

Business Plan



Dream Factory
St James, Boston, MA 02116
www.dreamfactory_boston.com
info-dreamfactory@gmail.com
Group 9: Sally, Lily, Renata, Game

Table of Contents

I. Executive Summary	3
II. Company Description.....	3
Business description	3
Legal structure	3
III. SWOT Analysis & Strategy.....	4
Strength:	4
Weakness:	4
Opportunities:	5
Threats:	5
Strategy Analysis.....	5
IV. Product & Services	6
Office space	7
Service.....	7
Communication platform	8
V. Marketing Plan	8
Market research	8
Target customer.....	11
Barriers to entry.....	11
Key competitors.....	12
Promotion	12
Proposed location	13
VI. Management & Organization.....	14
VII. Financial Plan	14
Initial expense	14
Profit & loss projection	15
Projected balance sheet	16
Break-even calculation	16
VIII. Summary & Recommendations.....	16
IX. Appendices.....	17
Appendix A	17
Appendix B	18
Appendix C	20
Appendix D	22
Appendix E	23
Appendix F	24
Appendix G	25
Appendix H	26

I. Executive Summary

Dream Factory is a business incubator that wants to help entrepreneurs to manage their business and realize their dream. The main product of our company is the sharing office, which gathers startups and office workers to share the workspace together. Besides, we provide communication platform and customized business services. The communication platform connects all the customers and they will exchange ideas with each other. Business consulting service provides professional consulting service to needed customers at any time to help develop their business. Additionally, the ultimate aim of our company is to create a business community for entrepreneurs to work together, strive together and achieve together. Admittedly, we have many competitors such as Wework but we have the confidence to win because we provide high-quality and friendly-price products. On top of that, chances still exist in the society such as demand for workspace and the usage of online communication. Our target customers are Independent professionals and entrepreneurs, freelancers, remote workers and telecommuters, temporary workers and a growing group known as "side-giggers". As a newborn company, we may have some loss caused by set-up expense in the early stage. However, our company has the ability to reach the breakeven point and make profits in the near future. In the late years, we are looking forward to expanding our business to the whole country and then to the whole world.

II. Company Description

Business description

Our company is a business incubator. We provide comprehensive formation, customized service and physical facilities for entrepreneurs. We rent the low-cost idle real estate and renovate them into stylish office space, then lease them to entrepreneurs and establish the Eco-system of "sharing office + professional incubator community + value-added services". By designing and building communities, we offer working space, facilities and customize service to our customers. In our communities, entrepreneurs have chances to co-work and establish an individual relationship with each other. Besides, entrepreneurs can make use of our websites and apps to find information about suppliers, investors, and customers to facilitate their business.

Legal structure

Dream Factory is a limited liability company (LLC). The decision is based on several reasons. Firstly, it is easy for us to raise capital, because we demand a lot of money and resource to operate our business. In specific, we need money to collect information and idle assets. Secondly, it is about limited liability. If our company bankrupts, we are protected from being personally liable for the business's liabilities and obligations. The legal person's personal assets are strictly separated from the business assets of the company, which insulates the owners from the company's debts. Thirdly, shareholders can vote for and monitor the decision-making process in case of an inappropriate decision made by the top management of the company. Fourthly, unlike business entities like sole proprietorship and partnerships, which are tied to its owners, the corporation is its own legal entity independent of any owners, thus it can live indefinitely. Therefore, it's easier for us to transfer our shares to other individuals. On top of that, It is

also a common legal structure for startups and allows the availability of flow-through taxation to the members. LLC also has no residency requirement, since the members aren't U.S. citizens.

Since an LLC is established under state law, the rules governing Dream Factory are set by the Commonwealth of Massachusetts. The company has been registered with the LLC Certificate of Organization and has published a notice in the local newspaper The Boston Globe about the foundation.

III. SWOT Analysis & Strategy

Strength:

1) Model strength:

Our business model is based on the concept of sharing economy. We will rent a batch of vacant office space resources, breaks the closed office space, then sublets them to small business and entrepreneurs in station units, provides operational services, and creates a flexible public office community for entrepreneurs to start up a business. In our community, participants can not only share the working space but also find the resources they need easily. Entrepreneurs can communicate with each other so that there are more and more new ideas or new resources. In a word, the aim of sharing office is to create a community for entrepreneurs to fight together.

2) Intangible asset strength:

Above all, we have unique community culture, which focuses on nurturing a community of creators and encouraging people to engage in the cause they love. For example, people can meet different people from different industry in our community. They will communicate with others if they are interested in each other. The interactions among people are an important intangible asset for entrepreneurs.

What's more, we have customized services to satisfy various needs for customers. We will hire staffs with expertise in key areas as well as motivated and experienced employees to help customers with specialized guidance.

3) Price strength:

We provide customers with good service and low price. The office we provide is made from the idle houses or rooms. We also hired some experts (such as some graduate students or Ph.D. students who are excellent in their field.) to help our customers set up or manage their business with a friendly price.

Weakness:

1) In the early phase, we may not have huge brand influence and few customers resources. Compared with those branded companies, customers may have low trust in us. Customers may have no confidence in us and they may doubt the quality of our service and products. Besides, we may meet some difficulties in hiring experts because some excellent experts do not want to work for a little-known company with an unsatisfied return.

2) Although it is an innovative business model, it also lacks entry barriers, which is easy to copy. We will meet a lot of competitors who will cause heavy pressure for us. For example, Wework is a company which has similar products and services.

3) The community culture may not be accepted by all customers who would rather opt for an independent office than an open desk, even if they pay more rents. Some customers may not want to share their information or resources so that they can hold advantages over other companies.

Opportunities:

- 1) The rise of freelancers and mobile office will promote the demand of sharing offices. There are more and more temporary project teams and long-term travel employees in large companies.
- 2) The demand for cross-regional offices is also an opportunity for us. Our customers can use our office in different cities and regions all over the world after paying a monthly fee.
- 3) The government encourages entrepreneurship. The government wants more people to have their own business so that the employment burden can be release. For example, 28th February 2017, President Trump signed a document to encourage females to have their own business in science, technology, and engineering etc.

Threats:

- 1) The threats from competitors. The strength of technology business incubators increases rapidly. For example, many universities have their own business incubators and they have a strong backup to support their business incubators.
- 2) The impact of the economic depression.
The global economy has great uncertainty. If the economic downturn cannot be rapidly reversed, entrepreneurs will raise their caution, thus decreasing the demand of setting up a new business. For instance, the financial crisis in 2008 influenced the world. The global economy's collapse leads to the bankruptcy of many companies all around the world. As everyone knows, a smart businessman does not choose to set up a new business when a financial crisis appears.

Strategy Analysis

SO Strategy: We should make good use of our strength and opportunities to help our company make more profits. Nowadays, more and more people chose to set up their business. As everyone knows, entrepreneurs prefer some products with low price and advanced quality. Thus, we should continually keep the price advantage and improve the quality of our service. Besides, keeping a good relationship with customers is also a good way for expansion.

WO strategy: Lack of a well-known brand is our greatest weakness. However, we could ask the government for help to create our brand. We can corporate with local government can let government advertise our products. For example, we can provide government some discount if they use our products. Then, our product will leave a good impression on customers because of the "government's choice".

ST strategy: Although we provide our products with low-price, our competitors can also provide low-price products. Thus, we should not depend too much on the price but use some other factors to attract customers. For example, quality and creativity. We can use some unique and high-quality product to hold the attention of our customers.

WT strategy: When the worst situation appears, we need some contingency plans to save our business. Firstly, we should study the whole market to find out market's changes and requirements. Then, depending on the market's requirements, we will create some brand-new product to occupy the new market.

Worksheet of the SWOT

	Strength 1.Model strength. 2.Intangible assets strength 3.Price strength.	Weakness 1.No brand. 2.Lack of entry barrier. 3.Rejection of community culture.
Opportunities 1.The rise of freelancers and mobile office. 2.Temporary project teams and long-term travel employees. 3.The demand for cross-region offices. 4.The government encourages entrepreneurship.	SO Most entrepreneurs who started a new business prefer some low-price and high-quality products. We should keep a good relationship with customers and improve our products.	WO we do not have a well-known brand. However, we can make use of the support of the government to set up our brand.
Threats 1.Threats of competitors. 2.The impact of economic depression.	ST Competitors will provide the same products with the lower price so we cannot depend too much on the price but some other factors.	WT When the worst situation appears, We need to create some brand new products to occupy the new market.

IV. Product & Services

To satisfy the growing official space demand of the entrepreneur and big companies, our company offers three general types of products and services for customers. They are official space, membership & service and communication platform. We do not just offer a common and bald space but create a diversified and humanized office environment. Besides, our company would offer staffs from small or large firms attractive membership benefits and active community to enjoy the different working experience. The following sections would introduce the products and services in more detail.

Office space

Firstly, it is the resource of our office space. Our company would choose idle assets as the main source of our office room. As we known, there are many idle assets in the society and many people who need office space, but lacking information, the lessee and leaser cannot connect efficiently. Thus, our company will rent or buy and remold these idles assets and lease to those persons who are in urgent need of office space. Therefore, our company will become the pivot between the lessee and leaser and satisfy both parties' needs. This also goes on our goal, improving the social resource utilization. Secondly, features of office space giving us competitive advantages. Because the space our company makes use of is idle assets, the price of our office is lower than other space of the same grade. And because of the primary market targets, in the early period of our company, are the entrepreneurs who are lack of capital, the office space of our company is more suitable for them. What's more, the customized design of the office space is also an important advantage of our company. Our official space is not the just flat frame but the artwork, which are on basis of the inspiration from designers, engineers, and artists. For example, our designs would give priority to natural lighting and wind depending on the different locations to give staff maximum comfort. Plus, our office space would offer telephone box and public recess. Thus, our official products are more advantages than real estate intermediary companies.

Finally, the price of office space depends on the location, the number of offices and design requirements. Let's take the location of Boston as an example. In Fort Point, the price of Standard Private Office is \$700 per month, and the price of Dedicate Desk is \$480 per month, and the price of Hot Desk is \$340 per month, and the price of Customized Private Space varies (different requirements decide different cost). In St. James Avenue, the price of Standard Private Office is \$750 per month, and the price of Dedicate Desk is \$520 per month, and the Hot Desk is \$380 per month, and the price of Customized Private Space varies. Because of St. James Avenue is more near to downtown than Fort Point, the price of St. James Avenue is higher than Fort Points. Consequently, we set the price according to the depends on the location, the number of offices and design requirements.

Service

To create a more humanized office space, our company offers membership services and business consulting service. What's more, our company offer free essential service, such as cleaning service, public phone recess, high-speed Wi-Fi and front desk service, to any customer of our company.

Membership services satisfy diversified demands of members and offer some price discount. According to demands of the member, our company classifies membership into two categories, basic membership, and premium membership.

First, basic membership. For the basic membership, our company offers free to join in community events, free to printing equipment and free to fruit bar. Besides, the members of basic membership own 12.5% discount to rental. The price of basic membership is \$8,000 per year.

Second, premium membership. For the premium membership, our company offers not only the all free service of basic membership but also free to the usage of meeting room equipment, free to business consulting service and other assisting services. What's more, the members of premium membership own 20% discount to rental. The price of premium membership is \$20,000 per year.

Common & consulting service is a type of guidance service. The advisors could give customer companies suggestions about how to operate and develop the company. Our company hires most of these advisors in a part-time job. The reason is that there are many professionals having spare time and willing to earning extra gains. Our company could offer chance and position to these professionals. Plus, it is because this is part-time jobs, the salaries of these advisors are lower than the regular employee so that the fee of coaching business service is also lower than regular business consult fee of big consulting firms like Mckinsey. This way is very suitable to the situation of entrepreneur- lacking capital, so entrepreneur could access to consulting service at a low price if they apply to our coaching business service. The price of consulting business service depends on the size of customer company and the servicing time.

Communication platform

Our company would offer a free communication platform for app software and website. In this platform, the startup could find a partner to advance program of the project, and the leaders of our customer companies could also exchange their management experience, and lessee and lessor could send their information about rent. In other words, our company aims at creating a community or "ecosystem" of our customers to weave a social information network.

On the surfaces, our company cannot make a profit from a free platform, but our company could gain great profits from this platform in practice.

Firstly, our company could filter and collect useful information in firsthand. This is because any information sent to the platform should be audited and judged whether it is legal and ethically. There is a delay of audit from several hours to one day. During this delay, the technician and statistician of our company could filter and organize this information so that our company could contract with a publisher of this information preferentially, and promote our product or collect cost-efficient assets.

Secondly, people could send information in free, but if they want to trigger their information at the top of information board for 24 hours, they must pay \$1 per message.

Finally, our company could sell advertising space on this platform after the platform becomes mature and complete. This revenue will be an important part of our company's profits in the late period.

V. Marketing Plan

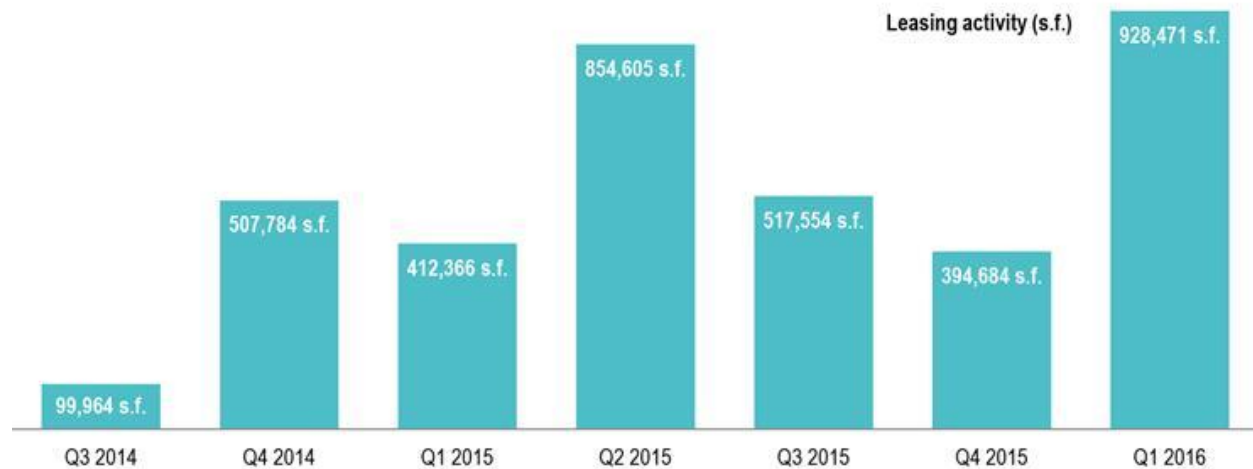
This section provides details on our industry, the competitive landscape, target market and how we will market our business to those customers.

Market research

With the rise of entrepreneurialism and a growing contingent workforce, there has been a significant shift in the way people work and where they get work done. Small businesses and freelancers alike are turning to shared workspaces as an alternative to the traditional office—and its accompanying lease.

The U.S. coworking industry – where companies provide small businesses and solo workers with serviced offices and a range of amenities – now totals 27 million square feet. Since mid-2014, shared

office providers have leased more than 3.7 million square feet in leases of 20,000 square feet and larger. 928,471 square feet was leased in 2016's first quarter alone, and the pipeline of potential customer demand is only expected to increase as small businesses and freelancers continue to require more customizable space.



Growth in this sector isn't surprising. A quick look inside many of these offices would sell anyone on the appeal and demand that this service is generating. Companies like WeWork, Industrious, MakeOffices, and increasingly, Regus, provide a designer work environment with amenities and perks similar to those of popular technology companies.

Additionally, the pipeline of potential customer demand is expected to increase. The U.S. Bureau of Labor Statistics estimates that the number of freelancers, temps, independent contractors and solopreneurs will grow from 30 percent of the workforce today to 40 percent of the total workforce over the next five years. They'll need a place to work.

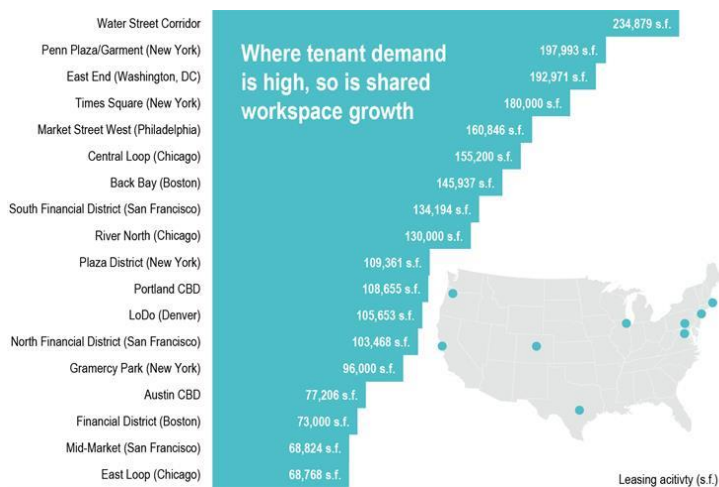
The co-working industry makes up just 0.7 percent of the total U.S. office market, but demand is unprecedented and fueling the growth of large providers in major markets. New York, Chicago, Los Angeles, Atlanta, and Boston comprise the top five markets for co-working space. As for top five submarkets, D.C.'s East End and Philadelphia's Market Street West showed strong growth along with three New York locales. Smaller markets like Charlotte, St. Louis and Northern Virginia are likewise seeing more leasing activity from co-working, especially in areas with a heavy tech presence.

To be sure, this industry is neither new nor significant in size, comprising just 0.7 percent of the total U.S. office market, and that number is even smaller when looking outside of primary markets and hot secondary markets. However, there are some companies that lease more space than others and with size and scale come certain advantages. A well-known brand cultivates a stronger customer base and makes it easier to capture a higher share of demand.

Additionally, location remains key. Just as many corporates look to urban markets and CBDs to locate for recruitment and retention purposes, so too do shared workspaces target the most in-demand locations to set-up shop. Over the past two years, 90 percent of leasing activity in this sector has taken place in Class B and C buildings, and two-thirds of leasing activity is within urban and mixed-use submarkets that cater to today's millennial workforce.

For landlords, this is good news. Not only are co-working companies leasing at in-demand buildings, but they're moving to submarkets where office market fundamentals and tenant demand are strongest, assuring shared office companies a certain level of success (and resilience) based solely on location.

Company	Total s.f. leased	Number of U.S. locations
Regus	~17 m.s.f.	~960
WeWork	4.4 m.s.f.	68
Premier Business Centers	730,000	51
Carr Workplaces	356,000	23
CIC	247,566	4
MakeOffices	232,000	6
TechSpace	112,072	5
Atlanta Tech Village	103,000	1
Servcorp	100,748	14
Galvanize	93,599	2
*As of Q1 2016		



Much of co-working space is concentrated in a few large providers, with Regus and WeWork accounting for nearly 80 percent (approximately 21 million square feet) of total leased space.

Rental rates for Class A CBD space average \$49.59 per square foot nationwide, while shared offices cost around \$139 per square foot—a 181 percent premium. The cost of co-working is high compared to a traditional lease, but rental rates include a host of perks.

Ample amenities: In addition to the basics, many providers stock premium refreshments, host regular events, and workshops and serve as a platform for networking and collaboration. All in a sleek, trendy environment that accommodates various work modes.

Much-needed flexibility: You sign up today, you sit down at your desk tomorrow. Many users choose a short-term agreement of less than a year, but space can also be subscribed to by the hour, day or month, depending on your needs. For startup companies, in particular, the flexibility is critical in case their funding and workforce grows quickly. Rather than being tied to a traditional lease for three to five years, companies can be nimble as needed.

The shared office sector will continue to grow over the next two to three years as small businesses and freelancers seek more convenience, collaboration, and perks in the workplace. However, as the industry grows, so too does its exposure to market fluctuations. The success of this industry through a downturn is unknown, but its appeal in an increasingly millennial and entrepreneurial workforce is undeniable.

Target customer

The demographics of people who gravitate to shared workspaces. A 2015 study conducted by Emergent Research found that:

- Their average age is 39
- Only 20 percent are younger than 30, and 7 percent are older than 60
- They are nearly split by gender, with men edging out women at 52 percent
- Only 9 percent work for companies with more than 100 employees

The trend portends an exciting future for those aspiring to manage a co-working space business—as long as they drill down and learn who is included in that increasingly wide spectrum.

The U.S. Bureau of Labor Statistics places these workers in five categories:

- Independent professionals and entrepreneurs
- Freelancers
- Remote workers and telecommuters
- Temporary workers
- A growing group known as “side-giggers,” or those who are employed in some capacity but take on other part-time, independent assignments

These discerning workers represent one of the fastest-growing workplace phenomena of the last 20 years: the so-called independent worker. By 2020, 65 million Americans will belong to this work category, making up 40 percent of the workforce, according to the U.S. Bureau of Labor Statistics. As they eschew the lonely confines of a home office and the noisy distractions of coffee shops, they are turning to shared workspaces, which offer the perks of a professional office environment without the drawbacks of a rigid power structure, set hours, and stuffy formalities. The number of shared workspaces is nearly doubling every year, and they serve an increasingly wide spectrum of workers, according to MBO Partners’ annual “State of Independence in America” report.

To these diligent people, a functional and desirable co-working environment includes:

- An attractive, roomy, and functional workspace
- A reception area
- Meeting rooms
- Concierge-level services
- A café

Barriers to entry

The first barrier we meet will be the startup costs. We need to rent or buy the estate and then rent to the customers, so this will cost us a lot. As well, we need money to rent employees, some experts to provide professional advice and actual solutions. We need to hire designers to design our own office space and buy facilities etc. Anyway, startup costs are the first priority we need to consider our business. The money we need for our business can come from fund and loan. We can put our business plan on the website or have a speech to the investors, explaining our ideas and the ways to earn profit to attract them invest our program. Except that, the rest of the money can get from a bank loan, these two ways will be our ways to solve our costs problems.

The market share becomes the second barrier. There are some companies in this industry so it will cost us more efforts than they spent to get our own customers. They have occupied some resources and customers ahead of us. It will be more difficult for us to have our own market share and own consumers of course. Therefore, we need to find ways to explore our market share and attract customers from other companies or someone who has never use it. It will cost us a budget to put advertisements and promote our brand to potential customers. We need professional officers to do market research to

decide which place to start our company, how much demand is needed in the city and the degree that our products and service can interest customers etc. Then we can analyze the market based on the research and then adjust our products and promotion, which apply to most customers.

There is also the main challenge for our career-- the brand recognition. Our brand is new to customers, people first listen to our company name so we need to let them remember our brand. The existing brand affects us a lot and the customers tend to choose the well-known brand to start their office work. We can first let potential customers know that we have some similarities to the exist well-known brand in the industry. Then we can emphasize that we have our own features that differ from other companies. The brand recognition relies on the features we have of course, and the effort we pay for our business in the long term. The brand recognition needs us to accumulate reputation in the long term, which means good service and unique products.

Key competitors

We choose two main competitors' data to analyze the detailed information. The content includes price, benefits and features, size and market strategy. Wework is a famous and international company in the world, covers mainly developed cities and countries. It provides products and service with lots of benefits and convenience. And they are continuing to expand their service in the rest of popular cities and countries. Workbar is a comparatively small company with Wework and our company, it mainly expands its business in Boston and covers almost all prosperous areas in Boston. Its service is mainly membership and offer events to attract more customers. Workbar also provides free common service to customers and it is now expanding its business mainly in Boston. The detailed information about the two main competitors is shown in **Appendix A Competitor Data Collection Plan**.

Promotion

In this section, we explain the marketing and advertising tactics we plan to use.

Dream Factory's strongest advertisement will be word of mouth. Once a customer has experienced working in our space and used the app the first time, he or she will return. Since the business is only in the beginning, several marketing techniques will be applied to reach the goal of a well-established word of mouth for the future.

Dream Factory has several online and offline activities to promote the business which all focus on the Boston University campus in order to gain the attention of the students who wish to start up their own business in the beginning.

The first step of online advertisement is the implementation of a batch on each website of our partners. We will establish partnerships with some entrepreneurship clubs and organizations aimed at helping entrepreneurs to start up their businesses. It will signalize the visitor that they can get access to this platform to gain as much resource to start up their own business as possible and leads them directly towards opening the app to make a registration.

Social Media will be used excessively with company-owned profiles on the most popular platforms Instagram, Facebook, and Twitter. Through the profiles, Dream Factory will primarily communicate with its customers and announce all company and industry related news such as the participation of a new venture and also promotional deals.

In addition to this, the company-owned website will function as a primary communication channel with the customers and potential customers. Moreover, SEO is of high importance for Dream Factory's marketing plan and will be performed at a professional level.

The offline marketing of Dream Factory involves several out-of-home advertising campaigns. Right after the company's foundation, Dream Factory is planning a free editorial with an introduction to the app service in the Boston University newspaper. Basic, ongoing activities are the spread of flyers on campus, the attachment of posters in all partner entrepreneur clubs and organizations.

Dream Factory is also planning to run a pop-up booth on campus to attract new customers. The booth will be held inside a little tent where the founders approach students and ask them to subscribe or have a look at the app. Additionally, the team will distribute branded pens, candy, and stickers with the QR code of the Dream Factory app printed on the back side of every promotional product. Several guerilla activities will be performed on campus in order to reach a lot of people at the same time at almost no cost. Ideas include the attachment of branded balloons along the sidewalks on campus and bonding the trees of BU Beach with branded bows. In order to convince the tech-affine students and people in Boston, Dream Factory will offer the option to pay with BitCoins. BitCoins are very popular right now and will also attract the attention of the local press.

Dream Factory will also organize a business plan competition in BU and attract more potential customers. We will give customers 20% discount in the first month of their membership and if they recommend our service to their friends and they also register as our members, they will get additional 10% discount.

Proposed location

We chose two locations in Boston at the beginning. The startup location of our company is at St. James Avenue and the second location is in Fort Point. Both of them are proximate to public transportation and the major road. They are near another sharing office company- WeWork. We set the price according to the depends on the location, the number of offices and design requirements. Because St. James Avenue is more near to downtown than Fort Point, the price of St. James Avenue is higher than Fort Point. In Fort Point, the price of Standard Private Office is \$700 per month, and the price of Dedicate Desk is \$480 per month, and the price of Hot Desk is \$340 per month, and the price of Customized Private Space varies (different requirements decide different cost). In St. James Avenue, the price of Standard Private Office is \$750 per month, and the price of Dedicate Desk is \$520 per month, and the Hot Desk is \$380 per month, and the price of Customized Private Space varies.

VI. Management & Organization

Our founding team is made up of four talented and passionate graduate students from the different background. Sally is CEO; Game is CFO; Lily is CMO; Renata is CIO. We will recruit managers who will be responsible for other departments.

The organization structure is shown in **Appendix D**. We have seven departments:

Financial department is responsible for raising capital for the company, managing the assets of the company, preparing the financial statements for the company and making the budget.

Human resource department is responsible for recruiting, dismissing, appointing and transferring employees.

Information & Technology department is responsible for providing technical support for website and app and collecting information about customers and idle resource.

Marketing department is responsible for promoting company's products, providing information about our products for customers, and helping customers know about recent developments and trend of our company.

Customer service department is responsible for collecting the feedback from customers and find out the problems of the products, offering some assistance and advice to the customer about the products.

Product department is responsible for designing the products that meet the demand of customers based on the collected information.

Legal consultancy department is responsible for offering explanation, advice and legal measures about the legal affairs of the company.

VII. Financial Plan

The financial plan is useful for us to set the financial goal and manage company efficiently. Therefore, we budget the initial expense, profit & loss projection and projected balance sheet.

Initial expense

The programs of our company are large scale, so our company needs many investors to contribute capital. Especially, the initial expense is huge, including office expense, legal expense, Inventory, licenses expense, research expense, technology expense, marketing expense, insurance. The following sentences would explain especially.

The categories of Office expense include rent, phone, internet, utilities, and facilities. The cost of this item is about \$1,330,000.

The categories of Legal expense include registration. The cost of this item is about \$100,000.

The categories of Inventory include interior decoration of sharing office, renting idle asset. The cost of this item is about \$4,000,000.

The categories of Licenses include possibility and time for permission and MIT. The cost of this item is about \$100,000.

The categories of Research include location investigation, demand investigation. The cost of this item is about \$200,000.

The categories of Technology include app and website. The cost of this item is about \$2,500,000.

The categories of Marketing include advertising and promotion. The cost of this item is about \$850,000.

The categories of Insurance include staff insurance and company insurance. The cost of this item is about \$200,000.

The total initial expense is \$9,28,000. The detailed number could find in **Appendix E**.

Profit & loss projection

The business model of our company target at a long-term profitability, so our company might have a budget deficit in the early period. The following part would show the projected revenue and projected expense.

Revenue

In the early period of our company, the main revenue is rental of office space. This is because the office space is the direct demand for customers and the brand of our company is not so famous that we cannot gain benefit from membership and advertising. Perhaps, the revenue of pioneer period is low.

In the growth period of our company, the main revenue is rental and membership fee. The reason is that we have cultivated the loyalty of many customers with a certain time and they are willing to establish a long-term cooperative relationship. Thus, the regular customers would choose to register the members of our company, because they can own more benefit in a long time if becoming the member of our company.

In the maturity period of our company, the main revenue of our company is rental, membership fee and advertising fee, because we will have cultivated the customer base and the community of platform will be formed and many companies would choose our platform to advertising.

Expense

In the early period of our company, the main expense is rent and decoration expense of idle assets, marketing expense and advertising expense. Because the office space is the main product of our company, the rent and decoration expense of idle assets would be main expense through all periods of our company. For the marketing expense and advertising expense, we need promote the brand of our company so that our company can survive and develop quickly in the pioneering period. These two-business strategies are necessary and most important in the pioneering period, so our company must pay a lot in these two ways. Thus, the expense of early period is much high.

In the growth period, the main expense is rent and decoration expense of idle assets, marketing expense, advertising expense and salary. The rent and decoration expense of idle assets and marketing expense are still necessary because our company need expand. About salary, we need pay more money to hire the consulting, servicing staff and marketing staff to service and assist customers, because we would get more and more customers in this period.

In the mature period, the main expense is rent and decoration expense of idle assets, technology expense, and research expense. About technology, we need technicians to maintain and improve our app and website to satisfy the demand of our customers. Plus, the statistician should collect and organize information on the platform. About research, we need to know the specific demand and feedback from customers so that we can improve and perfect our product to attract and retain the customers. These two business methods are significant to ensure the long-term sustainable development of our company in maturity period.

All in all, our company would have a financial deficit in the pioneering period, but we will gain great profit in growth and mature period. The detailed number could be found in **Appendix F**.

Projected balance sheet

The programs of our company are big size, so we need much of capital in the early period. Our company would seek financing and investment from big companies to survive an early difficult period of capital. Besides, our company would also take loans from some financial institutions to ensure the sufficient of cash flow, because the product of our company requires us to have sufficient cash to rent new renting highly cost-effective idle assets and decorate the private office according to customer's requirement. However, because most of the investments of our company are long-term, such as idle assets renting and the establishment of the platform, these investments are a huge expense in pioneer period but transform into great profit in the growth period. Thus, the prospect of our company is unlimited and hopeful. The detailed number could be found in **Appendix G**.

Break-even calculation

The break-even analysis projects the sales volume we need in order to cover our costs. Our company has great potential, but the great liability of our company is the huge initial expense in the pioneer period. For the first year, the total expense of our company is most likely over the revenue of our company. However, this high cost in the early period is also the investment in advance and some parts of this cost are also prepaid expense. Thus, some initial expense should be calculated into fixed cost in following month, and we can project the break-even point for revenue and cost of our company. According to calculation, our company could get near to break-even point on January, 19th, 2020. The detailed number could be found in **Appendix H**.

VIII. Summary & Recommendations

All in all, our company provides high-quality & friendly- price products and customized business services and communication platform. These creative and humanized products and services could give us competitive advantages in this industry even in the whole market. Although our company might experience difficult period in the pioneer stage, our company can successfully transform the huge initial expense into great profit in the growth period and finally achieve our ultimate goal, creating a business incubator that helps entrepreneurs realize their dream and developing an “ecosystem” that improves the utilization of the social resources.

In the process of doing this project, we are lack of field work and more depend on second-hand materials to do our research, which is not that practical and credible to implement this business plan into practice. We should do more field work and get more first-hand materials to support our business plan.

IX. Appendices

Appendix A

Competitor Data Collection Plan

Price	Wework(monthly) <ul style="list-style-type: none"> Hot desk: \$350 Dedicated desk: \$480 Standard Private Office: \$844 membership: \$45 	Workbar(monthly) <ul style="list-style-type: none"> Part-time: \$130 Community: \$30 Nights & weekends: \$150, (non-business hours access) Full time: \$350 (unlimited access) Staples: \$160 Dedicated space: Desk: \$400-\$600 (unlimited access) Office: \$1200-\$3000 (unlimited access, room for 2-4people) Non-member day passes: \$40/day
Benefits/Features	<ul style="list-style-type: none"> Enough facilities provided Good space design Own app and website Online society Good location choices Front desk service Community managers Fruit water provided Daily cleaning 	<ul style="list-style-type: none"> Detailed membership Guaranteed private space Rich events resource Office facilities Snakes and drink provided Large community kitchen room Free office suppliers

Size	Size: Cover 80 cities all over the world, 200+working locations, 160,000+members	Size: Mainly locate in MA, cover 7 popular areas in Boston, Other cities have all about 7 locations
Market strategy	<ul style="list-style-type: none"> Expand its business all over the world; located in the most developed cities in the country Price and promotion depend on local conditions Become the first company in coworking industry Develop the online society to share and promote programs 	<ul style="list-style-type: none"> Expand its business in MA, mostly in Boston. Located in the popular areas in the city Design detailed membership, especially suitable for people in Boston Attract customers mainly from rich events resources

Appendix B

Competitive Analysis Worksheet

For each factor listed in the first column, assess whether you think it's a strength or a weakness (S or W) for your business and for your competitors. Then rank how important each factor is to your target customer on a scale of 1 to 5 (1 = very important; 5 = not very important). Use this information to explain your competitive advantages and disadvantages.

FACTOR	Dream Factory	Wework	Workbar	Workshop	Importance of Customer
Products	S	S	S	S	1
Price	W	S	S	W	2
Quality	S	S	S	S	1
Selection	S	S	S	S	2

Service	S	S	W	W	1
Reliability	W	S	S	W	3
Stability	W	S	S	W	3
Expertise	S	S	W	W	2
Company Reputation	W	S	S	W	2
Location	S	S	S	S	2
Appearance	S	S	S	S	3
Sales Method	S	S	S	S	2
Credit Policies	W	S	S	W	2
Advertising	W	S	W	W	2
Image	W	S	S	W	3

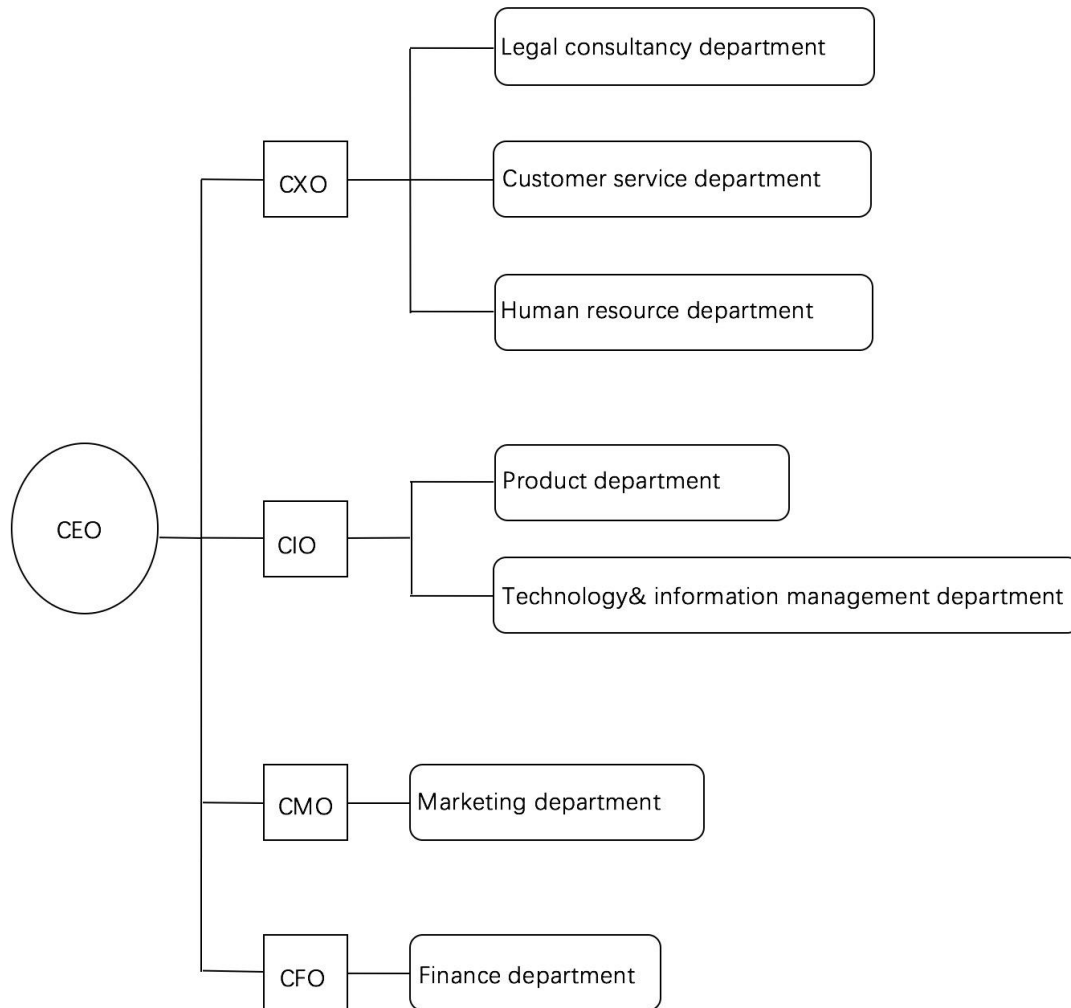
Appendix C

Marketing Mix

Product	Price
Space: Custom Private Space Standard Private Office Dedicated Desk Hot desk	Office space: Custom Private Space: varies (depend on numbers of clients) Standard Private Office: \$700/month Dedicated Desk: \$480/month Hot desk: \$350/month
Service: Basic (health care, payment processing, IT support, payroll and legal services) Premium (customized consulting services)	Annual membership: Basic membership: \$8,000 per year, 12.5% discount on office rent Premium membership: \$20,000 per year, 20% discount on office rent
Community Regularly scheduled office hours with venture capitalists or industry professionals Networking events (enjoy lunch or dinner with the whole community) Mobile app & website (connect and work with members virtually across the world)	

Promotion	Place
<p>Promo codes & Coupon codes:</p> <ul style="list-style-type: none"> (1) 20% off the first month (2) Refer discount: 10% off <p>Advertisement:</p> <ul style="list-style-type: none"> (1) Advertise on social network platform like Facebook, Instagram, LinkedIn etc. (2) Advertising mail (3) Pop-up ad on website 	<p>Location: BU campus</p> <p>Distribution:</p> <ul style="list-style-type: none"> (1) Direct: We have a sales team that sells to clients or through website and marketing campaigns. (2) Indirect: <ul style="list-style-type: none"> a. Sell through the dealer: we sell our products through a geographical network of dealers who sell to end-users in their areas. The dealers also service our products as well. b. Sell through a value-added reseller: we sell our products to our partners (service providers) who bundle them with services and resell it.

Appendix D Organization Structure Chart



Appendix E

<i>Initial expense of Dream Factory</i>						
Office						
rent.....					\$600,000	
phone.....					30,000	
internet.....					20,000	
utilities					80,000	
facilities.....					<u>600,000</u>	
total office expense.....						1,330,000
Legal expense						
registration.....					<u>100,000</u>	
total legal expense.....						100,000
Product related expense						
interior decoration of sharing office					1,500,000	
renting idle asset.....					<u>2,500,000</u>	
total inventory.....						4,000,000
Licence						
possibility and time for permission and MIT.....					<u>100,000</u>	
total lisenace expense.....						100,000
Research						
location investigation.....					50,000	
demand investigation.....					<u>150,000</u>	
total research expense.....						200,000
Technology						
app					1,500,000	
website.....					<u>1,000,000</u>	
total technology expense.....						2,500,000
Marketing						
advertising.....					400,000	
promotion.....					<u>450,000</u>	
total marketing expense.....						850,000
Insurance						
stuff insurance					50,000	
company insurance.....					<u>150,000</u>	
total insurance expense.....						<u>200,000</u>
Total intial expense.....						<u>\$9,280,000</u>

Appendix F

Profit and Loss Projection (12 Months) for April, 30, 2020 Dream Factory

May-19

	May-19	Jun-19	Jul-19	Aug-19	Sep-19	Oct-19	Nov-19	Dec-19	Jan-20	Feb-20	Mar-20	Apr-20	YEARLY
Revenue (Sales)													
office rental	100,000	400,000	700,000	600,000	800,000	1,050,000	980,000	1,200,000	1,150,000	980,000	800,000	960,000	9,720,000
basic membership	0	0	0	80,000	0	0	16,000	32,000	40,000	16,000	8,000	24,000	216,000
premium membership	0	0	0	0	0	0	40,000	100,000	80,000	360,000	160,000	0	740,000
advertising	0	0	0	0	0	0	0	0	0	0	0	0	0
other	0	0	0	1,000	0	0	0	0	0	0	3,000	0	4,000
Total Revenue (Sales)	100,000	400,000	700,000	681,000	800,000	1,050,000	1,036,000	1,332,000	1,270,000	1,356,000	971,000	984,000	10,680,000
Expenses													
Salary expenses	30,000	30,000	30,000	34,000	45,000	45,000	50,000	50,000	60,000	60,000	60,000	60,000	554,000
Research	200,000	120,000	115,000	130,000	145,000	120,000	120,000	125,000	160,000	200,000	180,000	50,000	1,665,000
Repairs and maintenance	10,000	10,000	10,000	10,000	12,000	14,000	13,000	13,500	12,400	13,200	16,200	10,000	144,300
Advertising	400,000	200,000	100,000	90,000	160,000	160,000	200,000	210,000	450,000	500,000	400,000	350,000	3,220,000
Technology	2,500,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	2,610,000
Promotion	450,000	60,000	50,000	70,000	70,000	80,000	80,000	90,000	100,000	100,000	60,000	60,000	1,270,000
Legal	100,000	0	0	0	0	0	0	0	0	0	0	0	100,000
Rent & Related Costs	600,000	0	0	0	0	100,000	100,000	100,000	10,000	100,000	100,000	100,000	1,210,000
Telephone&Internet	50,000	40,000	40,000	40,000	40,000	40,000	50,000	50,000	50,000	50,000	60,000	60,000	570,000
Utilities&facilities	100,000	0	0	0	0	0	0	0	0	0	0	0	100,000
Insurance	200,000	0	0	40,000	100,000	0	60,000	0	40,000	0	60,000	0	500,000
Depreciation	0	0	0	0	0	0	0	0	0	0	0	400,000	400,000
Other expenses (Licenses)	100,000	0	0	0	0	0	0	0	0	0	0	0	100,000
Total Expenses	4,740,000	470,000	355,000	424,000	582,000	569,000	683,000	648,500	892,400	1,033,200	946,200	1,100,000	12,443,300
Net Profit Before Taxes	-4,640,000	-70,000	345,000	257,000	218,000	481,000	353,000	683,500	377,600	322,800	24,800	-116,000	-1,763,300
Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating Income	-4,640,000	-70,000	345,000	257,000	218,000	481,000	353,000	683,500	377,600	322,800	24,800	-116,000	-1,763,300

Profit and Loss Projection (12 Months) for April, 30, 2021 Dream Factory

May-20

	May-20	Jun-20	Jul-20	Aug-20	Sep-20	Oct-20	Nov-20	Dec-20	Jan-21	Feb-21	Mar-21	Apr-21	YEARLY
Revenue (Sales)													
office rental	760,000	800,000	700,000	900,000	800,000	1,100,000	1,080,000	1,200,000	1,100,000	1,080,000	900,000	800,000	11,220,000
basic membership	32,000	40,000	48,000	80,000	160,000	16,000	24,000	40,000	48,000	36,000	16,000	64,000	604,000
premium membership	1,000,000	1,200,000	80,000	60,000	100,000	120,000	60,000	200,000	80,000	240,000	160,000	100,000	3,400,000
advertising	0	0	0	0	0	0	0	0	20,000	40,000	40,000	50,000	150,000
other	4,000	3,000	0	2,000	0	3,000	0	0	0	0	3,000	0	15,000
Total Revenue (Sales)	1,796,000	2,043,000	828,000	1,042,000	1,060,000	1,239,000	1,164,000	1,440,000	1,248,000	1,396,000	1,119,000	1,014,000	15,389,000
Expenses													
Salary expenses	60,000	60,000	60,000	64,000	64,000	64,000	64,000	80,000	80,000	76,000	76,000	76,000	824,000
Research	150,000	150,000	150,000	150,000	155,000	150,000	160,000	155,000	160,000	200,000	180,000	100,000	1,860,000
Repairs and maintenance	15,000	20,000	20,000	20,000	14,000	14,000	16,000	16,500	16,400	18,200	16,200	10,000	196,300
Advertising	200,000	200,000	150,000	100,000	150,000	160,000	140,000	130,000	120,000	120,000	110,000	100,000	1,680,000
Technology	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	10,000	120,000
Promotion	60,000	60,000	50,000	60,000	65,000	80,000	80,000	90,000	90,000	80,000	70,000	60,000	845,000
Legal	0	0	0	0	0	0	0	0	0	0	0	0	0
Rent & Related Costs	100,000	100,000	100,000	100,000	100,000	100,000	100,000	100,000	10,000	100,000	100,000	100,000	1,110,000
Telephone&Internet	60,000	60,000	60,000	60,000	70,000	70,000	70,000	70,000	90,000	90,000	90,000	90,000	880,000
Utilities&facilities	90,000	0	0	0	0	60,000	0	0	0	0	50,000	50,000	250,000
Insurance	200,000	0	0	40,000	100,000	0	60,000	0	40,000	0	60,000	0	500,000
Depreciation	0	0	0	0	0	0	0	0	0	0	0	400,000	400,000
Other expenses (Licenses)	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Expenses	945,000	660,000	600,000	604,000	728,000	708,000	700,000	651,500	616,400	694,200	762,200	996,000	8,665,300
Net Profit Before Taxes	851,000	1,383,000	228,000	438,000	332,000	531,000	464,000	788,500	631,600	701,800	356,800	18,000	6,723,700
Income Taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Operating Income	851,000	1,383,000	228,000	438,000	332,000	531,000	464,000	788,500	631,600	701,800	356,800	18,000	\$6,723,700

Appendix G

Balance Sheet (Projected)			
Dream Factory			
	Beginning		Projected
	May/01/2019		April/30/2020
Assets			
Current Assets			
Cash in bank	\$3,000,000		\$1,600,000
Accounts receivable	0		240,000
Inventory	0		46,700
Prepaid expenses	800,000		600,000
Other current assets	0		400,000
Total Current Assets	3,800,000		2,886,700
Fixed Assets			
Building&long-term rening assets	4,000,000		4,000,000
Furniture & fixtures	600,000		900,000
Other fixed assets	130,000		162,000
(LESS accumulated depreciation on all fixed assets)	0		-100,000
Total Fixed Assets (net of depreciation)	730,000		962,000
Other Assets			
Intangibles	5,800,000		5,300,000
Deposits	0		240,000
Goodwill	0		0
Other	950,000		800,000
Total Other Assets	6,750,000		6,340,000
TOTAL Assets	\$11,280,000		10,188,700
Liabilities and Equity			
Current Liabilities			
Accounts payable	\$800,000		\$1,000,000
Interest payable	0		42,000
Taxes payable	0		0
Notes, short-term (due within 12 months)	280,000		250,000
Current part, long-term debt	500,000		550,000
Other current liabilities	100,000		120,000
Total Current Liabilities	1,680,000		1,962,000
Long-term Debt			
Bank loans payable	500,000		450,000
Notes payable to stockholders	200,000		160,000
LESS: Short-term portion	-500,000		-550,000
Other long term debt	0		140,000
Total Long-term Debt	200,000		200,000
Total Liabilities	1,880,000		2,162,000
Owners' Equity			
Invested capital	9,400,000		10,000,000
Retained earnings - beginning	0		0
Retained earnings - current	0		-1,973,300
Total Owners' Equity	9,400,000		8,026,700
Total Liabilities & Equity	\$11,280,000		\$10,188,700

Appendix H

