Open University of Cyprus

Faculty of Economics and Management

Master's Programme in Business Administration
(*MBA in English*)

Master's Dissertation

Business Plan: a networking and recruitment platform for cross-border expansion between China and Europe.

Christianna Polydorou

Supervisor
Kristis Hassapis

June 2020

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The present Postgraduate (Master's) Dissertation was submitted in partial
fulfilment of the requirements for the postgraduate degree
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June 2020

'Mesh' Business Plan

A networking and recruitment platform for small businesses and freelance service providers interested in cross-border expansion between China and Europe.

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Table of Contents

Executive Summary

Summary

The word '*Mesh*' can be defined as:

1. a network; net
2. an open space between the strands of a network
3. anything that ensnares, or holds like a net
4. to entangle or become entangled
5. (often followed by: *with*) to coordinate (with)
6. to work or cause to work in harmony

A mesh network (or simply meshnet) is a local network topology in which the infrastructure nodes (i.e. bridges, switches, and other infrastructure devices) connect directly, dynamically and non-hierarchically to as many other nodes as possible and cooperate with one another to efficiently route data from/to clients. (Definition by Techopedia)

This is why '*Mesh*' is the perfect name for a platform/service connecting people and businesses and merging their existing professional and personal networks.

The following document outlines a business plan for an EU-China deal-making and professional consulting platform targeted at both Chinese and European small businesses and self-employed professionals. The main service offered is consulting and connection to trusted and qualified businesses/professionals who are able to meet the client's needs. The service offers free initial consulting and only charges a fee once the deal is confirmed a success/a match is made. It includes sourcing/headhunting trusted overseas service providers/business partners from the network as well as expanding business success through offline local networking in the form of events open to anyone in the network. The key of the success of this project lies in activating all personal and professional networks of all stakeholders, further encouraged through referral rewards. Essentially it is a matchmaking service for small businesses and self-employed professionals in China and Europe. What makes it different is the personalized consulting by experts with wide networks as well as the opportunity for offline networking/connections and the focus on small businesses and self-employed professionals as opposed to large corporations and traditional recruitment.

Management Team

The Director will be based in Europe and will appoint a CEO in China who will oversee connections and operations there. We will also hire a COO who will oversee daily operations related to Finances, IT and legal work. Since it is a startup, for the first year or 2 the company will rely on the management team and outsource additional consultants from the network where needed and hire a few remote relationship managers in different cities in both China and Europe as the network and operations grow.

Products and Services

The major service offered is business matchmaking via a trusted international network based on real relationships and referrals as well as consulting for businesses looking to expand abroad. The network also offers qualified professionals exposure and opportunities for remote and local working arrangements. A secondary service offered is offline networking in the form of professional development events/trainings by and for those that are a part of the network.

Customers

This business focuses on a B2B model where the businesses/service providers are both consumers and suppliers. The target consumers are in based in China and Europe respectively.

Marketing and Sales

We will make use of several different forms of marketing including direct marketing and outreach to qualified businesses/professionals, social media marketing, word of mouth and referrals as well as events and experiences. Once the network is up and running, one major form of marketing will rely on personal and professional networks or 'guanxi' as the name suggests. The idea being that each member of the network will be incentivized to activate their own personal/professional network to participate. Our partnerships with external organizations also provide further publicity for us.

Financial Forecast

The business could take a few months to start generating major profit so the beginning will focus mostly on building trust and good relationships within the network. We would also have to rely on the service fee from successful placements as the major source of income in the beginning. Events will be free initially and once we have demonstrated value we can start to charge for events and develop further streams of revenue as we grow as a network. The major startup costs will include marketing costs and staff time as well as the fee for building a website and other

brand development costs. We could start to breakeven and generate profit after 4-5 months if successful.

Required Funds

To get started, the business would need an estimated 10,000USD including the cost for the website and brand development as well as initial marketing and 2-3 small scale events. This does not cover the salary of the startup and management team as this will be commission-reliant for the first few months until we start making a good profit.

Company and Financing

Company Overview

When expanding their business abroad, both Chinese and European SME's often need a qualified local professional/s to help them with translations, legal work, customs etc. but often don't know where to start in finding them and also not sure who to trust and how much this kind of service actually costs. You could hire a local firm to take care of all this, but are they really the best and can you trust them? A French company would like to host an event in Beijing but don't know where/how to find a reputable local event planner who can organize a high quality event and where do you even start with attracting and inviting the representatives of Chinese companies who think could be potential business partners?

This is where 'Mesh' comes in. By activating the professional networks of both European and Chinese businesses and professionals you can gain access to qualified and reputable service providers that you know come highly recommended by trusted members of this exclusive network.

Essentially it is a matchmaking service for small businesses and self-employed professionals in China and Europe. What makes it different is the personalized consulting by experts with wide networks as well as the opportunity for offline networking/connections. It also gives you a chance to access professionals and opportunities that you might not find online or through a more formal organization like the EU Chamber of commerce in China for example. It also leaves a lot of room for flexibility when it comes to pricing and determining an ideal work arrangement while also providing self-employed individuals and freelancers several more work opportunities. For instance, a Chinese company could enlist the services of a berlin-based freelance web-developer who might not have had this opportunity otherwise.

The network will be multidisciplinary and attract qualified professionals of different nationalities and based in different locations. It will start as an EU-China focused network with the hope that it can eventually be scaled globally.

In order to make to ensure a high level of trust professionalism, businesses and professionals will have to apply to become members of the network and the team will do a background check to verify that their qualifications are legit and their participation would be beneficial. Whenever a recommendation is made by members of the network to fulfill the need of another member, the recommended party will be invited to join the network after careful due diligence/screening has been performed.

For example, person A runs a small business in China and needs to find a Chinese to Greek translator to help them create advertisements for a product they will soon be releasing to the Greek and Cypriot markets. Person A is based in Beijing and has no idea how to go about finding a translator they can trust that can deliver a high quality service at a decent price within a

set time period. Person A comes into contact with a member of *Mesh* (person B). Person B then invites person A to join *Mesh*. Person A applies referencing a referral code from person B who will then be rewarded with referral points that they can use later to redeem some kind of prize/service of their choice.

Person A is now a part of the *Mesh* network. Now that *Mesh* has an idea of the job requirements of person A, *Mesh* gets in touch with some *Mesh* contacts in Greece and Cyprus who refer a few translators fitting person A's description. *Mesh* contacts these translators, does some vetting and invites the best candidates to join the *Mesh* network. *Mesh* then sends person A the profiles of the best candidates and negotiates a rate on their behalf, keeping in mind that *Mesh* will charge a 10-15% service fee for making the connection. Person A picks one of the candidates (Person X), pays a deposit upfront (including the service fee) and again upon completion of the job. Both person A, B and X benefitted from the interaction and person A and X (as well as other top candidates that didn't get the job this time) are now a part of the growing *Mesh* network. *Mesh* organizes it's information in a database in such a way that it is very easy for them to see the potential connections and tap into them when necessary.

A visual demonstration of the MESH network.

Management Team

A key competitive advantage the company has is the management team and networks and expertise they possess:

Managing Director/Founder: Christianna Polydorou
Has a master's degree in China Studies from Zhejiang University (one of the top universities in China), an MBA from a European university and several years of experience in community and relationship management, cross-cultural communication as well as event management and facilitation. She has also been trained in and worked in recruitment for many years. She speaks 5 languages including Chinese and a few European languages.

Associate Director- China: Wang Lifei
Has a master's in International Business from Shanghai Jiaotong University as well as several years of study abroad experience. He also has many years of experience working for multinational Chinese companies as the chief liaison between local and foreign stakeholders and has experience organizing and participating in professional networking events in China.

Chief Operations Officer: Trevor Smith
Originally from the USA, he has qualifications in Accounting and Computational Finance and many years of Project Management experience in running daily operations relating to Finance, HR and IT.

Required Funds

The strength of this kind of startup is that it doesn't require a huge amount of capital to get started and will naturally pool resources of the members involved. For example, when it comes to hosting events, we will not pay to rent out a venue but rather have one sponsored by a member of the network. The sponsorship will act as publicity for that member.

To get started as previously mentioned, we should set aside some funds for web development as this is a crucial resource of the network. This could cost up to 2000USD depending on the complexity.

Most of the required funds would go towards marketing and outreach. Reaching out to personal/professional networks of the management won't cost much but professional outreach to relevant organizations and people as well as marketing could cost 1000-2000USD at least.

We also need to think about how we will pay the salaries of the management team for the first few months until we are making a decent profit. If we are being conservative this is another 10,000USD at least.

Taxes and other registration fees for a corporate entity would depend on the company income. It is set at 19% in the Czech Republic and 20% in China. I would estimate monthly taxes to be around 500USD.

If we are renting office space, this would require a further 500-1000USD per month. I don't think this will be necessary in the beginning but perhaps after 2-3 months once we start growing and hiring more people we can rent out a space.

Exit Strategy

If the business is successful and exceeds predetermined criteria, the exit strategy would be one of the 2 below:

Management Buyout (MBO)
This would be advantageous as it provides *immediate* personal liquidity for business owners and shareholders (versus an IPO, for example). Furthermore, MBOs help the owner avoid much of legwork involved in shopping for outside buyers, performing due diligence, and managing the transition. Further, by ceding your business to a leadership team that's already well established, you may feel more confident about its long-term outlook. Senior team members who have helped you over the years will reap the rewards of their hard work.

Initial Public Offering (IPO)
In the right market, an IPO strategy can deliver unparalleled ROI in the form of long-term capital. The financial gains to be realized are potentially far beyond that of a company sale or liquidation, which is one reason why the company would aspire to an initial public offering.

Mission Statement

The company aims to act as bridge, connecting people across industries, cultures and geographies who might not otherwise have had access to each other. A secondary aim of the company is job creation and, thirdly, to empower talented individuals through professional development and skills workshops as well as encourage international exchange, learning and community-building.

Locations and Facilities

Primarily acting as a bridge between China (and greater China: Hong Kong, Macau, Taiwan) and Europe, the company will have representatives in Prague, Czech Republic and Shanghai, China.

Because of the flexible and changing nature of networks, the company will host events and gatherings throughout Europe and greater China and have member connections in all of these locations.

We do not need facilities at the beginning and will rent office space as the company grows and employs more staff. Event venues will mostly be sponsored by members of the network.

Products and Services

Products and Services

The company offers a matchmaking/consulting service for businesses and professionals engaged in cross-border EU-China commerce as well as a platform for networking/community building and professional development.

Competitors

There are several other professional development/networking communities such as: The Opportunity Network, YPO, BeHive etc.but none are as specifically focused on these 2 regions and the same target market as our company is.
As for recruiting platforms focused on EU-China jobs, SinoJobs is the only competitor while UpWork is a competitor for freelancer recruitment although they do not have the same regional focus.
Consulting competitors include: SinoAnalytics, Export2China and Guanxi Connections ltd.

I have not however come across any single network/platform that combines and meets all of these needs:
1) recruitment/connection to reliable service providers (especially focused on helping small businesses and self-employed professionals who might not usually have the cross-border exposure)
2) Events focused on professional development that also connect professionals and businesses related to EU-China business and act as a community-building tool.
3) A consulting service that helps meet the needs of a business/professional wanting to engage in cross-border commerce and lacks the connections/know-how.

Technology

The network will make use of a simple website with information about the company and management, referrals, event details and contact information.

Eventually once there are several members involved and the company is making a healthy profit it would be only natural to further develop the website and give members access to an online directory of all other members and create a 'deal-room' mechanism on the site too. An intuitive mobile phone app would be the next step to make it even easier for members to connect and register for events etc.

Intellectual Property

In order to protect the 'Mesh' brand, the company register a 'service mark'.
A service mark is a word, phrase, symbol, and/or design that identifies and distinguishes the source of a service rather than goods. Some examples include brand names, slogans, and logos.

The term "trademark" is often used in a general sense to refer to both trademarks and service marks.

Future Products and Services

In the future we hope to expand our range of activities to include a platform for online/E-learning. Individual teachers/trainers/coaches can apply to Mesh. Once we have checked their qualifications and references, they will register on our website and build their profile. This will include a schedule and price per class where students in either Europe or China can sign up and pay for the online classes on the platform. They will also be able to see reviews or a rating by other students/clients.

We will integrate video technology as well as a payment system like stripe onto the platform. This product will take a lot of work and resources to roll out which is why it will only be introduced later once the network has started to grow and generate profit.

Customers/Market Analysis

Market Overview

The market we are focusing on is quite specific as it focuses on candidates and clients in both China and Europe that are interested in cross-border commerce and looking to fulfill a specific need that they can't do locally, introducing more flexibility in terms of the working relationship and arrangement. With less of an emphasis on a fixed in-person work contract and more emphasis on remote work and flexible rates.

Market Needs

Small businesses and self-employed professionals in Europe and China looking to expand their business to the other market need to be connected to people they know they can trust (client/service-provider) as there is a lot of unpredictability and lack of knowledge involved in trying to navigate a new market as well as fear of being scammed or taken advantage of.

Furthermore, in China especially the concept of 'guanxi' or networked relationships plays a paramount role in business. Chinese are less likely to business with people they don't know or who don't come from a trusted source such as through a recommendation by someone in their network.

This is where the need for referrals comes in. According to a recent study for the *Gallup State of the American Workplace Report 2017,* even in the US, 71 % job seekers seek jobs via referrals. Referrals are becoming increasingly important in the world of recruitment due to the high level of trust associated with the referral.

Market Trends

At the moment, in March/April 2020 we can anticipate a real gap being created in the market as the COVID-19 pandemic has caused major economic damage globally and left several professionals jobless and caused several small businesses to close. This is most certainly an opportunity for the recruitment industry as there are more qualified candidates looking for opportunities and new businesses will emerge that will also be looking for talent/service providers to build and expand their business abroad. There is also a need for more flexible recruitment for self-employed and remote workers who often struggle to find opportunities because of the rigidness of traditional recruitment by organizations.

In China too, contrary to popular belief, wages have increased significantly, proportionately to the GDP growth. This means that it is often not always cost-effective for Chinese small businesses to employ local service providers and the local market might not provide the skills

they are looking for. This is why it might be helpful for them to be able to recruit for a certain set of skills outside China in a more diversified market where there are more freelancers and flexibility regarding work arrangements. And the same applies for European companies/professionals who might want to expand their business to China. European consultants might not be able to provide the skills and expertise needed for such a complex market.

The increasing flexibility with which people work is an opportunity to adjust the way recruitment works as traditional job posts and traditional work arrangements are becoming something of the past.

Market Growth

Morgan Stanley notes "In the United Kingdom, France and the Netherlands, freelance growth has outpaced overall employment growth. The number of freelancers in the European Union (EU-28) doubled between 2000 and 2014, making them the fastest growing group in the EU labor market, according to the Association of Independent Professionals and the Self-Employed (IPSE)."

Concerns include the lack of paid leave, health-care benefits, retirement provision and career progression. According to a 2017 study by the Freelancers Union, the top concern among freelancers is income predictability. The survey revealed that 63% of freelancers dip into their savings at least once a month versus only 20% of full-time employees.

In Asia, however, the number of freelancers is still relatively low at only around 11%. According to Forbes magazine, they are however the fastest growing outsourcers of freelance workers.

Industry Analysis

Although not in the traditional sense, *Mesh* can be considered part of the recruitment industry. Recruitment can be defined as the search and selection process to find qualified candidates for job openings within organizations.

In this instance we are using it to refer to finding qualified candidates for jobs in general, not necessarily to fill a fixed position in a formal organization. Our definition of recruitment is more broad and fluid, where we will connect qualified candidates with a project need of a client. We will also encourage the recruitment to happen naturally as a result of working and combining existing professional networks.

According to Bullhorn, existing candidate referrals ranked as the single best source for high-quality talent in 2018, this recruitment trend is expected to continue.

Referred hires are faster than recruiting a traditional candidate because less time is spent on recruitment processes such as crafting job posts, wading through résumés of candidates that don't fit the bill, and screening applicants. Referred candidates can often be simply interviewed.

A study into this trend by Jobvite has shown that candidates who were placed as the result of a referral begin their job positions quicker than applicants found on job boards and career sites by as much as 29 days. It has also been found that placements made as the result of a referral stay in their position longer than a traditional hire.

Candidate referrals increasingly garner the highest number of qualified hires. This is not a trend in isolation, it is closely linked to recruitment companies investing in their own brand, mobile reach, and customer experience.

Key Customers

This company focuses on a B2B model where the businesses/service providers are both consumers and suppliers. The target consumers are in based in China and Europe respectively.

Because of the way the company is structured, the members of the network become the key customers as they will have to 'buy into' the collective networking model and be willing to open up their networks in order for Mesh to really work. They need to understand that by opening up their networks they also have greater opportunities to make meaningful connections by reaching someone in another member's network.

Of course the client who is recruiting talent is also part of this process and will also be a 'Mesh member'. Therefore, the key customers are both the service providers and the clients looking to hire the service provider. Mesh is merely acting as a facilitator and connector of individual networks of connections.

Marketing and Sales

Overview

The success of Mesh will lie in our ability get as many people on board as possible or at least have access to them. This will require a lot of marketing, especially by word of mouth, to attract the right people. We will also make use of some elements of the promotion mix to appeal to the target audience through advertising, public relations, direct marketing, personal selling, events and social media.

Positioning

We want to position the Mesh brand as the 'go to' for any cross-border quality talent/service search between China and Europe. No matter how complicated the project need, we want people to think of us whenever they have a need to fill that requires particular professional skills/service that they don't currently have access to. We want to be known as the ultimate connection, the *only* connection people need to fill their needs. We hope that this positioning will be reinforced by word of mouth first and foremost, especially in China where recommending a service by word of mouth is the most effective form of marketing.

We also want to position ourselves as not only recruitment experts in both Europe and China but also as China experts in Europe and Europe experts in China. We will do this through excellent professional development, thought leadership and other trainings and partnerships in both regions.

We also want to position ourselves as a premium or 'elite' network that only the most qualified and excellent businesses and professionals can join. This will be reinforced by the marketing and also by the fact that anyone who wants to join the network needs to apply and be vetted before access is granted.

Pricing

We want the pricing to be an afterthought and not a focal point of the marketing. This is because we won't have set pricing and it will be negotiable depending on the situation and the stakeholders. For a more complicated case or for a larger business, we might require a 10-15% service fee as opposed to an 8% service fee for a smaller business or less complicated case. We want the service to be accessible to all professionals/businesses who qualify. The 'premium' positioning of the brand will come into play with the need to apply to join the network. Not just anyone can join.

Promotion

Thinking about the extended promotion mix, we would employ a combination of advertising, public relations, direct marketing, personal selling, events and experiences and social media.

Advertising

We will advertise on premium business platforms and media in China and Europe to attract businesses and then on social media or other industry specific platforms/events to attract talents individuals/freelancers to join the network. The advertisements will include reviews by satisfied clients as well as mention of the referral bonus programme mentioning that they can get something back.

Publicity/Public Relations

We will have to work with embassies and other official institutions dedicated to cross-border EU-China trade and relations and partner with them for events or something similar as well as participate in other initiatives related to the other region.

Direct Marketing

We would like to build up an email list as soon as possible so that we can directly market to our target audience. We will also reach out to them directly through a member of the network regarding a specific job where relevant. We just need to keep in in mind European GDPR laws when contacting people directly.

Personal Selling

We will occasionally visit or approach businesses or people who we think could benefit directly from our service in China and Europe.

Events and Experiences

We will hold several events related to networking and professional development (including industry specific events) to attract our target audience. The events will not only act as a hook to bring in new members but should also be of very high quality so that the content itself is a major selling point for potential members.

Social Media

We will create social media business accounts on Facebook, LinkedIn, Instagram and importantly WeChat (Chinese social media) to advertise and build our network and brand visibility as well as keep up with latest trends and members of our network.

Strategy and Implementation

Milestones

Since this is a business plan for a start-up, we will include below a forecast of what would be some of the greatest milestones in our development within the first year or so.

1st- *Month 1-2:* The first 2-3 placements we make
2nd- *Month 1-2:* Our first successful event
3rd- *Month 3-5:* Once we have 100 members in the network and break even and start making profit
4th- *Month 4-6:* Make meaningful partnerships with relevant organizations
5th- *Month 6-12:* Start growing our team and hiring new employees.
6th- *Month 12-18:* Roll out online e-learning platform with built-in video technology

SWOT Analysis

Strengths
- Unique idea
- Makes use of technology, so resistant to dramatic changes in the offline business environment
- Doesn't require a lot of capital to start
- Will assist in job creation
- Disrupts the current way we recruit and adapts to recent trends of more flexible work arrangements
- Doesn't cost the person being recruited anything, only provides them more opportunities.
- Management team are experts and well positioned to be effective
- We are connecting people that otherwise wouldn't have access to each other because of geographical and cultural obstacles.
- We are promising high quality and our relationships and vetting will help guarantee this.

Weaknesses
- It's a new startup so it will take some time to build trust and the brand
- It will require a lot of time to get things going which will be a challenge with a small team
- There might be too many job hunters and not enough businesses looking for consultants- it might be easier for them to recruit themselves since they will likely be approached by job seekers

Opportunities
- Offering online video training sessions is a huge opportunity. There are currently few platforms that offer this and after the current crisis many people will be more inclined or accustomed to using this kind of technology.

- There is a social good involved in the business as you are creating jobs and ensuring a high level of trust and ethics.
- Once the model is proved successful we could scale and expand to more geographies and include the USA and Australia and some parts of Africa etc.
- There is also the opportunity to build highly beneficial strategic partnerships that will help catapult the business and brand.

Threats
- Could easily lose control of the negotiation process as the two sides might negotiate a different arrangement directly (backdooring)- Need to have some kind of policy in place to avoid this and sign a contract beforehand as well as build trust with both parties.
- Other platforms that are bigger and well-funded might try to imitate what we are doing.
- The lack of offline events due to external circumstances could be an obstacle to our growth and publicity.

Competitive Edge

The following points outline our competitive edge:
- Mesh is a new concept, combines various elements so no direct competition.
- Management team are experts in both regions and well connected.
- The name is unique and meaningful and easy to build a brand around.
- Don't need a lot of capital to get started.
- The timing for an initiative like this couldn't be better.
- Although there are a lot of job seekers we will save businesses a lot of time and effort trying to find excellent talent. We will do the filtering for them and they can be sure that the quality of the service will be excellent. They will also have access to people outside of their usual scope because we are breaking with geographical and, in some cases, language limitations.

Strategic Alliances

We will aim to build partnerships with the following organizations/businesses:
- The *European Chamber of commerce* in China could help with business development and events.
- *LinkedIn* would be a great platform to have a partnership with.
- We would need to partner with a video technology software like Zoom for when we roll out the e-learning video platform.
- *WeWork* or *Start-up Grind* co-working spaces that could be used for events but also to source exceptional talent/freelancers and build our network, especially in Europe.
- *SocialBakers* is a tech company focused on accelerating growth through social media. We have connections here, they could help us with our marketing and building the network.
- *Sinoanalytics*- A reputable consulting firm for European businesses interested in investing and expanding to China and vice versa. Also know the owner of this consulting

firm based in Europe. We could somehow have a deal with them to offer consulting as a referral bonus perk in exchange for something else from our side.

- *SinoJobs*- Although they are a competitor in a way, we could find a way to work with them to fill job vacancies or for professional development training in a way that benefits us both.
- *Media outlets* in China and Europe: Coming from a media background we do have a lot of contacts in major Business news outlets in Europe and China that could be helpful in sponsoring events/trainings or with general marketing and publicity.
- Professional networking communities such as *Behive* China or *Femme Palette* in Czech Republic- could be excellent sources for talent and good partners for professional development training. The founders of both organizations are friends.

Financial Plan

Sales Forecast

Sales Forecast Table

	Year 1	Year 2	Year 3
Sales			
Total Sales	**$350,000**	**$550,000**	**$1,000,000**
Total Direct Cost	**$10,000**	**$30,000**	**$50,000**
Gross Profit	$340,000	$520,000	$950,000
Gross Profit %	(97%)	(95%)	(95%)

Sales by Month

Personnel Plan

Personnel Table

	Year 1	Year 2	Year 3
Total	$50,000	$80,000	$200,000

Budget

Budget Table

	Year 1	Year 2	Year 3
Expenses			
Salary	$40,000	$68,000	$175,000
Employee Related Expenses	$10,000	$12,000	$25,000
Operating expenses (rent, phone bills etc.)	$20,000	$32,000	$100,000
Marketing costs (incl.events)	$50,000	$88,000	$150,000
Total Expenses	$120,000	$200,000	$450,000
Long-term Assets			
Total Long-term Assets	$10,000	$20,000	$60,000
Other Current Assets			
Total Other Current Assets	$10,000	$20,000	$40,000
Dividends and Distributions			
Total Dividends and Distributions	$0	$0	$0

Expenses by Month

Key Metrics for Success
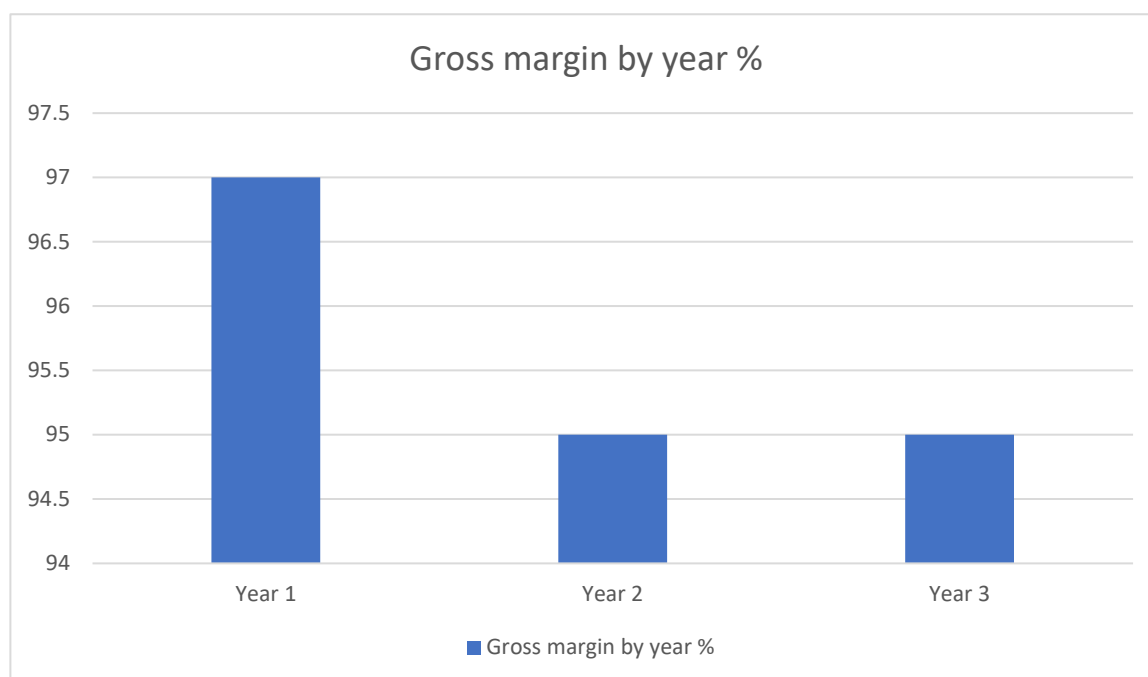
We will measure our success in a few ways including:

1) **Rate of growth/conversion**: the size of the growth of the network will indicate whether we are doing something right or not. We aim for at least a 50% growth on average per year of members in the Mesh network. We hope to have at least 500 members at the end of the first year.
2) **The increase of business requests**: of course the increase in number of clients will indicate growth. As will the number of return clients who approach us for repeat business because they were satisfied the first time around. We expect a sharp year-on-year increase in the first three years. We hope to have at least 50 clients at the end of the first year.
3) **Customer satisfaction:** we will regularly ask for feedback from both clients and our freelancers/service providers to indicate how satisfied they are with our service. An 80% satisfaction rate is what we would be aiming for at the very least.

Financial Statements

Profit and Loss Statement Table - Forecast

	Year 1	Year 2	Year 3
Revenue	**$350,000**	**$550,000**	**$1,000,000**
Direct Cost	**$10,000**	**$30,000**	**$50,000**
Gross Profit	$340,000	$520,000	$950,000
Gross Profit %	**(97%)**	**(95%)**	**(95%)**
Operating Expenses			
Salary	$40,000	$68,000	$175,000
Employee Related Expenses	$10,000	$12,000	$25,000
Expensed Portion of Other Current Assets	$10,000	$20,000	$60,000
Depreciation and Amortization	$2,000	$4,000	$8,000
Other operating expenses (rent, phone bills etc.)	$20,000	$32,000	$100,000
Marketing (including events, website etc.)	$50,000	$88,000	$150,000
Total Operating Expenses	**$132,000**	**$224,000**	**$518,000**
Operating Income	**$208,000**	**$296,000**	**$432,000**
Income Before Income Tax	**$208,000**	**$296,000**	**$432,000**
Income Taxes	$31,200	$44,400	$64,800
Net Income	**$208,000**	**$251,600**	**$367,200**
Net Income / Sales	**(59%)**	**(46%)**	**(36,7%)**

Gross Margin by Year

Net Profit (or Loss) by Year

Net profit per year (in thousand dollars)

Year 1 | Year 2 | Year 3

■ Net profit in thousand dollars