlier are what the distributor are currently selling to the customers. The breakdown cost of liquor is packaging, production, marketing, and advertisements. The warranty and return policy of alcohol is by the distributor and retail outlets e.g. liquor stores, bars, and grocery stores. The following chart shows the average price of liquor from my potential customers.

Competitor: Size 375 ML		Competitor: 750 ML		Competitor: 1.75 L	
Product	Price	Product	Price	Product	Price
Alize Liqueur	\$9.99	Alize Liqueur	\$15.99		
Grand Marnier	\$27.99	Grand Marnier	\$39.99	Grand Marnier	\$89.99
Hpnotiq Liqueur	\$15.99	Hpnotiq Liqueur	\$21.99		
		La Belle Orange Liqueur	\$25.99	La Belle Orange Liqueur	31.99
Nuvo Sparkling Fruit Liqueur	\$22.99	Nuvo Sparkling Fruit Liqueur	\$26.99	Cointreau Orange Liqueur	\$79.99
		Paton Citronge Orange Liqueur	\$22.99	De Kuyper Triple Sec	\$16.99
X-Rated Pink Fusion Liqueur	\$23.99	X-Rated Pink Fusion Liqueur	\$28.99	Hiram Walker Triple Sec	\$19.49
		Agavero Tequila	\$32.99		

		Liqueur			
Chambord Liqueur	\$20.99	Chambord Liqueur	\$34.99		

Advertising and Promotion

ParadigmStar plans to provide just enough resources to advertisements to be sufficient. However, due to financial constraints an innovative approach will be necessary to reach the majority of my customer base.

The cost of advertising is an enormous part of the overhead cost for any company. To be more effective and efficient, I would need to condense my marketing campaign to reach a particular audience. The advantage to marketing through social media is that you can directly engage with customers, which can provide direct feedback for improvements. Through these streams, I can also target owners of restaurants, bartenders, and other hospitality business. My target audience drinks on occasion, prefers high-end drinks, is a social drinker, is a likable person who shares their experiences, and is someone that is adventurous.

My broad demographic are male and female between the ages of 24-44 (30% of total) that live in the United States. The United States population on July 4, 2013 was 316,148,990. There are 94,844,697 people between the ages of 24-44 that could be considered in my ideal market size though, only 51.3 percent are regular drinkers. So narrowing it down some more my potential market size could be 56,906,818. Therefore, my refined number of people that specifically drink brandy, cognac, or liqueurs will be 15 percent of the 22 percent narrowing my market size to 1,877,925 people.

Because of my small marketing budget, I will have a difficult time reaching my entire potential target group of 1,877,925. If I were performing a nano targeting based marketing approach, my search criterion would be individuals that like to drink and are either white collared workers, educated, work in a restaurant, bartend or own a hospitality business. Conducting a Facebook advertisement audience definition search I narrowed my marketing audience to about 15,000 people.

Based on numbers from Kaiser Family Foundation the total of white collar workers in the U.S. is 56,153,400 in which 3,285,300 live in Florida. My main operation will be in Duval County where 63 percent was White Collar Workers, and 13 percent of the overall population worked in a “creative professions”. With a limited budget, it would not be ideal to market to the 1,877,925 potential customers however, with a particular nano-marketing approach as shown I can reach a direct audience. Using this nano-marketing approach I can optimize my marketing resources to a group that can have a direct impact on the success of my company.

Advertising Budget Cost Assumptions for 36 Months	
Advertising/Cost	Monthly
Print	
Average Number of ads per month	1.00
Average cost per ad	\$421.00
Radio	
Average Number of ads per month	1.50
Average cost per ad	\$65.00
TV	
Number of ads per month	0.08
Average cost per ad	\$2,000.00
Promotions	
Average Number of promotions run	0.25
Average cost per ad	\$500.00

My main concentration will be promotions at events. I plan to provide sponsorships to local organization, teams, and charities. My website will provide information about my products, history of my company, and what my company has to offer. I will build a relationship with local press and media in order to foster local recognition of my organization. As the company expands and gains recognition, I will pursue larger customer base through promotions.

Strategy and Implementation

ParadigmStar Brewery will focus initially on perfecting the taste and quality of my products. Once the company has established a strong local retail demand of at least 50 bottles of total sales per month, then I will focus on expanding. I will pursue contracting a distribution company to provide my products to business not in my initial market base. My expansion will focus on Tampa, Orlando and Miami. My main strategy will always strive on having a strong local market segment; I will continue to focus on local tourist destination, events and attractions in Jacksonville to foster this segment.

Milestones

Purchase Equipment

- Equipment will be purchased all at one time.
- It will take two weeks for delivery and set up.

Purchase Ingredients

- Ingredients will be purchased locally.
- Will purchase in batches as needed.

Fermentation

- Only use high quality yeast, used fresh.
- yeast takes the sugars from fruits and grains and breaks them down into carbon-dioxide and alcohol. This process, known as fermentation, is the first step in making any spirits, and the only step where alcohol is actually made.

Mash

- Creating the mash for distillation will be when I add my secret ingredients.

Distillation

- I will distill in batches.

Aged or bottled

- Once distillation is complete, some of my products will be bottled immediately or it may need to be aged. All spirits come out of the still crystal-clear; spirits like whiskey and brandy only get their color from subsequent barrel aging. Barrel selection is extremely important: smaller barrels yield a spicier, oakier flavor while larger barrels yield a mellower, more complex flavor

Appendix

Start-Up Expenses

Equipment and Capital Assumptions

Categories	Useful Life (How long a product is expected to last - in months)
Furniture	60
Equipment	36
Computers	36
Building & Land	360
State Fees	12

Initial Requirements

Category	Item	Price	Number
Furniture			
	Desk	\$290.00	2
	Chairs	\$20.00	4
Furniture Total		660	
Equipment			
	Distillery Equipment w/installation	\$10,000.00	1
Equipment Total		\$10,000.00	

Computers			
	Desktop	\$750.00	1
	Tablet	\$200.00	1
Computers Total		\$950.00	
Building & Land			
	3,500 sq. foot building	\$600.00	1
Building & Land Total		\$600.00	
State Fees			
	Business Licenses	\$4,000.00	1
State Fees Total		4,000	

Determining Start-Up Capital

Product & Price

Product	Price	Component Cost	Margin	% Margin
Diamond 375 ML	\$24.00	5.39	18.61	77.53%
Platinum 375 ML	\$24.00	6.05	17.95	74.78%
Gold 375 ML	\$20.99	3.80	17.19	81.87%
Diamond 750 ML	\$28.00	8.64	19.36	69.14%
Platinum 750 ML	\$34.00	11.59	22.41	65.91%
Gold 750 ML	\$24.00	7.10	16.90	70.43%
Diamond 1.75 L	\$40.00	20.04	19.96	49.90%
Platinum 1.75 L	\$50.00	26.38	23.62	47.25%
Gold 1.75 L	\$32.00	15.34	16.66	52.06%

Component Breakdown

Components Breakdown		** Units are produced in batces of 40.**								
Component	Unit	Diamond 375 ML	Platinum 375 ML	Gold 375 ML	Diamond 750 ML	Platinum 750 ML	Gold 750 ML	Diamond 1.75 L	Platinum 1.75 L	Gold 1.75 L
100 KG of Raw Grapes = 8 LT of alcohol	100 KG			2			4			9
100 KG of Raw Peaches = 5 LT of alcohol	100 KG		3			6			14	
100 KG of Raw Cherries = 6 LT of alcohol	100 KG	3			5			12		
Bottles w/ tops and Lables 40 Bottle	Case	1	1	1	1	1	1	1	1	1
Packaging Case of 40 Bottles	Each	1	1	1	1	1	1	1	1	1
Yeast: 3 grams per Gallon	1 Ib	1	1	1						
Special Ingredient	100 KG	3	3	2	5	6	4	12	12	9
Distilled Water needed=1200 L per 600 L of batch	Liters	36	30	32	60	60	64	144	140	144

Component Prices

Component	Base Price (for Units of Purchase)	Units of Purchase	Minimum Purchase Quantity	Products Produced per Units of Purchase	Price per unit of use
100 KG of Raw Grapes = 8 LT of alcohol	\$5,115.00	15 boxes of 100 kgs (220 Ibs) each. \$1.55 per Ib		120	\$42.63
100 KG of Raw Peaches = 5 LT of alcohol	\$6,072.00	23 boxes of 100 kgs (220 Ibs) each. \$1.20 per Ib		120	\$50.60
100 KG of Raw Cherries = 6 LT of alcohol	\$5,016.00	20 boxes of 100 kgs (220 Ibs) each. \$1.14 per Ib		120	\$41.80
Bottles w/ tops and Labels 40 Bottle	\$90.00	Box of 40, I will need 9 Boxes for the production of initial batches		9	\$10.00
Packaging Case of 40 Bottles	\$90.00	Case: contains room for 40		9	\$10.00
Yeast: 3 grams per Gallon	\$32.00	Box: contains 1 pound each. \$8 per pound		120	\$0.27
Special Ingredient	\$2,800.00	Box: contains 100 kgs (220 Ibs) each		120	\$23.33
Distilled Water needed=1200 L per 600 L of batch	\$0.00				

First Years Potential Income Statement

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC
REVENUES	800	800	800	900	900	900	900	900	900	900	900	900
COST OF GOODS SOLD	300	300	300	300	300	300	300	300	300	300	300	300
GROSS MARGIN	500	500	500	600	600	600	600	600	600	600	600	600
EXPENSES:												
Salaries and benefits	900	900	900	900	900	900	900	900	900	900	900	900
General and administrative	100	0	0	0	0	0	0	0	0	0	0	0
Sales and marketing	2,100	800	800	800	1,200	3,200	1,300	800	800	1,200	1,200	1,300
Operations	0	0	0	0	0	0	0	0	0	0	0	0
Research and development	0	0	0	0	0	0	0	0	0	0	0	0
Depreciation	600	600	600	600	600	600	600	600	600	600	600	600
TOTAL EXPENSES	3,700	2,300	2,300	2,300	2,700	4,700	2,800	2,300	2,300	2,700	2,700	2,800
INCOME BEFORE INTEREST AND INCOME TAXES	(3,200)	(1,800)	(1,800)	(1,700)	(2,100)	(4,100)	(2,200)	(1,700)	(1,700)	(2,100)	(2,100)	(2,200)
INTEREST INCOME (EXPENSE)	0	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(300)	(400)
INCOME BEFORE INCOME TAXES	(3,200)	(2,100)	(2,100)	(2,000)	(2,400)	(4,400)	(2,500)	(2,000)	(2,000)	(2,400)	(2,400)	(2,600)
INCOME TAXES	0	0	0	0	0	0	0	0	0	0	0	0
NET INCOME	(3,200)	(2,100)	(2,100)	(2,000)	(2,400)	(4,400)	(2,500)	(2,000)	(2,000)	(2,400)	(2,400)	(2,600)
	-400.00%	-262.50%	-262.50%	-222.22%	-266.67%	-488.89%	-277.78%	-222.22%	-222.22%	-266.67%	-266.67%	-288.89%

Potential Cash Flow for the First Year

	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
OPERATING ACTIVITIES:													
Net Income	(3,200)	(2,100)	(2,100)	(2,000)	(2,400)	(4,400)	(2,500)	(2,000)	(2,000)	(2,400)	(2,400)	(2,600)	(30,100)
Noncash Adjustments:													
Depreciation	600	600	600	600	600	600	600	600	600	600	600	600	7,200
Changes in working capital -													
Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0	0	0
Income Taxes Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	0	0	0	0	0	0	0	0	0	0	0	0	0
NET CASH FROM OPERATIONS	(6,300)	(1,500)	(1,500)	(1,400)	(1,800)	(3,800)	(1,900)	(1,400)	(1,400)	(1,800)	(1,800)	(2,000)	(26,600)
INVESTING ACTIVITIES -													
Furniture	700	0	0	0	0	0	0	0	0	0	0	0	700
Equipment	10,000	0	0	0	0	0	0	0	0	0	0	0	10,000
Computers	1,000	0	0	0	0	0	0	0	0	0	0	0	1,000
Building & Land	600	0	0	0	0	0	0	0	0	0	0	0	600
State Fees	4,000	0	0	0	0	0	0	0	0	0	0	0	4,000
CASH INVESTED	16,300	0	0	0	0	0	0	0	0	0	0	0	16,300
FINANCING ACTIVITIES -													
Line of Credit	122,600	1,500	1,500	1,400	1,800	3,800	1,900	1,400	1,400	1,800	1,800	2,000	142,900
Short Term Investments	0	0	0	0	0	0	0	0	0	0	0	0	0
Mortgage Loans	0	0	0	0	0	0	0	0	0	0	0	0	0
Sale of common stock													0
NET CASH FROM FINANCING	122,600	1,500	1,500	1,400	1,800	3,800	1,900	1,400	1,400	1,800	1,800	2,000	142,900
NET CASH FLOW	100,000	0	0	0	0	0	0	0	0	0	0	0	100,000
BEGINNING CASH BALANCE	0	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	0
ENDING CASH BALANCE	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000

Revenues Earned 2015

		2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
REVENUES EARNED	Price	REVENUES EARNED												
Diamond 375 ML	\$24.00	72	73	75	76	78	79	81	83	84	86	88	90	966
Platinum 375 ML	\$24.00	72	73	75	76	78	79	81	83	84	86	88	90	966
Gold 375 ML	\$20.99	63	64	66	67	68	70	71	72	74	75	77	78	845
Diamond 750 ML	\$28.00	84	85	86	87	87	88	89	90	91	92	93	94	1,065
Platinum 750 ML	\$34.00	102	103	104	105	106	107	108	109	110	112	113	114	1,294
Gold 750 ML	\$24.00	72	73	73	74	75	76	76	77	78	79	80	80	913
Diamond 1.75 L	\$40.00	120	121	121	122	122	123	124	124	125	126	126	127	1,480
Platinum 1.75 L	\$50.00	150	151	152	152	153	154	155	155	156	157	158	158	1,850
Gold 1.75 L	\$32.00	96	96	97	97	98	98	99	99	100	100	101	101	1,184
TOTAL REVENUES EARNED		831	840	848	857	866	875	884	893	903	912	922	932	10,563

Revenues Earned 2016

		2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016	2016
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
REVENUES EARNED	Price	REVENUES EARNED												
Diamond 375 ML	\$24.00	96	98	100	102	104	106	108	110	112	115	117	119	1,286
Platinum 375	\$24.00	96	98	100	102	104	106	108	110	112	115	117	119	1,286

ML															
Gold 375 ML	\$20.99	84	86	87	89	91	93	94	96	98	100	102	104	1,125	
Diamond 750 ML	\$28.00	99	100	101	102	103	104	106	107	108	109	110	111	1,260	
Platinum 750 ML	\$34.00	121	122	123	124	126	127	128	129	131	132	133	135	1,531	
Gold 750 ML	\$24.00	85	86	87	88	89	90	90	91	92	93	94	95	1,080	
Diamond 1.75 L	\$40.00	134	134	135	136	136	137	138	139	139	140	141	141	1,650	
Platinum 1.75 L	\$50.00	167	168	169	170	171	171	172	173	174	175	176	177	2,063	
Gold 1.75 L	\$32.00	107	108	108	109	109	110	110	111	111	112	112	113	1,320	
TOTAL REVENUES EARNED		989	999	1,010	1,021	1,032	1,043	1,055	1,066	1,078	1,090	1,102	1,114	12,601	

Revenues Earned 2017

		2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017	2017
		JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
REVENUES EARNED	Price	REVENUES EARNED												
Diamond 375 ML	\$24.00	128	130	133	135	138	141	144	147	150	153	156	159	1,712
Platinum 375 ML	\$24.00	128	130	133	135	138	141	144	147	150	153	156	159	1,712
Gold 375 ML	\$20.99	112	114	116	118	121	123	126	128	131	133	136	139	1,498
Diamond 750 ML	\$28.00	118	119	120	121	122	124	125	126	127	129	130	131	1,491
Platinum 750 ML	\$34.00	143	144	146	147	149	150	152	153	155	156	158	159	1,811
Gold 750 ML	\$24.00	101	102	103	104	105	106	107	108	109	110	111	112	1,278
Diamond 1.75 L	\$40.00	149	150	151	151	152	153	154	154	155	156	157	158	1,840
Platinum 1.75 L	\$50.00	186	187	188	189	190	191	192	193	194	195	196	197	2,299
Gold 1.75 L	\$32.00	119	120	120	121	122	122	123	124	124	125	125	126	1,472

TOTAL REVENUES EARNED	1,183	1,196	1,210	1,223	1,237	1,251	1,265	1,280	1,294	1,309	1,324	1,340	15,114
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Projected Statement of Income

For the Years Ending December 31,

	2015	2016	2017
Revenues	\$10,500	\$12,600	\$15,100
Cost of goods sold	3,600	4,700	4,800
Gross Margin	6,900	7,900	10,300
Expenses			
Salaries and benefits	10,800	10,800	10,800
General and administrative	100	0	0
Sales and marketing	15,500	15,500	15,500
Operations	0	0	0
Research and development	0	0	0
Depreciation	7,200	12,000	15,600
Operating Income	(26,700)	(30,400)	(31,600)
Interest income (expense)	(3,400)	(4,800)	(5,700)
Income Before Taxes	(30,100)	(35,200)	(37,300)
Provision for income taxes	0	0	0
Net Income	(\$30,100)	(\$35,200)	(\$37,300)

Projected Statement of Cash Flows

For the Years Ending December 31,

	2015	2016	2017
OPERATING ACTIVITIES:			
Net Income	(\$30,100)	(\$35,200)	(\$37,300)
Noncash Adjustments:			
Depreciation	7,200	12,000	15,600
Changes in working capital -			
Accounts Receivable	0	0	0
Inventory	(3,700)	(1,200)	0
Income Taxes Payable	0	0	0
Accounts Payable	0	0	0
NET CASH FROM OPERATIONS	(26,600)	(24,400)	(21,700)
INVESTING ACTIVITIES			
Furniture	700	0	0
Equipment	10,000	0	0
Computers	1,000	0	0
Applications programming	600	0	0
Incorporation Expenses	4,000	4,000	4,000
CASH INVESTED	16,300	4,000	4,000
FINANCING ACTIVITIES -			
Line of Credit	142,900	28,400	25,700
Short Term Investments	0	0	0
Term Loans	0	0	0

Sale of Common Stock	0	0	0
NET CASH FROM FINANCING	142,900	28,400	25,700
NET CASH FLOW	100,000	0	0
BEGINNING CASH BALANCE	0	100,000	100,000
ENDING CASH BALANCE	\$100,000	\$100,000	\$100,000

Projected Balance Sheets

At December 31,

	2015	2016	2017
ASSETS:			
Current Assets:			
Cash	\$100,000	\$100,000	\$100,000
Short Term Investments	0	0	0
Inventory	3,650	4,867	4,867
Accounts Receivable	0	0	0
Total Current Assets	103,650	104,867	104,867
Fixed Assets:			
Furniture	700	700	700
Equipment	10,000	10,000	10,000
Computers	1,000	1,000	1,000
Building & Land	600	600	600

State Fees	4,000	8,000	12,000
Accumulated Depreciation	(7,200)	(19,200)	(34,800)
Net Fixed Assets	13,100	9,100	1,500
TOTAL ASSETS	\$116,750	\$113,967	\$106,367
LIABILITIES AND EQUITY:			
Liabilities:			
Accounts Payable	\$0	\$0	\$0
Line of Credit	142,900	171,300	197,000
Income Taxes Payable	0	0	0
Term Loans	0	0	0
Total Liabilities	142,900	171,300	197,000
STOCKHOLDERS' EQUITY:			
Common Stock	0	0	0
Retained Earnings	(30,100)	(65,300)	(102,600)
Total Stockholders' Equity	(30,100)	(65,300)	(102,600)
TOTAL LIABILITIES AND EQUITY	\$112,800	\$106,000	\$94,400
	3,950	7,967	11,967

Term Loan Amortization

Interest Rate:	8.00%												
Amortization Term:	360												
Mortgage	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015	2015
	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEP	OCT	NOV	DEC	TOTAL
Interest Rate	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%	8.00%
Amortization Term	360	360	360	360	360	360	360	360	360	360	360	360	
Monthly Payment	0	0	0	0	0	0	0	0	0	0	0	0	
New Loans													
Original Balance	0	0	0	0	0	0	0	0	0	0	0	0	
Balloon Payment	0	0	0	0	0	0	0	0	0	0	0	0	
Beginning Balance	0	0	0	0	0	0	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0	0	0	0	0	0	0
Principle	0	0	0	0	0	0	0	0	0	0	0	0	0
Ending Balance	0	0	0	0	0	0	0	0	0	0	0	0	0

Profit and Loss Statement

*Profit and Loss, Budget vs. Actual: ([Starting Month, Year]—[Ending Month, Year]) ***Will fill out when I have future data****

	[Starting Month, Year]—[Ending Month, Year]	Budget	Amount over Budget
Income:			

	[Starting Month, Year]—[Ending Month, Year]	Budget	Amount over Budget
Sales			
Other			
<i>Total Income</i>			
Expenses:			
Salaries/Wages			
Payroll Expenses			
Legal/Accounting			
Advertising			
Travel/Auto			
Dues/Subs.			
Utilities			
Rent			
Depreciation			
Permits/Licenses			
Loan Repayments			
Misc.			
<i>Total Expenses</i>			
NET PROFIT/LOSS			

Miscellaneous Documents

*** *Information below will be added on request.* ***

- *Personal resumes*
- *Personal financial statements*
- *Credit reports, business and personal*
- *Copies of leases*
- *Letter of reference*
- *Contracts*
- *Legal documents*
- *Personal and business tax returns*
- *Miscellaneous relevant documents.*
- *Photographs*