



Business Plan

InnovateHER
2016

October 16, 2015

This document contains confidential and proprietary information
belonging to Better Way Inventions LLC, DBA Tone-y-Bands™,
manufacturer of Tone-y-Bands™ Arm Toning System

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Table of Contents

1 Executive Summary.....	3
2 InnovateHer Criteria.....	5
3 Tone-y-Bands™ Product Description and Market.....	7
4 Competition.....	10
5 Sales and Marketing.....	11
6 Financial Plan.....	15
7 Risk Management.....	15
8 Conclusion.....	16

Table of Exhibits

Exhibit 1 Tone-y-Bands™ Survey Results.....	17
Exhibit 2 Compelling Market Indicators.....	17
Exhibit 2 Tone-y-Bands™ Management Team.....	18
Exhibit 3 Tone-y-Bands™ Founder Experience	19
Exhibit 4 Tone-y-Bands, The Faces of Customers and What they say.....	20

Table of Figures

Figure 1-1 Tone-y-Bands™ Effectiveness.....	3
Figure 1-2 Tone-y-Bands™ Financial Projections.....	5
Figure 2-1 Commercialization.....	6
Figure 2-2 Market Place Potential.....	6
Figure 3-1 Product and Packaging.....	7
Figure 3-2 Timeline.....	8
Figure 3-3 New Product Development.....	9
Figure 4-1 Competitive Positioning.....	11
Figure 5-1 Go to Market Strategy.....	11
Figure 5-2 Sales Channel.....	15
Figure 6-1 Financial Projections Detail.....	16

INFORMATION REGARDING BUSINESS PLAN

This Business Plan (the “Business Plan”) contains certain information regarding the current and planned operations and business of Tone-y-Bands™; including the projected financial performance of the Company. This Business Plan has been provided to the recipient solely for the purpose of assisting the recipient in deciding whether to proceed with a Location in-depth investigation of the Company in accordance with procedures established by the Company and its advisors.

By accepting a copy of this Business Plan, the recipient agrees, among other things, to keep the information contained herein confidential. The recipient agrees to restrict the use of any information contained herein to those people within the recipient’s organization or its designated representatives who have been informed of the confidential nature of such information and who need to have such information in connection with the organization’s evaluation of the Company.

The Company has prepared this Business Plan on the basis of internally prepared information, as well as information from public and private sources, including trade and statistical sources commonly used in the industry. This Business Plan does not purport to contain all of the information that may be required to evaluate all of the factors that would be relevant to a recipient in considering a transaction with the Company. The Company makes no warranty or representation, either express or implied, as to the accuracy or completeness of either the material contained herein or any other written or oral information provided by the Company to the recipient, and no liability shall attach thereto.

Nothing contained in this Business Plan is, or should be relied upon as, a promise or representation as to the future. The projected financial information contained herein was prepared expressly for use herein and is based upon the Company’s stated assumptions and analysis of information available at the time this Business Plan was prepared. There is no representation, warranty, or other assurance that any of the projections set forth herein will be realized. This Business Plan does not purport to contain all of the information that may be required to evaluate the Company and any recipient hereof should conduct its

own independent investigation and analysis.

1. Executive Summary

Introduction



Tone-y-Bands™ manufactures and markets a unique arm toning system. Tone-y-Bands™ helps people to tone arm, shoulder, and core muscles, burn calories, and live a healthier lifestyle.

Unlike traditional wrist weights that are made of neoprene and filled with sand, Tone-y-Bands™ provides a stylish solution for people seeking to tone their arms. Tone-y-Bands™ is strategically headquartered in South Florida, which is the second largest fitness market in the country. We plan to grow the Tone-y-Bands™ brand and company to a point where a strategic partner with national or global reach will buy the product and/or company.

Problem

Most adults want to look and feel better. They know the benefits of exercising but, increasingly, don't have the time. One of the most visible and difficult places to tone are the arms. Women especially begin to struggle with the muscle tone of their arms beginning in their mid-thirties. A nicely toned arm is a symbol of health. Everyday women make decisions about what they wear based on whether they are proud of their arms or want to hide their arms. Sleeves or sleeveless? Other than rigorous exercise, there are few options to help women.

Women know that toning requires highly repetitive use of light weights. Some women are afraid of lifting weights in gyms as they don't want to build bulky muscles. Existing cardio workouts focus on the lower body. If dumbbells are used, the weights are too heavy – resulting in injury, and can often be used for only part of the cardio routine as hands are needed to perform exercises such as push-ups, side planks and jumping jacks. Existing wrist weights made of fabric and sand are too cumbersome, bulky, smelly, unattractive, and uncomfortable to be worn for extended periods of time. Most weights are available only in a fixed weight size forcing the consumer to buy multiple sets of weights or only allow them to use a weight that is not appropriate for them, which causes discomfort.

Solution



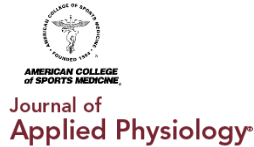
Tone-y-Bands™ are a sleek and stylish way to tone arms. Tone-y-Bands™ bracelets can be worn anytime to tone arms and shoulders, burn more calories, and strengthen core muscles. Tone-y-Bands™ allow for busy lifestyles to meet fitness and fashion. People can get more exercise, every day, without having to change their existing routines.

Tone-y-Bands™ greatly enhances the effectiveness of a cardio workout such as: Zumba, barre, jazzercise, boot camps, high intensity interval training, and calisthenics. Unlike traditional dumbbells, they can be worn throughout the entire exercise resulting in a greater calorie burn, hands-free exercise, and toning throughout the entire class. They are easy-to-adjust, more comfortable, and have a snug fit unlike existing wrist weights.

Tone-y-Bands™ are made of a soft, sleek silicone material that fits snugly and comfortably on the wrist like a bracelet or watch. There are openings for 10 stainless steel weights. Each weight averages around an ounce. The openings allow the person to customize the exact amount of weight they use for each activity they perform. People can start light and add weights as their strength progresses using the Tone-y-Bands™ arm toning training program. The weights can be inserted and removed significantly more easily than a sand-filled weight band. They are held securely in the bracelet through a unique locking mechanism located inside the bracelet. Currently we offer two versions: one allows a maximum of ½ pound of weight per band and the other allows a maximum of 1 pound per band. A 2 pound version will be added on the next production

run. The company has applied for a utility patent and is applying for a second patent and a design patent.
Proven to Work

*Figure 1-1 Clinical Studies
Validating the Effectiveness of
Wrist Weights*



Increase calories burned by 14.3%.
Burn more calories than hand/ankle weights.
Do not increase blood pressure.
Source: Copyright 1988 ACSM, College of Medicine & College of Health and Human Performance, University of Florida

The intensity of walking at 4 mph with ankle and hand weights was comparable to running at 5 mph.
Source: Published 1 April 1987 Vol 62 no. 4, 1497-1501 DOI J.F. Miller, B. A. Stamford

Opportunity

Recent surveys of our customers show a high level of satisfaction. This simple-to-understand, easy-to-use product has good gross margins and is aligned with major consumer trends. The company has moved from the R&D phase to refining its marketing messaging within its initial target market segments and channels.

One of the target segments is “health-conscious walkers”. The Center for Disease Control and Prevention states walking is the most popular aerobic physical activity with over 145 million adults including walking as part of their lifestyle. A second market the company is targeting is “fitness groupies and instructors”. The overwhelmingly positive response from the recent Zumba International convention confirms the market acceptance in this large and growing segment. Over 15 million people participate in Zumba dance classes each week! The excitement for the product and sales at the convention, as well as instructor/distributor interest afterwards, shows this category and channel to be a strong one for the company.

The company continues to reduce potential investor risk as it confirms product/market fit and acceptance. It is taking a methodical approach to aligning its market positioning and channel strategies as it prepares to scale.

Competitive Advantages

The wrist and arm weight market is a mature, low-cost, highly-fragmented commodity market with no industry leader. There is an opportunity for a disruptive product and innovation in this space. There are NO stylish wrist weights that were designed to be comfortable enough to be worn for extended periods of time that have adjustable weights that are easy to insert and remove. Currently, bands are made of fabric, filled with sand (a few with metal), with a loop, or Velcro type of clasp. They weigh from 1lb to 4lbs. Most are fixed weight bands but some are variable in weight.

Numerous clinical studies prove the effectiveness of wrist weights in increments from 1 to 3 pounds. Studies show there is an increased calorie burn of 14-15% when wrist weights are worn while walking for exercise in addition to upper body arm toning. Studies also show that wrist weights are more effective than hand weights, more effective than ankle weights, and even more effective than hand and ankle weights worn simultaneously.

Business Model

The Company will execute a multi-channel approach as it increases brand awareness and distribution in five target market segments: Starting with on-line sales, the company is now adding independent fitness instructors to resell to their own clients. We have discovered that fitness instructors are early adopters of new fitness products, eager to share or sell new products to their clients, and by wearing them, they offer a form of endorsement and advertisement to the fitness client in group exercise classes. As the product matures, we will evolve to selective regional and national retail relationships such as with Zumba or fitness gyms such as Equinox, Lifetime, or LA Fitness.

Management

Janice Haley, CEO & Founder of Tone-y-Bands™, has over 25 years of experience bringing innovative new products to market in the consumer products and software technology industry. She has a strategic focus on sales, marketing, and business development. Prior to Tone-y-Bands™, she was Founder and VP of Celsius, an innovative, category-creating, award-winning, consumer products company



focused on the fitness consumer. Janice was also VP at Pivotpoint, a venture backed, Boston based, ERP company that transitioned customers from legacy systems to its state-of-the art technology software. As a result of the successful turnaround of the company, she was featured in an article in Fortune Magazine in "Women Move Up in Manufacturing" in 2000. Janice's most recent success with Celsius is relevant to Tone-y-Bands™ as it is an innovative, consumer product focused on similar fitness-minded consumer.

FAU Tech Runway Accelerator Program

Tone-y-Bands™ competed among 250 companies in the FAU Business Plan Competition and to become an FAU Tech Runway Accelerator Program. Tone-y-Bands™ was among 8 finalists for the Business Plan Competition and was awarded a one year position as one of four companies accepted into the FAU Tech Runway Accelerator Program. Tone-y-Bands™ has a dedicated team of mentors to assist the CEO in areas to round out her skill sets in areas such as legal, operational, and financial support.

Figure 1-2 Financial Projections

2015	2016	2017	2018	2019
Online/Mall Kiosk/Grass Roots Events	Online/QVC- HSN/Instructor & Gym Sales/Retail, Events	Online/QVC- HSN/Instructor & Gym Sales/Retail, Events	Online/Instructor & Gym Sales/Retail, Events	Retail, Gyms, Strategic Partner
\$19,272	\$1,018,815	\$3,235,900	\$4,755,900	\$8,198,000

Funding Required

Tone-y-Bands™ is in the process of seeking funding. We competed against 250 companies and were selected as one of 4 companies to become part of FAU Tech Runway's accelerator program. The mentorship there and the networking provide an excellent venue to capital. We are currently starting the due diligence process with a firm known as Keiretsu.

2 InnovateHer Criteria

Tone-y-Bands™ hopes to demonstrate in the attached business plan our ability to meet the criteria as established by the Innovateher committee.

Measurable Impact on the lives of women and families

Women have a difficult time fitting fitness into their busy lives. Tone-y-Bands™ offers a convenient way to maximize the time they spend exercising. Women are time-deprived, often sacrificing fitness in order to meet their busy schedules. Tone-y-Bands™ helps the woman, already accomplished in multi-tasking, the opportunity to add Tone-y-bands™ to her daily routine to burn more calories, tone arms, and build core strength.

Studies show that people can burn an extra 14-15% more calories by using wrist weights and tone their arms. This is a measurable and definable impact. Additionally, selling through fitness instructors provides the fitness instructor with the advantages of an additional revenue stream

and an ability to add value to their students. Many of the Zumba and fitness instructors surveyed felt their students left because they weren't seeing results and that their students would see more results with Tone-y-Bands™. Half of the instructors surveyed indicated that they would want to resell Tone-y-Bands™ to their clients.

Has the potential for commercialization

Tone-y-Bands™ has potential for commercialization. It has been market tested and the results have been impressive. Tone-y-Bands™ received a 4.63 on a 5.00 scale rating from the customers surveyed for a customer satisfaction rating. Below is the strategic rollout plan for Tone-y-Bands™.

Figure 2-1 Commercialization – Strategic Rollout Plan



Fill a need in the market place

There has been no innovation in the market for wrist weights in decades. In fact, many times wrist weights are purchased and not used as they are: uncomfortable, bulky, smelly, leaky, and unsanitary. In the business plan, there is a detailed description of the size of the market. In the appendix, in Exhibit 1, is the listing of the customer responses to the survey that show the customer's enthusiasm for Tone-y-Bands and that they fill a need in the marketplace. A few of the comments were:

- An invention that will change the world of toning!
- I've been waiting for someone to come out with something like this!
- Easy to use, the results have been amazing!

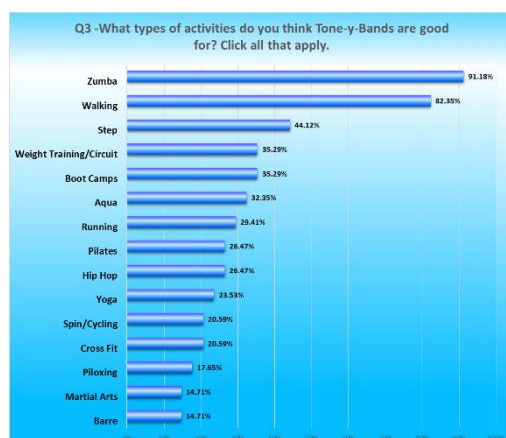


Figure 2-2 Market Place Potential in Fitness Market

Since our launch at the Zumba convention, we have had significant re-orders by instructors for use in their studios in many additional areas – aqua classes, boot camps, and therapy settings. In fact, the instructors surveyed indicated the following fitness markets as potentials for Tone-y-Bands™.

3 Tone-y-Bands™ Product Description and Market Size

Each Kit of Tone-y-Bands™ includes:

A pair of silicone bands, 20 stainless steel weights, An attractive base for storing weights when not in use.

There are currently 4 variations. 2 sizes – Large and Small, 2 colors – Black and White

The weight in each band can be easily adjusted to vary from 1 ounce to almost a pound per band.

Figure 3-1 Tone-y-Bands™ Initial Product and Packaging



Figure 3-2 Tone-y-Bands™ Product Time Line



Production

Tone-y-Bands™ has a strong foundation in place to enable scalable growth. Tone-y-Bands™ are produced in a manufacturing facility in China. The manufacturing facility meets ISO and Social Accountability standards. Tone-y-Bands™ is obtaining competitive bids from multiple manufacturing sources. Initial quotes are showing substantial savings in the cost to produce the bands and the steel pegs. We are working with a firm with expertise in managing sourcing, production and quality from China. They have representatives in China that can represent our needs. We have made two production runs and the product quality and reliability have been excellent. The product is simple to use and easy to support.

Product Development Plan

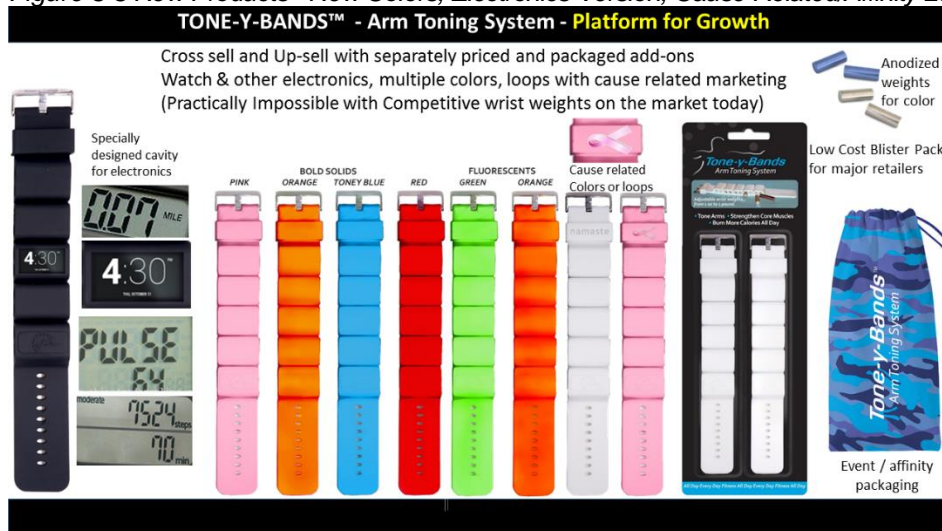
Tone-y-Bands™ is conducting additional design work with the firm mentioned above. We have designed a new version that is more of a fitness platform. In addition to being the sleek, easy to clean, variable weights, this platform provides a novel way to include electronics or other decorative emblems. Examples of electronics would include a watch, pedometer, or other fitness trackers like FitBit. Examples of decorative

emblems would include professional or amateur sports logos and affinity and cause-related marketing. See the band on the far left in Figure 3-3 below.

Additional product development will include:

- Bright colors for the bands and weights provide a platform for cross selling and upselling in channels such as QVC or on line.
- Packaging changes to include a blister pack for hanging the bands from a rack in a retail store.
- An additional band that will be heavier that can be used for larger individuals, ankles, and more intense exercise.

Figure 3-3 New Products– New Colors, Electronics Version, Cause Related/Affinity Loops and Packaging



a. Intellectual Property

Generally, patents that were granted for wrist weights and variable wrist weights have expired years ago. Tone-y-Bands™ is in the process of working with the Patent Office towards a utility patent based on claims that include our novel packaging. We have received an allowance for this and are proceeding towards this.

Recently, we have learned that there is a probability to be awarded a patent on the band itself utilizing some guidance from our new council and input received from the office. Our attorney is in the process of amending our prior application with stated improvements. These will be for the current product that we call TB 1.0.

We are also filing for a Design Patent for the current Tone-y-Bands 1.0.

As mentioned previously, we have designed a new version on Tone-y-Bands (TB2.0) that is more of a fitness platform.

These applications should all be filed before the end of the year:

- The allowance filing for the current application with an initial filing date from 2013.
- The Design patent
- The utility patent improvements for TB1.0
- The utility patent for TB2.0

Market Description

Tone-y-Bands™ are a unique and disruptive product in a mature market. The market for wrist weights is large, mature, and is open for innovation. There is no dominant provider of wrist weights, and it is categorized by low-quality, low-cost offerings. An opportunity exists to add a stylish, trendy bracelet with a better functional performance to this proven market.

Additionally, by introducing an additional version with the multi-purpose cavity, we have the opportunity to tap in to the rapidly growing market of fitness wearables and fitness trackers. By incorporating a fitness tracker such as FitBit or Garmin into the design, we can tap into the digital sport market that is growing at 700% per year. For consumers that are already counting every step as an incremental benefit to their health, the idea of adding additional resistance or weight to their exercise to burn more calories should be easy to understand.

Market Size

The market potential is large. To maximize its marketing spend, Tone-y-Bands™ core target market will focus on four customer segments: Health conscious walkers, Active Seniors, Fitness-Instructors/Students/Gyms, Rehabilitation Centers/Physical Therapy. Below are supporting statistics in regards to these market segments:

- 145 million people in the US walk for exercise. ⁽¹⁾
- 15 million people worldwide take 1 Zumba class per week. ⁽²⁾
- 34,000 health clubs US/180,000 Worldwide. 52m health club members US/144.7m Worldwide. ⁽³⁾
- Gym and Exercise equipment is a \$1.9B industry growing at .5% CAGR. Weights and other equipment represent 34 % or \$647 m per year. Wrist weights are a subset of this market. ⁽⁴⁾
- 33% of fitness consumers of \$26.5B gym, health, and fitness club market are age 35-54 and are driving growth through an increased interest in leisure & sports. ⁽⁷⁾
- Florida ranks #2 in US market for fitness equipment. California, Florida, Texas. ⁽⁴⁾
- Market opportunity in stores such as Dicks Sporting Goods: 60% of the industry consists of operators employing 1-4 employees, with 90% employing less than 20. ⁽⁵⁾
- Digital Sport Market - Sales of smart bands grew 700% from 200,000 in the first half 2013 to 1.6 million bands in the second half of 2013. Shipments could reach a total of 8 million in 2014, over 23 million in 2015, and over 45 million in 2017. ⁽⁷⁾

Source:

- 1 - Center for Disease Control
- 2 - Zumba
- 3 - IHRSA Health Club Consumer Report 2015
- 4 - IBISWorld 33992B Gym & Exercise Equipment Manufacturing in the US Industry, Dec 2014
- 5 - IBISWorld 42391 Sporting Goods Wholesaling in US Industry Reports, Nov 2014
- 6 - IBISWorld 33992A Athletic & Sporting Goods Manufacturing in the US, Oct 2014
- 7 - IBISWorld 71394 Gym, Health, and Fitness Clubs in US, Dec 2014
- 8 - Canalys Analyst Firm "Wearable smart bands set for 350% growth in 2014", CNBC, Matt Lynch Feb 2014

b. Price Positioning

Price at retail \$45.00 - \$49.99

Price at wholesale \$20.00

Tone-y-Bands™ weights with electronics, ankle weights, heavier bands – price TBD.

Tone-y-Bands™ cost totals \$10 - \$13 per set depending on the packaging. This can be reduced with higher volume orders. The bands and weights can be offered separately to sell to existing customers and upsell new customers as we introduce new colors of bands and weights. Reflective bands and blinking led lights can offer excitement. New products – the electronics enabled band, ankle weights, and heavier bands can be priced higher. The current gross margin is 40% - 74%. The retailer margin is 55-63% which meets the requirements of targeted retailers. Gyms typically will charge above retail and HSN/QVC will charge below retail.

At this price point, Tone-y-Bands™ are more costly than traditional fabric weights but they also fulfill the equivalent of 2-3 sets of fixed weights. There is no direct competitor with a similar product so there is no

price point comparison. They are less expensive than many sports watches on the market.

4 Competition

Market Research demonstrates that Tone-y-Bands™ are a superior product that fills a need in the marketplace.

A survey of 141 Fitness Instructors that had used Tone-y-Bands™ for three weeks was conducted. 36 people responded. The instructors surveyed indicated they chose Tone-y-Bands™ over traditional wrist weights for the following reasons:

- 79% don't smell from sweat
 - 79% easily adjustable
 - 72% waterproof and easy to clean
 - 68% stylish and attractive
 - 64% fit snugly to the arm
- **Sleeker more comfortable design** – This research reveals that customers chose Tone-y-Bands™ because they like the sleek, stylish design. They continue to use Tone-y-Bands™ because they don't smell from sweat and are easy to adjust the weight as needed. Because Tone-y-Bands™ are made from silicone, they are easy to clean. This is a key differentiator in that most wrist weights are purchased but not used because they get dirty and smelly. Having customers continue to use Tone-y-Bands™ will increase their visibility and worth to the consumer. Most current weights are made out of fabric which easily gets dirty, is difficult to clean, and retains sweat and odors. Most are filled with sand which makes insertion and removal of weights cumbersome and becomes too heavy when wet and is difficult to dry. They are bulky, unattractive, and too heavy to be easily worn more than during an intense short duration workout. The clasps don't secure the weights snugly so they fall off frequently or slide around, which is both unsafe and uncomfortable.
- **Variable weights enabling a progression of weight training** - Current weights are in multiple styles – cuffs, adjustable weights, dumbbells, weighted gloves, and sets for physical therapy. The most common are cuffs or dumbbells which are fixed weights. As the weights are not adjustable, the customer often must buy multiple pairs of weights to get the size weight they need for the appropriate activity or risk having weights that are too heavy or too light. They cannot be adjusted to vary the level of intensity needed. There are adjustable weights on the market, but they are bulky and unattractive.
- **Price** - Prices range from \$19 to \$76 a pair for weights. One 2 lb pair of Tone-y-Bands™ that costs \$49.95 can meet the functional need of 2-3 pairs of weights that costs \$24.95 each or \$74.85 total. A complete set of weights for physical therapy, in ¼ increments from ¼ to 10 lbs can cost as much as \$325.

Figure 4-1 Competitive Strengths and Weaknesses – Positioning to win

The current market is crowded with low cost, low quality, unattractive wrist weights. There is a demand for an attractive, quality arm toning bracelet to come in the market. Tone-y-Bands™ will be positioned as a higher quality, more attractive, more durable product that justifies a higher retail price. As such, we do not plan on competing for the low cost segment of the market. Tone-y-Bands™ will come with a guide for the Ultimate Arm Toning System to describe how to progressively add weights and exercises to become stronger.

COMPETITIVE ANALYSIS – Traditional Wrist Weights – Products Not Platforms

Tone-y-Bands™ are unique - stylish, odor free, easy to clean, hands free, adjustable weight in one band, silicone

Large market with many alternatives. Primary offerings are made of canvas, fabric, or neoprene and filled with sand. They are bulky, unattractive, hold dirt and odors, not adjustable, not waterproof. Velcro scratches and bands leak sand. They are costly to customize for micro markets, virtually impossible to add any electronics.

Not adjustable.
Need to buy multiple pairs
\$19-\$76 Avg.\$25

Most not waterproof.
Difficult to add/remove weights.
\$25-\$60 Avg.\$28

Fills hands/Stresses joints, hard to grip,
drop often. \$15 - \$29
Gloves slide, stretch, and get sweaty.
\$15-\$35

Unsanitary, hard to clean, not focused
on lower end for safer rehab, more leg
focused. Require multiple bands for
variable weights. \$24-\$55



5 Sales and Marketing

Figure 5-1 Go to Market



a. Go to Market Strategy

Tone-y-Bands™ plans on a four phase go-to-market strategy as outlined in the diagram above. Tone-y-Bands™ has completed the **R D stage**. We are finalizing the **Refine our Marketing Approach stage** and are beginning the sales launch stage where we ensure we know our sales metrics and will have **Repeatable Processes** in place. We will then expand to a National Level. With sales volumes and profits in place, we will seek a **Strategic Partner** to grow or as an exit strategy.

During the **R & D** phase, we built and tested prototypes in four product variations of size and color. We produced an initial run of 2000 units in order to have a minimum viable product to conduct market testing. We have been selling and sampling into the market in a handpicked variety of accounts with the initial production run to gauge interest, collect feedback, determine target customers, and analyze sales by product type. We have sold or sampled Tone-y-Bands™ in a variety of locations - Zumba studios, Orange Theory, Lifetime Fitness, LA Fitness, spin classes, yoga apparel stores, hair salons, wellness events, and races.



The second stage of **Refining Our Marketing** was strategically designed to align with two events in order to actively test hypothesis, strategies, messaging, and product variations in a real time manner.

We participated in FAU's Entrepreneur Boot Camp class and Business plan competition while simultaneously launching a kiosk in Town Center of Boca Mall. This provided a real-time learning lab for consumer product testing.



Our plan is to develop a strong base in the local region to build momentum for sales, obtain testimonials, and increase publicity. In the early phase of a company, there are often growing pains in regards to product design, quality, processes, and positioning that need to be worked out. This allows us to make any changes needed before expanding at a national level. Sales channels include direct retail accounts, the kiosk at Town Center mall in Boca Raton, events, and fitness instructors as resellers.

Additionally, we were invited to participate in a Zumba instructors' convention by Zumba to gauge the instructors' interest and gain feedback. The event featured included 7000 certified Zumba instructors who are also certified trainers in many other disciplines. The instructor's response was overwhelmingly positive. We sold out of multiple skus, and obtained over 56 documented positive customer testimonials. Some were videos taken on site after the instructor tried them and some were written feedback as a result of a follow up survey. 36 customers responded from the 141 customers surveyed and confirmed the effectiveness of Tone-y-Bands™.

Customers surveyed have indicated that they feel the results of using the Tone-y-Bands™

- 64% increased in toning arms
- 57% took their Zumba class to the next level of difficulty
- 36% burning more calories
- 18% best Zumba class ever while using the bands



Tone-y-Bands received a satisfactory rating of 4.63/5.00 stars

We believe the sales channel of fitness instructors recommending or selling Tone-y-Bands™ is a viable channel as:

50% of the instructors surveyed indicated they would like to resell Tone-y-Bands™ to their students.

Repeatable Processes

Once the product demand is understood, the infrastructure is proven to be able to handle high volume sales – online orders, shipments, retailer requirements, and the team is in place, we will expand to a national level. Sales channels will include online, possibly HSN/QVC placement, national retailers, and catalog sales. Marketing and advertising for on line sales and channels will support sales as appropriate.

Strategic Partner

With sales volumes increasing, profits rising, and IP in place, we plan to seek a strategic partner that will be interested in adding our product or company to their existing product line. The exit strategy could also be in the form of licensing the product to another company wearable technology phase.

a. Customer value proposition by focus market segment

Tone-y-Bands™ addresses a problem “untuned arms” that is top of mind for the customer and appeals universally to its each segment. The marketing message by customer segment will be tailored to directly appeal to the needs of the customer as below. Tone-y-Bands™ are where fashion meets fitness! Tone-y-Bands™ customers do not need to change their routine, they can add Tone-y-Bands to their current routine and get MORE immediately – more calories burned and more toning!

Fitness Instructors, Students, and Gyms - Add Tone-y-Bands™ to your cardio workout for an

extra boost. The secure fit will ensure that your hands are free while you exercise. Easily add or remove weights as needed depending on the intensity of the exercise that you do. The weights stay clean, and don't get smelly with use which makes them an ideal component of core cardio weights for a gym and exercise studio.

Walkers – Add Tone-y-Bands™ to your walk and burn an extra 14% more calories and tone your arms. Your hands are free to use while you walk.

Physical therapy centers – Tone-y-Bands™ are sanitary and easily cleaned. As weights can be adjusted an ounce at a time, they can be easily customized to your patient's needs as they recover their strength and mobility. Patients build arm strength without needing to use hands to grip the weights. They are great for stroke victims. There is a special application for individuals with Parkinson's where the weights help to calm their hand tremors. Patients can purchase them for use at home.

Active Seniors– Wear Tone-y-Bands™ anytime to get more out of your day – more toned muscles, more calorie burn, and more core strength. No need to change your routine, enhance your routine. Start with light weights and add weight and intensity as you get stronger.

Digital Marketing and Social Media Marketing Plan

Tone-y-Bands™ has a comprehensive digital marketing plan and social media marketing plan to conduct organic and paid marketing to reach our target consumers. We have invested in digital marketing education and tools such as Hubspot, Buzzsumo, Wista, and Miva to develop an effective and easily maintainable communications methodology to reach our target consumer. We are working with FAU students in Marketing, Advertising, Graphic Production, and Digital Marketing for our mutual benefit. As part of their course work to engage in an entrepreneurial start up business and as interns to help bring youth and today's technology to our best practices and culture.

b. Company Brand Development, Marketing and Sales Timeline

1) R & D to Refining Marketing Stages – (Jan – October 2015)

a.

Sales

- i. Tested sales and sampling in local fitness and retail accounts.
Examples include: Lifetime Fitness, Zumba studios, LA Fitness, Orange Theory, Yoga Studios, and Spin Classes.
- ii. Conducted grass root events and kiosk sales.
Examples include: Delray Wellfest, Treasure Coast Marathon, Boca Town Center Mall kiosk.

b. Marketing

- i. Launched kiosk in Boca Town Center Mall for market research to test messaging, positioning, and packaging.
- ii. Launched Facebook page.
- iii. Refreshed website to ensure totally responsive site.
- iv. Began developing a digital marketing plan.
- v. Implemented an all-in-one digital marketing tool and CRM– Hubspot.
- vi. Performed competitive research.
- vii. Performed product market fit testing including a customer satisfaction survey.
- viii. Obtained customer testimonials – video and written.
- ix. FAU Marketing and Advertising Classes are performing an analysis of Tone-y-Bands go to market strategy and are developing their recommendations.

2) Build Traction Phase – Regional Focus – Prove the metrics - repeatable sales model. (October 2015 - Apr 2016)

- i. Test fitness trainers as a sales channel – distributor, reseller, or affiliate model.
 - ii. Conduct grassroots events to test market sales to health conscious walkers.
 - iii. Sell into local target accounts – therapy, gyms, running stores,
 - iv. Plan trade show events – IHRSA, IDEA, Club Industry, Zumba, Beachbody
 - v. Secure fitness season catalog placements – Sharper Image, Brookstone, Athleta.
 - vi. Evaluate HSN/QVC opportunities.
 - b. Marketing
 - i. Build digital team for product launch.
 - ii. Define goals and metrics.
 - iii. Begin web lead generation – Google Adwords, linked in campaigns, social media.
 - iv. Evaluate Amazon Launchpad as a platform for Tone-y-Bands.
 - v. Build customer testimonial campaign on creative ways to use Tone-y-Bands™.
 - vi. Create marketing content for use with online marketing.
Content articles for use on line, graphics for Pinterest, and fitness videos for online (you tube) education and sales (DVD version also)
 - vii. Research up and coming athlete or celebrity for brand representation.
- 3) Leverage Distribution Phase – National Launch – Repeatable Processes (April 2016 – 2018)
- a. Sales
 - i. Expand to national accounts – Retailers, National Gyms, HSN or QVC launch, national physical therapy centers.
 - ii. Introduce follow on products – electronics version, multiple colors, 2 lb version, new packaging.
 - iii. Explore the opportunity to license Tone-y-Bands™ to a leading digital sport technology and fitness tracker company – such as Nike+, Fit Bit, or Jawbone.
 - b. Marketing
 - i. Develop PR campaign for fitness season for magazines, TV “Best of” lists.
 - ii. Leverage social media tools as appropriate to increase sales.
 - iii. Develop ad campaigns as needed for marketing.
 - iv. Product advertising in key fitness buyers guide catalogs.
 - v. Develop affinity marketing plan – charity causes, white label sales, and non-profit affiliations.
- 4) Global – Strategic Partner Phase (Mid 2017 and beyond)
- a. Sales
 - i. Expand focus to key international markets.
 - ii. Add global sales management resource
 - b. Marketing
 - i. Tailor messaging to multinational markets
 - ii. Participate in International Trade Shows for fitness.

Sales Organization

The sales organization is headed by the CEO, an individual with a proven track record and passion for bringing innovative new products to market. A team of 4 athletic and health minded students from FAU were hired to work the kiosk and events. Interns are being added for marketing support. We plan to hire flexible resources as need to meet staffing requirements. More seasoned individuals will be brought on as needed.

Tone-y-Bands™ uses a full service product fulfillment, call center support, and marketing services company. This operational foundation streamlines the process for Tone-y-Bands™ to fulfill both

small orders and large international retailers. The call center is capable of handling HSN or QVC, direct response marketing campaigns and ongoing customer service. The local warehouse facility offers full service pick, pack, and ship capabilities for domestic and international orders and the rigorous shipping requirements for major retailers from packaging specifications to EDI. It can provide integrated marketing campaigns and services. We have an online presence established with a website, www.toneybands.com. A facebook page <https://www.facebook.com/toneybands>, and plan to be an Amazon Launchpad company – a platform for innovative new products.

Figure 5-2 Sales Channels by Target Market Segment

Consumer Group	Channel					
	Fitness Instructors & Ambassadors	On-Line			Retail	
		Affiliate	Catalog/sites	Direct	Large Chain	Independent
Fitness Groupies	X		X	X	X	X
Walk for Exercise	X			X	X	X
Active Seniors		X		X	X	X
Rehabilitating			X		X	X

Strategy

We will have the **right management team** in place to promote our **unique product** that is **on trend** with fitness and will **meet strong customer needs**. The team is skilled at bringing innovative products to market to the health conscious consumer through retailers, distributors, fitness clubs, and online. Additionally, we are experienced in bringing innovative products to market in B to B. Our strong marketing and sales ability will result in continued sales growth.

We plan to conduct an integrated launch process to maximize the fitness season for online sales and retail sales. The management understands the challenges of a resource constrained organization and the importance of the right team members in bringing a product to market.

6 Financial Plan

6-1 Financial Projections

The cost to manufacture Tone-y-Bands™ today is \$13 per kit. We believe that in higher volumes and this can be reduced to \$10 per kit. New packaging will be introduced to reduce shipping costs.

TONE-Y-BANDS™ - Financial Projections					
	2015	2016	2017	2018	2019
Revenue	29,392	\$1,043,625	3,263,500	4,783,500	\$8,198,000
COGS	13,858	\$555,815	1,277,000	1,861,000	\$2,869,300
Gross Margin	15,534	\$487,810	1,986,500	2,922,500	\$5,328,700
Gross Margin %	51%	47%	61%	61%	65%
Sales & Marketing	54,387	\$206,310	\$495,500	\$1,221,780	\$1,475,640
Sales & Marketing %	185%	20%	15%	15%	18%
R & D	-	\$20,000	\$30,000	\$40,000	\$60,000
G & A	32,868	\$154,163	\$469,840	\$610,890	\$983,760
G & A %	112%	35%	16%	13%	12%
Total Expenses	87,255	\$580,070	\$1,042,500	\$1,361,500	\$2,519,400
Total Profit	(\$71,721)	(\$92,260)	\$944,000	\$1,561,000	\$2,809,300

7 Risk Management

There are many risks associated with launching a new business. As part of the FAU Tech Runway Accelerator Program, Tone-y-Bands™ is working with mentors from many disciplines to help consider and prepare for the associated risks. Putting the right team in place is the most critical step. Below are potential risks and plans to mitigate them.

There are physical risks associated with using weights. We have liability insurance and workers' compensation insurance in place that meets the needs of major retailers as we have already had a kiosk in a Simon Malls facility. We retained a risk management company to ensure packaging and marketing materials are properly prepared. We will have exercise instructions and videos.

There is a risk that the product will not sell as expected or that the price point is too high at \$49.99 a set for the mass market. We have conducted extensive market testing and we know that it sells at that price. We know we have substantial room to lower the price if needed as our new production costs are coming in significantly lower. At the time of this business plan, we have not yet made the decision to lower the retail price. We know customers understand its unique value proposition, that it is a simple product to use and understand, and they recommend it to friends and sell it to their students and clients. We will begin to test and measure sales metrics to ensure we have a repeatable business model. This research will provide an objective and measureable data as to whether to launch nationally and how much funding is needed.

Initially we thought that there is a risk the bands will be considered too light to be effective. After working with fitness instructors in the toning market, we believe that we have hit the sweet spot for marketing a product that focuses on toning, especially with a cardio workout, versus building bulk with traditional weights. A trending topic is the term cardio weight as a way to add resistance to calisthenics and cardio exercises. We will produce a heavier weight that can be used for ankles, therapy, or strength, but, the focus will be on positioning them as toning weights. We are considering hiring a respected sports or fitness figure to represent the brand.

There is a risk that the IP protection may not be comprehensive enough. We are confident that the new design will grant us the IP protection we need, and by seeking capital, we can come to market faster and establish the brand as being first to market.

8 Conclusion

Tone-y-Bands™ is at the right place at the right time. Initial market research has shown that it fulfills a consumer need in a new and exciting way. Many sales channels exist to deliver the product to a customer base that desires a better solution for arm toning. The management is passionate about bringing innovative, better-for-you products to market and has successfully done so in the past. The gross margins are good, allowing for profitability. Customers have paid the asking price without hesitation. The ability to expand the product line that will continue sales to existing customers and reach new markets is vast. The idea behind Tone-y-Bands™ is simple. It works simply and is simple to understand and use. Now is the time to bring on investors and management to help this grow profitably.

Exhibit 1

Survey Results:

Responses to: What would you tell your friend or student about Tone-y-Bands™?

- They are stylish and attractive and adjustable, I like them very much.
- Try it and see for yourself...
- They're awesome and stay in place
- They are easy to use....just imagine is a bracelet.
- Just enough weight.
- **They will change the way you stay fit**
- **I would say it is the most stylish way to tone your arms**
- I let all my students and friends know the benefits of them burning 15% more calories; and they LOVE that!
- they are awesome, because they don't look like any of the other weights you use with your hands.
- How they make you sweat and they add that extra kick in class.
- easy to use
- It makes you work harder for your workout and tone the arms as well.
- They look like bracelets! They are adjustable and easy.
- weights to provide additional toning and makes you work harder to therefore burn more calories
- **An invention that will change the world of toning**
- They effortlessly increase biceps muscle, make me aware of arm movement when instructing Zumba, and metabolism most likely is increased as I am extra hungry when wearing them :) They really look good and I forget that I am wearing them except for how the arm muscles feel. They come in a smaller size (1/2 pound) than mine (3/4 pound) and a person can insert fewer weights and add them as time passes if they want a gradual progression. Though I chose black, they also come in white. They can be worn on bare skin or with wrist sweat bands as well. I like that they are invented, manufactured and sold by the same individual.
- They are easy to use, and gives ur workouts a little more uumpph...
- That you really feel your workout better. I also have to work my core more to stay balanced so I'm strengthening as well.
- Just try them - they are great!
- You can adjust the weight and work up to the full weight they hold.
- It's awesome and it's a great asset to fitness regime
- Easy and convenient
- Expand the color selection.
- **They are a great add on for any workout and stylish as well**
- "You can feel the difference!"
- Stylish, after 1 hour of wearing them, I forget I have them on.
- **I would definitely recommend to use them; it is a real challenge, a bit more tiring at the beginning but it is a lot of fun !!! Also looks so cool:)**
- They are not very noticeable to the eye the extra feel for the workout is awesome!
- **Easy to use, results are amazing using them**
- They will tone you & you almost forget you have them on.

Exhibit 2 Compelling Market Indicators

The market for cardio weights is increasing. Group fitness classes such as calisthenics where Tone-y-Bands™ can be used as cardio weights are increasing at the fastest rate. In the last year, IHRSA reports the following growth: Pilates increased 399%, Dance increased 242%, Yoga Increased 191%.

"Consumers will become more health conscious, stimulating demand for athletic equipment"

IBISWorld 33992A Athletic & Sporting Goods Manufacturing in the US, Oct 2014

In September 2015, The US Surgeon General announced a campaign to encourage Americans to walk called Step it Up!

"IDC predicts that wearable device shipments will reach 19.2 million units worldwide in 2014, more than tripling last year's sales. From there, the market will swell to 111.9 million units in 2018, resulting in a compound annual growth rate of 78%, IDC said."

Investor's Business Daily: Fitness Bands to Drive Wearables Market Bullish Report Says, by Patrick Seitz, April 2014.

"Of over 78 million aging Baby Boomers, over ten thousand will turn 50 every day for the next fifteen years. Significant spending power, more leisure time, and a vested interest in living more healthy lifestyles will continue to support the outdoor industry."

"According to the National Sporting Goods Association, overall sporting goods sales are expected to reach \$51.6 billion in 2010 up from \$50.7 billion in 2009."

"The \$3.2 billion U.S. consumer fitness equipment market is large and experiencing a movement toward higher participation in non-traditional fitness and training regimes." Partnership Capital Growth, Market Statistics, 2014.

Exhibit 3 Founder Resume and Experience
Proven Management Janice Haley Seasoned Entrepreneur

CEO Tone-y-Bands™ 2013-2014

Celsius Co-founder of Celsius. 2004–2011

Invented and brought to market an innovative, category creating, award winning functional beverage. Celsius went public on Nasdaq. Exited the company at \$9m in annual sales by selling controlling shares to primary investor.

VP of Marketing and company spokesperson. Obtained over \$10m in positive publicity resulting in increased sales. Appeared on NBC, CBS, ABC, Fox, and independents in all US markets, and shows such as Food Network Unwrapped, NBC Today Show, The Doctors, and Extra, and internationally.

VP of Business Development. Secured major distributors, regional and national retailers to expand placement throughout the country. Celsius was available in over 30,000 store locations – 100% of drug stores, 100% club, 80% grocers, 50% of convenience, most major gym chains and health food stores.

VP of Communications. Managed all press and corporate communications. Drove the process and communications leading to 13 national and international awards for Best New Beverage and Best New Health Initiative.

MAPICS VP Corporate Communications and Marketing VP 1999-2001

Managed international marketing activities for a publicly held \$500m ERP software company. Managed content creation for product positioning, advertising, and major event planning. Launched and trained sales personal on competitive positioning for international launch in six languages.

Pivotpoint VP of Marketing, Regional VP Sales, Sales Rep 1988-1999

As VP of Marketing, successfully led strategic initiative to turnaround company image through PR, analyst, customer results campaigns and advertising. Participated in the due diligence process to sell the company to MAPICS. We completed the transaction in January of 2000 for \$55 million in Cash.

Prior to heading up Marketing, was Regional VP of the most profitable region. Was promoted to head up the region after several years in a row as the top sales representative in the company.

Featured in Fortune Magazine Article, May 2000 "Women Move Up in Manufacturing".

Honeywell Defense Communications-Director of Marketing, Inventory Planner 1985-1988

Was promoted from Production to Marketing to identify new business that was compatible with production capabilities. Led proposal efforts to win new government contracts ranging from \$1m-\$10m in secure communications. Secured Top Secret Clearance to work with Navy, Air Force, and Marines.

First regional female President of American Production & Inventory Control Society.

ITT Production and Inventory Control Supervisor, Production Planner 1983-1985

Was promoted and won award for instituting JIT techniques that saved \$1m in inventory carrying costs per year. Increased productivity and savings while supervising production and inventory control departments in a capacity constrained high tech production facility.

Education

BSBA, Marketing, University of Florida 1982

Exhibit 3 – Proven Management continued

Janice Haley Seasoned Entrepreneur

Janice Haley

- Seasoned Sales & Marketing Executive
- Serial Entrepreneur – Focused on Fitting Fitness in to Busy Lifestyles
- Spokesperson Extraordinaire –created over \$ 10 million in Free PR ad value

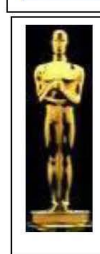


Exhibit 4: The faces of Tone-y- Bands™ Customers and what they say!



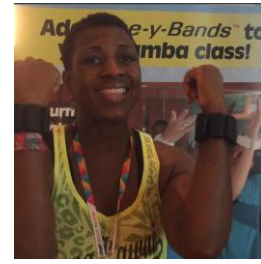
I absolutely love them. Little to no movement, you don't feel them on your arms



Love them! Highly recommend them!



Been wearing them all day and enjoying them!



These are the best things ever!



An excellent idea. I look forward to introducing them to my students.



Been waiting for someone to come out with something like this



It's the best invention, I can workout freely



I love these... It's something cool! .. So Beautiful. I love them!



These are amazing.. Awesome!



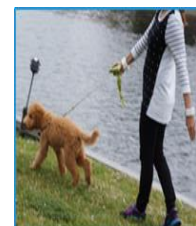
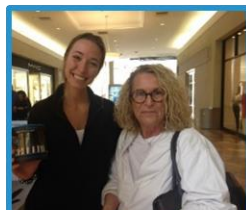
Thank you, Thank you, Thank you. "Heck of" workout ever with these



I bought these to get my arms tight.. I'm a police officer and I need big guns



I love Tone-y-Bands to shape my arms



Mall workers that walk together..... Active senior.... Hair stylist & customer...Security guard...pet walkers