Business Plan

Introduction

Sad Pumpkin Games (SPG) is an indie game development startup hoping to capture market share and become profitable through open, transparent communication with its audiences and through the development of sustainable games driven by audience demand. The business growth plan of SPG is divided into three variable-length stages, which each have their own requirements, in order to minimize the risk and investment at each stage and reduce the likelihood of failure due to over-expansion.

Stage 1

The first stage of growth for SPG is focused on the creation of a legal entity for the studio, the identification of target audiences, and the ideation of game concepts based on the target audiences. Sad Pumpkin Games will be registered as an LLC as the first step of this stage of growth in order to ensure founders are shielded from liability and to best account for business-related spending. Throughout this phase the founding team, with light help from gig-based contractors, will work on development tools and attempt to identify underserved communities and gaps in the current game offerings. While this is happening, the founding team will also begin the process of ideation on game designs based on the identified communities.

Funding

The funding for stage 1 of SPG's growth will be fully internal, coming from the founders' personal savings. Consequently, the budgets for stage 1 projects will need to be severely limited and the reliance on external contractors is to be minimized if possible. With proper management the overall budget of stage 1 should last indefinitely so long as the founders maintain their current income, which will allow for the proper identification of target audiences and help to reduce the likelihood of investing on a larger project without a well-defined audience.

Facilities

The team during SPG's stage 1 is limited to the founders, making an on-site facility wholly unnecessary. Facility-style services, such as file storage and repository hosting, will be maintained online in the cloud using free and low-cost tools. This lack of on-site facility and reliance on low-cost alternatives will further stretch the limited budget of this stage.

Staffing

The team during SPG's stage 1 will be made up exclusively of the founders and owners of the studio. The only staffing requirement during this stage of growth with be the identification of external contractors for market research and concept art. These contractors will be found through the standard channels online and will be paid competitive market rates for the services they offer. All services not handled by external contractors will be handled by the small founding team.

Accounting

Stage 1 accounting for SPG will be a simple affair. Due to the limited budget and staffing requirements, the small amount of accounting work during this stage will be in tracking the cost for establishing an LLC and the outgoing fees for any contract work outsourced. This accounting can be handled easily by the founding team, without the need for any external accounting support.

Legal

The legal needs of SPG during stage 1 center around the establishment of an LLC (limited-liability company) in order to shield the founders from liability as well as track finances independently of the founders' finances. The establishment of an LLC requires confirming the availability of the name "Sad Pumpkin Games" in the game development and entertainment industry in the US, and ideally abroad. Confirming the complete availability of the studios name will also free the founders to establish website domains and social media profiles under the official studio name.

Marketing

The marketing efforts during stage 1 of SPG's growth plan are focused on the establishment of an internet presence. A main website will be developed by the founders featuring the company's logos and theming, in addition to the company's goals and values. Social media profiles on all major platforms will also be established during this stage, using the company's branding. Since no products are expected to be released during stage 1, no marketing campaigns or advertisements are required.

Sad Pumpkin Games will transition into stage 2 of growth once the founders have identified multiple underserved game communities, have potentially viable game concepts matching the needs and desires of those communities, and have a suite of tools capable of streamlining upcoming game development.

Stage 2

The second stage of SPG's growth plan focuses on the initial development of game concepts for audiences identified during stage 1. The toolsets and frameworks developed during the first stage of growth should make development of MVPs (minimum-viable-products) quick in order to maximize the amount of time spent iterating and polishing based on audience feedback. The products developed during this stage will explicitly begin life as minimum viable products, games released to limited audiences in a fully functional but unpolished state, for audience feedback and demand to guide the direction of development as much as possible. Releasing MVPs will also allow the budget to be stretched farther and reduce the chance of a large financial investment being lost due to the audience disliking a game concept and will allow the founding team of SPG to more easily A/B test product design decisions and research player behaviors to make ongoing game development more efficient.

Funding

Stage 2 funding of SPG remains primarily sourced from the savings of its founders but may also dip into crowd-funding sources such as Patreon and Kickstarter as secondary sources of funding. The primary outgoing expenses during this phase are the fees for any contracted artists and the costs of establishing the servers and databases for each MVP, both of which can be easily funded and constrained by the available resources of the founding team.

Facilities

Since the internal SPG team during stage 2 is still limited to the initial founders, there continues to be no requirement for an on-site facility. The file, repository, and database hosting services identified during stage 1 will continue to be leveraged to provide alternatives to on-site server facilities that might otherwise be housed at an office.

Staffing

The stage 2 team remains the same as during stage 1, but there will be a heavier reliance on external contractors for services that the founding team is less adept at. Concept art, key art, and iconography for each MVP will be sourced from external contractors in order to best convey the ideas and concepts of each

game to their target audience. Games which receive a strong, positive audience reaction may lead to further investment in contracted art resources as they are polished.

Accounting

The accounting resources in stage 2 of SPG's growth will need to be stepped up versus stage 1 but should still be manageable by the founding team. As more game MVPs come online and more external resources are contracted for art and design, the SPG team will want to account for all expenses individually per game to better track the financial viability of each game concept. Additionally, games during this stage of growth may potentially begin to make a profit due to advertising or crowdfunding, which will need to be accounted for appropriately.

Legal

The legal requirements of stage 2 of SPG's growth plan are simple. The first requirement of stage 2 is establishing the trademark for any MVP which enters development. While not necessary to formalize each game's title and logo through the legal channel of a Registered Trademark, ensuring that the appropriate documentation is made and maintained which establish the trademark will be important if a game survives to the point of needing a registration. The second requirement of stage 2's legal plan is the thorough and proper vetting of the age target for each MVP, which is necessary in order to submit games to their respective distribution platforms, as the laws governing the content, mechanics, and advertising in games most often correspond to the games' target age range.

Marketing

The marketing plan for Sad Pumpkin Games in stage 2 is primarily focused on grass-roots involvement in the development process and the establishment of gaming communities surrounding the MVP titles. The marketing budget for this stage of growth is small, so most of the marketing effort will be spent creating social media profiles and pages for each of the MVPs in addition to Discord communities. The social media pages and profiles will post updates, details, and concept art for each MVP as progress is made and invite viewers to join the Discord community to follow the games' development. The Discord communities for each MVP will focus on involving fans in the decision-making process for each game and creating an active online community which can evangelize the games when they see their full wide-spread releases.

Sad Pumpkin Games will transition into stage 3 of growth once multiple MVPs have been released to their target audiences and have gone through multiple rounds of iteration to determine viability. At least one

game should be polished and profitable to the point of sustaining the game's own upkeep before continuing to stage 3.

Stage 3

Stage three, once one or more of SPG's released games have proven themselves financially sustainable, will focus on the continued development of a range of titles as well as seeking external investment. During this stage of growth, the founding team of SPG will continue iterating on and improving games released during stage 2, while also focusing on identifying new target audiences to produce MVPs for. Maintaining the proven-viable games from the previous stage should ensure that at least, so long as operations remain lean, the studio can sustain itself relying on the founding team. In order to achieve a measure of growth during stage 3, the SPG team may seek external investment through private investors or through small loans in order to jump-start the development process of new MVPs and potentially hire one or more employees instead of relying on contractors for all art and design work.

Funding

Funding during stage 3 of SPG's growth plan focuses on three potential sources. The first source of funding for SPG during this stage is the direct profits from games via ad revenue and in-app purchases. By stage 3 at least one game should be turning a profit through these means, but the impact on funding will realistically be small at this point. The second source of funding during stage 3 is via crowd-sourced funding through the SPG Patreon and potential game-specific Kickstarter campaigns. The Patreon will be a small but reliable source of funding in exchange for insider exclusives and rewards per tier, while Kickstarter campaigns for each major release will help to push the polish of upcoming games above and beyond the bar. Finally, during stage 3 the SPG founder team will consult with private investors to seek a degree of financial backing. Having provably sustainable products and a well-defined growth plan should allay some fears of financial loss from would-be investors.

Facilities

Stage 3's requirements for facilities add nothing on top of stage 2's requirements. At this point the team will still be exclusively online and distributed, making an on-site office space unnecessary. Facility-like services will continue to be provided via online cloud solutions.

Staffing

Stage 3 is the first where a ramp in staffing may be necessary. Various roles in the company could potentially be hired during this stage, the type and order of which would be determined by the current and expected future growth of SPG. The first roles hired would likely be in the HR, community, and artist categories. An HR Generalist would assist the founding team in locating and hiring additional staff from a diverse pool of candidates, as well as oversee the maintenance of employment documents and management of external contract workers. A Community Manager would help facilitate the establishment and growth of the online communities surrounding SPG's game titles, both via Discord communities and by maintaining a rapport with fans and the public on social media platforms. Lastly, bringing on a 2D Artist would reduce the studio's reliance on external contractors, provide an extra level of polish to products, and help to establish a consistent art style.

Accounting

Stage 3's accounting plan is much more complicated than that of stage 2. Tracking all profits and losses of the studio's games, as well as the studio, will be extremely important for tax purposes and for estimating future business development. The potential of adding employees either part- or full-time brings the added accounting complexity of payroll, payroll taxes, worker's compensation insurance, and employee benefits. Most employee-related accounting and management can be offloaded to a third-party payroll administrator such as Gusto or Zenefits in order to avoid common hurdles that the founding team are unfamiliar with, as well as to free up time for further game development. As stage 3 is the first where any real profit is expected to be gained, it will also be the first where federal and state taxes become a concern. Depending on the scale of the taxes to be filed, an external tax adviser may be contracted to complete the appropriate documentation for the studio in order to lessen the studio's risk of tax woes.

Legal

The legal requirements of SPG's stage 3 primarily depend on the success of SPG's games and the number of employees hired. Any games which become successful enough should have their names and logos officially trademarked in order to further shield the studio from legal issues. Bringing on employees either part- or full-time exposes the company to legal risk due to local and federal guidelines, so the operators of SPG may consult with a legal advisor or the services of a third-party servicer in order to guarantee that all regulations are followed to the letter and all necessary documentation is kept on file.

Marketing

In stage 2, marketing revolved around the creation and moderation of social media communities in order to garner grass-roots support for SPG's products. Stage 3 continues this application of grass-roots marketing through social media, but also aims to reinvest a percentage of each individual game's profits into targeted marketing with the aim of widening that game's audience. Additionally, a percentage of each game's profits will be invested into a studio-wide marketing fund to be spent on marketing studio itself and bringing new users into the game ecosystem of SPG. This stage's possible recruitment of a Community Manager will help to organize community feedback and audience expectations in order to optimize the marketing budget by tailoring targeted advertisements better based on the studio's customer base.

Sad Pumpkin Games will only advance to the fourth and final stage of the growth plan if the studio becomes fully self-sustaining and shows a likelihood of continuing success through new and existing games.

Stage 4

Reaching stage for is an indicator of success by any measurement. At this point the studio is self-sufficient and financially viable without the need for external investors or loans. This stage is focused on the continued growth of the team and game portfolio at SPG. Stage 4 is open-ended and can scale for as long as the company continues to be profitable and maintainable.

Funding

Funding in stage 4 of SPG's growth plan should be fully sourced from ad revenue, in-app purchases, sales, and audience backing via Patreon and Kickstarter. Though external investment should be completely unnecessary at this stage, the management of SPG may potentially seek external investment or loans in order to achieve some short-term goals that would otherwise not be workable with the studio's on-hand cash. SPG will try to maintain a lean environment even as ample funding is secured in order to maximize the studio's operating capital and prepare for the unexpected.

Facilities

Though SPG aims to keep a fully online, distributed workspace, stage 4 may see the introduction of small satellite offices. If the number of employees exceeds a certain threshold in a geographic area, and there is significant desire from staff, SPG may lease small office spaces in population centers in order to maximize employees' communication and supply locations for coworking. Since most office spaces are suitable for an

SPG satellite office, the main requirements would be location compared to local employees who would expect to work on-site and overall price of the office space.

Staffing

Stage 4 in the SPG growth plan sees the recruitment of a diverse staff of employees in all areas of development. The HR personnel recruited during stage 3's expansion will be key to finding suitable candidates from diverse backgrounds in order to pad out the studio's shortcomings. Chiefly among hires during this stage are Producers, who will help ensure that the development of each game is on track with expectations, that the proper bugs and features are prioritized, and that teams are working at their optimal efficiency. More engineers, artists, and designers will be hired in order to contribute to the various live and upcoming project teams across the studio. Additionally, full-time QA analysists will be hired once the studio reaches the point that the development team itself cannot adequately test outgoing products. The expansion of the SPG team during this stage of growth will vary wildly based on the requirements of the company as it grows and the games that are being developed.

Accounting

With the increased profits, increased spending on marketing, and increase in the number of employees and contractors, accounting in stage 4 will be much more complicated than in prior stages. The services of an external accounting firm or service will very likely be needed in order to maintain proper documents for tax purposes and to provide the company with accurate, relevant numbers on profits and losses for the management team to best guide the company. As with stage 3, the accounting and handling of employee pay and benefits will be handled by a third-party payroll administrator, unless the accounting firm contracted for tax purposes also handles these tasks.

Legal

The legal requirements of stage 4 expand along with the team size and catalog of games. Game titles, logos, and flagship characters will need to be registered appropriately in order to minimize risk. Local and federal laws and customs of different countries will need to be observed as SPG's games aim to reach wider and more diverse audiences. To best handle these legal issues, the SPG team will contract with a legal firm specializing in entertainment and game industry law. An external legal partner will lessen the likelihood of SPG encountering legal roadblocks and pitfalls in different regions.

O'Connor, Jake

Marketing

By stage 4 SPG should have multiple active social media communities and successful games which generate their own marketing buzz, so the marketing budget of stage 4 is primarily focused on bringing in larger and larger audiences of potential customers. Like in stage 3, each game will self-fund its advertising budget through a fixed percentage of all profits, which will guarantee that games with more profitability receive correspondingly higher marketing budgets. The studio-wide marketing budget which is pulled from each games' profit will be reinvested into advertisements for the studio. Studio marketing will primarily be focused on new game releases but will also go toward recruitment of new staff.