

Angeltek Alternative Therapies

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Business Plan
Written winter 2005

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Executive Summary

Angeltek Alternative Therapies is a start up business that plans to provide access to natural health care. We would offer availability to loose leaf herbs, therapeutic massage, acupuncture, and flower essence consultation in a friendly environment. Of greatest concern would be to encourage client education and well being.

The market:

Angeltek has identified five major target groups that are the most likely to retain our services:

- Chronically ill patients: Often times chronically or terminally ill patients get fed up with the health care system, continuously getting poked and prodded for tests, and being pumped full of synthetic medications offered by western medical doctors. These patients regularly seek alternative therapies as part of a last ditch effort from a system that offers minimal comfort or because they find more compassion from alternative practitioners.
- Health conscious individuals: Individuals who already take an active role in their well being are known to use massage as a means relieving the day to day stressors of life.
- Referrals from doctors: There have been recent changes in the medical field as more doctors are recognizing the benefits offered by alternative therapies. Referrals for massage and acupuncture are becoming common enough that many insurance companies have begun to cover the costs of a session as medical treatment.
- Occult participants: Paganism and Wicca are fast growing religions in America. There has always been some fascination with the occult. People in this group, have a need for someplace to procure a supply of herbs.
- Naturalists: The number of people who prefer to imbibe an herbal tea or use all natural products has been on the rise. Recent accounts of man made drugs being pulled off the market due to side effects and studies of what food dyes and preservatives can do to our bodies has made a large impact on the herbal market and the demand for products without all the additives has been increasing.

Services and products:

Our focus is on natural health care and we do this by offering service in therapeutic massage, flower essence consultation, and acupuncture. We also sell herbs and herbal supplies with loose herbs, books, and herbal supplies.

Competitive advantage:

- Services and products: Angeltek is different in terms of the services offered in one place. Unlike a spa, our company also offers acupuncture and sells herbs and consultation, while herbal stores do not offer access to a massage or acupuncture sessions.
- Pricing: Our massage fees are lower than those found at spas. Lower prices on in store herbs compared to a majority of online order sites which also need to charge for shipping.
- Availability: With herbs right there, customers can pick up what they need, when they need it rather than having to wait a week for shipping as with the online sites for ordering herbs.

Disadvantages:

- The federal and state laws governing alternative therapies have been undergoing many changes recently.
- The need to stay up-to-date and educated about new medications and interactions with herbs.
- Global changes and natural disasters can affect product availability and costs.
- The improper use of herbs by uninformed consumers has caused public concern about their safety.

Management:

Angeltek was founded and is led by Spring Moffitt. She has completed training in therapeutic massage, flower essences, and is currently enrolled in the oriental medicine program which will cover training in both acupuncture and Chinese herbal theory. Spring has worked for 10 years in the customer service industry and knows that consistent client satisfaction is one of the most important instruments in building a flourishing business. Her passion for holistic medicine and helping others is what fuels her drive to make this business a success.

Objectives:

- Break even and begin bringing in profits after the first two years.
- Capture 25% of the herbal market in Arizona by the 5th year.

Mission:

Our mission is to maintain high quality customer service and provide educated personnel that will encourage clients to take responsibility for their own health and well being.

Keys for success:

- Location: An easily accessible location near an area where people are willing to pay for such services.
- Environment: Providing a professional, yet friendly and relaxing atmosphere.
- Education: Employees must be kept up to date with medical conditions and drugs to provide a safe environment.
- Customer Service: Friendly staff that is willing to listen to the needs of the customer.
- Growth and adaptability: This business easily lends itself to multiple areas of expansion and is easily adaptable to changing trends

Company overview

All business partners jointly plan to work under a single company name, Angeltek Alternative therapies in 2006 as a group of outcall massage therapists while acquiring assets required to open the business. Spring Moffitt will be attending acupuncture school until 2010 and Klint is in the process of pursuing his degree for naturopathic medicine. This will help build a base clientele, while working to build capital for opening the business, as well as allow all business partners to establish themselves in the field and gain an increased knowledge that will benefit the services we will be able to provide to the customer. A business license has already been obtained and the company's name has been listed as a trade name with the state of Arizona.

In 2010 Angeltek Alternative therapies plans to open their doors as a friendly, but professional place to obtain access to massage, acupuncture and herbs. Hoping to work in conjunction with the western medical system and give clients a sense of responsibility for their own health.

Angeltek Alternative therapies wants to serve customers in the 850-853 zip codes of Arizona.

Products and Services

Products for sale:

- Loose herbs- A variety of loose herbs sold by the ounce.
- Books- A small selection of books to help increase interest in and educate our consumers about the herbs they buy and ideas about how to use them.
- Herbal supplies- Items for preparing and storing herbs in a product form such as extractions. This would include items like amber glass bottles or mortar and pestle sets.

Services:

- Therapeutic massage- 1 hour sessions of relaxing Swedish massage, Raindrop technique, Zen-Shiatsu, Cranial sacral therapy, Trigger point
- Flower essence consultation- 30-45 min consultations with remedy preparation
- Acupuncture- 30 min to 1 hour sessions

Advantage:

There are advantages to offering services as well as products.

- Flexibility: ability of our business to adapt to changes in trends
- Variety: ability to offer a variety of things in one place and attract a larger market
- Income: supplemental income to offset losses from any one area

Disadvantage:

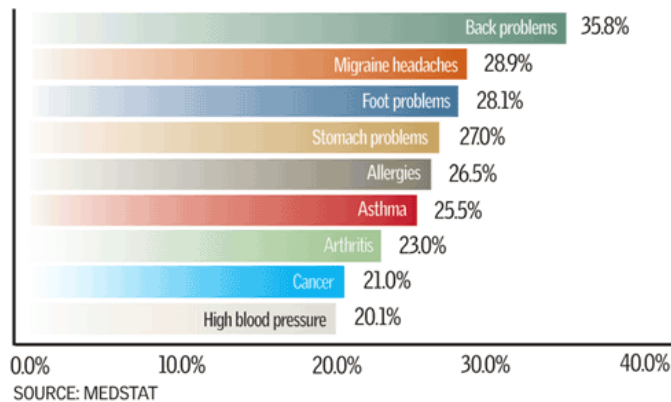
- Costs: the need to rent space rather than outcall or using the internet, licensing fees
- Education: the need to keep up with news in more than one field
- Laws: the need to keep up with laws that are constantly changing in more than one field

The market:

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MANY CHRONICALLY ILL PATIENTS USE ALTERNATIVE MEDICINE



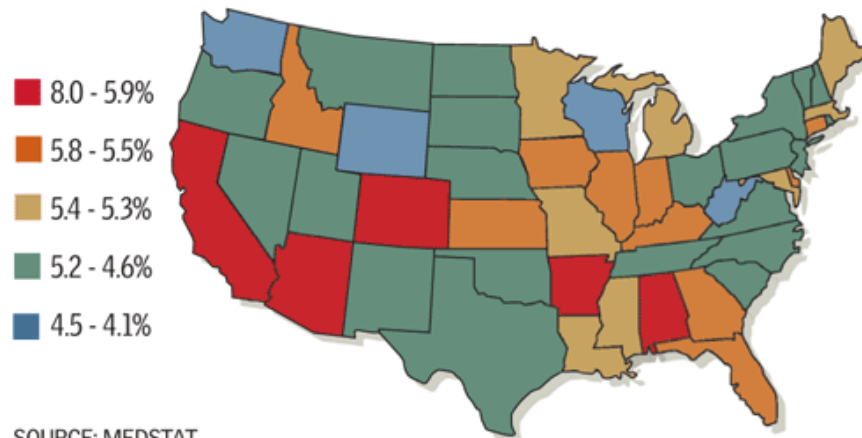
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The industry and our competition

The recent mainstreaming of the alternative therapies has included greater acceptance from the medical industry, insurance companies covering partial costs for massage and acupuncture, as well as scores of both schools and stores opening to provide for the increasing demand. Recent studies estimate spending on alternative therapies to be \$40 billion a year. Arizona is a prime place to build a practice as it is amongst the states where alternative medicines are most popular.

THE USE OF ALTERNATIVE MEDICINE

The popularity of alternative medicine treatments (excluding chiropractic care) varies in different regions of the country.



Currently in the industry:

Massage: Surveys indicate that 20-24 is the average number of clients a therapist sees per week.

Acupuncture: A 2003 study done by the national acupuncture commission showed that 49% of acupuncturists averaged 11 to 30 patient visits per week, only 18% saw less than 10 patients per week.

Herbs: Unable to find any current surveys and herbal stores would not return calls/emails.

Areas of competition:

There are a number of direct and in-direct sources of competition in this field. Currently about 6,000 ambulatory care facilities are in business in Phoenix included in those are:

- Doctors
- Chiropractors- especially those who offer massage or acupuncture at their facilities.
- Pharmaceuticals
- Spas
- Massage therapists
- Acupuncturists/Oriental medicine practitioners
- Herbalists
- Herb Stores

Marketing

Short term:

Our marketing strategy includes:

- Placing posts on local websites and thread sites that target groups of people in our market.
- Posting flyers in or outside of the local fitness centers and yoga studios.
- Contacting physician and chiropractic offices. Offering a free massage so doctors can experience the advantages we have to offer their patients. Requesting to leave brochures placed in their offices.
- Providing fantastic customer service and knowledgeable staff will lend to word of mouth advertising.

Distribution:

Angeltek plans to sell directly to the local public from a building, with the possibility of expanding to online ordering available to those living within the United States.

Purchasing:

- Herbal products will come from a wholesale supplier who allows our name to be placed on the product.
- Services are provided by owner and employees whom are paid hourly

Pricing:

- Massage: starting at \$60/hour session for basic Swedish
- Acupuncture: \$65 for first session, \$50 for subsequent visits
- Flower essence: \$35 consultation fee and includes remedy
- Herbs: priced per ounce in accordance to costs of supplying product plus profit margin
- Herbal product: priced per item in accordance to costs of supplying product plus profit margin

Prices may change in the future according to trends and inflation.

Long term:

Possible areas for expansion:

- Educational classes
- Herbal consultations
- Offering outcall therapists
- Day spa amenities
- Creating pre-made herbal products for sale
- Contracting space specific days for tarot card/horoscope readings or hypnosis sessions
- Aromatherapy
- Website orders for shipping
- Adding rocks/crystals to products

Management Team

Marketing:

Marketing while being handled mostly by Spring Moffitt will be the job responsibility of all employees. The best marketing is word or mouth referrals from existing customers and the way to get this is to provide excellent customer service. Customer service, pricing and availability will be what bring the customers back.

Spring Moffitt has attended classes in marketing and has plans to use low cost advertising to help bring in new customers.

Service and Products:

Customer demand will drive which products and services will be focused upon.

Spring Moffitt plans to take inventory on a weekly basis and placing orders for products according to product availability, demand, and current supply. She has worked in customer service for 11 years. She is a licensed massage therapist who is continuing her master's degree in acupuncture and oriental medicine and she has experience working with herbs and has contacted several places as supply sources.

Klint Klein is a licensed massage therapist who has studied a number of various massage modalities. He has a passionate desire to help others reach a state of harmony within their lives and is pursuing a further education as a naturopathic physician.

Jenny Morgan is a nationally certified massage therapist with 3 years experience with the La Costa resort in California. She has recently gained training in Chinese medicine. Her extensive customer service background and experience in marketing and advertising make her a strong business partner.

Josephina Madrid is a licensed massage therapist who will help effectively expand the company's clientele as a bilingual therapist. Her ability will allow the company to serve the large Spanish speaking population here in Phoenix.

Kamalpreet Singh is a nationally certified massage therapist. Her training using energy work and essential oils offers the company diversification and the potential for incorporating a greater variety of areas for growth. She has 10 years of experience working with the developmentally disabled and mental health

Finance and operations:

An outside accountant will be consulted in regards to finances for the business startup and again quarterly.

Finances

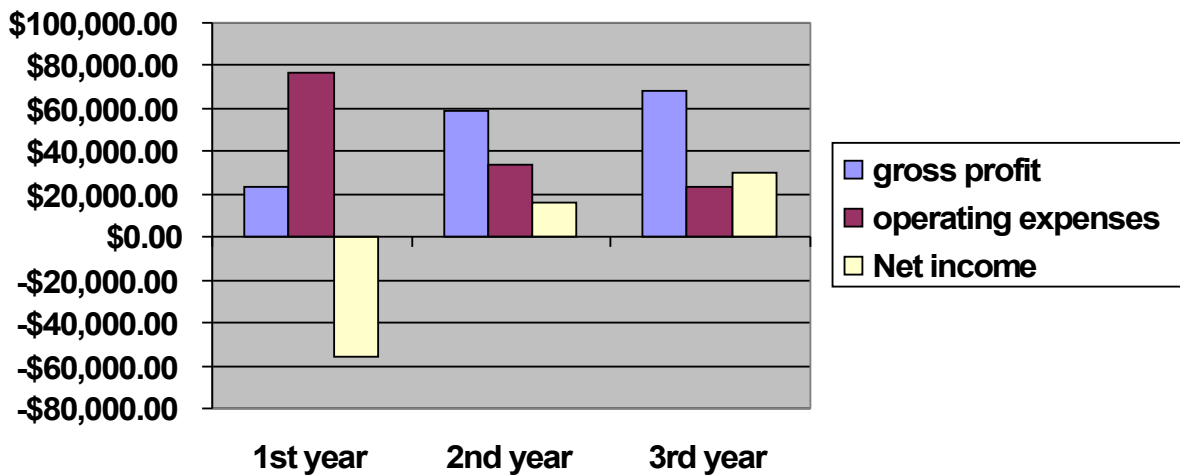
Start up Costs:

- [hiring professionals](#)\$10000
- [Insurance](#)\$15000
- [advertising and marketing](#)\$5000
- [Rent and security deposit](#).....\$1,800
- [Signage, furnishings, and fixtures](#).....\$20,000
- [Working capital](#).....\$41,000
- [Starting inventory](#).....\$4,600

Total.....\$97,400

Projected Income Statements

	Year 1	Year 2	Year 3
Sales	154200	189700	200000
Cost of goods and labor	130400	131000	132050
Gross Profit	23800	58700	67950
Operating Expenses			
Overhead	60600	19200	8150
Advertising	5000	3000	3000
Rent	10800	10800	12000
Depreciation	350	350	350
Total	76750	33350	23500
Total operating Expense	-52950	25350	44450
Operating Income			
Interest Expense	3000	2800	2600
Earnings before taxes	-55950	22550	41850
Income tax	0	6314	11718
Net income	-55950	16236	30132



Projected balance sheets

	Year 1	Year 2	Year 3
Assets			
Cash	69000	69000	72080
Accounts Recievable	17600	21400	21400
Inventory	6600	6700	7600
other current assets	3600	3300	2400
Total current	96800	100400	103480
Equipment	5600	5250	4900
Accumulated depreciation	350	350	350
Net equipment	5250	4900	4550
Other assets	2450	3100	2700
Total Assets	104500	108400	110730
Liabilities and Equity			
Notes Payable			
Accounts Payable	1500	2600	3100
Taxes Payable	0	6314	11718
accrued expenses			
Other current liability			
Total current Liability	1500	8914	14818
Long Term debt	78000	68000	56000
Total Liability	79500	76914	70818
Equity			
Common Stock	25000	25000	25000
Retained earnings	0	6486	14912
Total Liability and Equity	104500	108400	110730

Projected Cash flow

	Year 1	Year 2	Year 3
Operating Income	-52950	25350	44450
Depreciation	350	350	350
Income taxes	0	6314	11718
Adjusted income	-52600	19386	33082
accounts recievable	17600	3800	0
inventory	6600	100	1000
accounts payable	1500	1100	500
change in net working cap.			
Cash flow from operations			
Interest expense	3000	2800	2600
Dividends	0	0	10000
Longterm debt	78000	68000	56000
Total financin	81000	70800	68600