

# Blockparty



*Empowering individuals to become their own agents of change.*

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## Executive Summary

Blockparty helps you build or join volunteer initiatives and get rewarded for your hard work. We provide a platform and resources for young working adults with a broad array of skills to become their own change agents. We incentivize this action with experiences and rewards from brands with a social mission.

Users choose actions to take in their communities and connect with other people who want to volunteer their time and skills. Together, they perform the actions and earn credentials and points. These points can then be used to unlock exclusive rewards and experiences from premium brands, like a loyalty program for volunteering.

## Overview

**We're solving two big problems in a really unique way.**

***It's really hard to volunteer.***

Non-profit volunteer coordinators can't keep up with the overflow of people wanting to help out. Meanwhile, civic engagement in America has declined by 40% since the 1970s. This has wide-ranging consequences, including increases in extreme poverty, homelessness, crime, reduced employment, reduced public trust and damage to our climate.

Studies have shown that millennials (born between 1980 – 2000) care deeply about social causes and their communities and want to be more involved. However, it's very hard to find local volunteering opportunities that fully leverage the volunteer's skills and experience and keep them involved long-term. They want more meaningful experiences that contribute towards longer-lasting change.

***Brands need help showing results on CSR spend.***

Leading brands in the US spend over \$12B a year on CSR initiatives that sponsor a variety of different causes. Studies show that young adults are far more likely to be promoters of brands that have a social mission. However, brands have a hard time matching spend to actual outcomes, like driving foot traffic to retail locations and generating sales. This is especially true for brands that have a less-developed CSR program or strategy.

**Okay, so why Blockparty?**

The volunteering experience is broken and doesn't fully leverage talent. When volunteering opportunities are difficult to find or unengaging, volunteers choose to not volunteer. Blockparty provides the resources and platform to become your own volunteer leader, encouraging young adults to choose issues that need solving using their own professional skills in ways that create longer lasting impact. We believe that there is a huge amount of talent in the world wanting to do good, but not wanting to be 'extra bodies' to help out with menial tasks.

We put tremendous trust in strangers to drive us around, or stay in our homes, so why don't we trust ourselves to lead volunteering initiatives?

Blockparty's beachhead market consists of young professional self-starters and volunteers that are highly attractive to brands. Brands provide rewards and incentives to those performing actions through Blockparty. This helps drive foot traffic and sales for brands while also helping them build customer awareness of their social initiatives and better attribute social and CSR spends to sales.

## Product

We have launched a minimum viable product ([www.blockpartyaction.com](http://www.blockpartyaction.com)) and have begun small, targeted, user testing in Cambridge MA with a community of MIT students to understand life cycle user cases and improve the customer experience. Through a series of A/B tests and user testing, we aim to glean necessary insight to inform, and ultimately launch next iteration of our product by July 2017. Our current minimum viable product includes a responsive website where users can:

1. Sign up to join the community
2. Learn more about Blockparty
3. Browse Actions to Volunteer or organize a volunteer initiative
4. Contact us to provide volunteering opportunities as change agents.

## Industry Overview

Many organizations have attempted to solve the crisis in civic engagement, but success has been limited, particularly for companies targeting the millennial cohort (see **Competitive Set Diagram in Competitor Analysis Section**). Competition can be broken down into 1) Non-profit 'classified' sites like Volunteermatch.org, 2) School-aged child activism sites like DoSomething.org, 3) Skills-based volunteer sites like Catchafire.org, and 4) Multi-purpose event platforms like Meetup.

Blockparty differs from the competition by removing the reliance on non-profits to post and host volunteer activities, and by providing premium rewards and incentives.

## Our Market Potential & Differentiation

### Young Working Adults Passionate About Community Engagement

There are 21M+ 'affluent' millennials in the US<sup>1</sup>, with approximately 450K enrolled in graduate and professional programs.<sup>2</sup> Our beachhead market for users is age 24-35, graduate students at the top northeastern universities in the US.

### Brands

Corporate CSR budgets for the Fortune 500 in the US were \$12B in 2014, with this number expected to rise.<sup>3</sup> Our beachhead for paying customers will be New England companies with social impact budgets. Total addressable market is estimated to be \$127M.

### Non-Profits

There are +7500 non-profits in the US that focus on US-based initiatives, who collectively spend +2.8B on volunteer engagement.<sup>4</sup> Non-profits benefit from action taken towards their causes *on the part of Blockparty users, which they don't need to devote resources towards coordinating.*

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<sup>1</sup><http://www.mediapost.com/publications/article/270269/how-many-affluent-millennials-are-there.html>

<sup>2</sup> <http://cgsnet.org/us-graduate-schools-report-slight-growth-new-students-fall-2012>

<sup>3</sup> Source: Financial Times, Allison Smith. 10/12/2014

<sup>4</sup> <https://www.charitynavigator.org/index.cfm/bay/content.view/cpid/42>

## Business Model

Our revenue is made up of subscription fees and pay-for-performance advertising revenue. Brands pay for monthly access to the platform where they can post incentives and rewards. Brands can pay to target users with personalized messages or targeted ads. We will offer different subscription pricing for small, medium and enterprise businesses. Because users can choose either to lead a change initiative or join one, we offer brands access to two distinct types of users.

## Team

Blockparty's management team has a history of building innovative businesses, both within early-stage and large companies. We place the highest importance on openness, transparency, hard work, and the team.



**Adam Mitchell**, has extensive experience in **online platforms, advertising, sales and strategy**. Adam launched **News Corp's** digital advertising platforms in Canada working with over 200 national brands and retailers, and worked in innovation strategy at **Microsoft** where he helped design the playbook for high-innovation cloud deals. He is an MBA Candidate at **MIT** and holds degrees from the **London School of Economics**, and **Queen's University**.



**Abe Stein** has a broad background in **finance, operations and business development in early stage and growth stage startup companies**. Abe studied Economics at **Tufts University**. He has experience scaling startups in Boston, San Antonio, and Berlin. Most recently, **Abe ran international sales for a technology startup in Germany**, with successful market entries into and new product launches in the UK and Nordic regions.



**Lisa Tacoronte** brings expertise in **product development, design thinking and has run, scaled and had a successful exit from her startup as an MIT undergrad**. She has worked as a consultant at **Bain and Company**, for **Endeavor's Miami Affiliate** supporting local entrepreneurs and at **IDEO**. Lisa's background in Mechanical Engineering at **MIT** and expertise in UX provide the unique skills needed to successfully execute our digital platform.

## Additional Team Members

We are actively seeking either a fourth co-founder who can manage a team of full-stack developers, or in the interim a first-employee developer who can build our MVP. Although we have yet to define our equity table, we will be including a pool of equity for additional co-founders/hires.

# Business Plan

## 1. Company Overview

**Blockparty** is a Benefit Corporation based in Cambridge, Massachusetts, USA.

*Our mission is to empower talented people to change their communities for the better.*

Blockparty helps talented young people lead volunteering initiatives in their communities without needing to work directly with non-profits. We provide a platform and resources that make it easy to start new change initiatives and share them with your friends and community. We incentivize this action with experiences and rewards from brands with a social mission.

Users choose actions to take in their communities and connect with other people who want to help. They perform the actions and earn credentials and points. These points are used to unlock exclusive rewards and experiences from premium brands, like a loyalty program for volunteering.

### Blockparty History and Current Standing

#### *Early Stage*

Blockparty is an early-stage company. The company was founded in January 2017 as a part of MIT's Fuse accelerator program. Since then, we have achieved the following milestones as a business:

1. We have built a functioning minimum viable product. We're using our current product to answer critical questions about user behavior, desirable features, virality and retention, as well as financial metrics such as Cost of Customer Acquisition (COCA) and the Lifetime Value of a Customer (LTV).
2. We have done extensive PMR with potential users, local businesses, non-profits and political organizations, and significant secondary research on civic engagement, gamification, and two-sided platforms.
3. We have traction in the local community. Dozens of MIT students have signed up to trial the platform and have performed volunteering actions. Lululemon, Ministry of Supply, Aeronaut Brewing have signed on to provide experiences to the platform. Boston city councilors, the public service centers at both MIT and Tufts have also pledged to support us through their networks.
4. We will be participating in MIT Delta V this summer and are on track to develop our next iteration of the MVP by July.

## 2. Product and Service Strategy

The Blockparty platform empowers Change Agents to organize initiatives that users can sign up for with friends from their existing social networks. For each action, we provide incentives that millennials care about, including exclusive experiences and brand rewards. We give brands the ability to measure the impact of their outreach and cater their message to reach their target audience. Finally, Blockparty provides value-based brands the ability to target customers based on their actions, which we believe is unique in digital advertising.

We have launched a minimum viable product ([www.blockpartyaction.com](http://www.blockpartyaction.com)) and have begun small, targeted, user testing in Cambridge MA with a community of MIT students to understand life cycle user cases and improve the customer experience. Through a series of A/B tests and user testing,



we aim to glean necessary insight to inform, and ultimately launch next iteration of our product by July 2017. Our **current minimum viable product** includes a responsive website where users can:

- Sign up to join the community
- Learn more about Blockparty
- Browse Actions to Volunteer or organize a volunteer initiative
- Contact us to provide volunteering opportunities as change agents.

We will develop and manage the website portal for all stakeholder accounts in-house. Our website will include secure login, protected event post and management of event engagement (i.e. sign-up, promotion, etc), and access to profile pages with personal information and rewards information. For brands customers, they will have access to a dashboard that displays organizational information and basic data managed in house for optimizing event posts and learning about how volunteer leaders are engaging with their brands on the platform.

### Add-on Features for Future Iterations

Change Agents	Users	Brand Services
<b>Ability to Post</b> initiatives for users and get in contact with interested teams.	<b>Social features &amp; Rating-</b> Visibility on projects in the community and rating of projects, "Invite Your Friends" via Facebook, Twitter, LinkedIn, etc, Forums and boards to make it easy for users to collaborate and share (or integration with Slack, Drive)	<b>View cross-sections of user demographics</b> , interests and characteristics around their involvement with causes, and organizations
<b>Rating</b> - They will also be able to rate and comment on volunteers	<b>Profile</b> – track their 'friends', events, groups, and progress towards different user levels badges and reward points	<b>Post rewards and incentives</b> to the platform to be redeemed by users with a specific number of points (i.e. receive 20% off from Patagonia for reaching a certain point threshold)
<b>Profiles</b> that allow them to share information about themselves and projects.	<b>Selection of rewards</b> and experiences	<b>View uptake of their rewards, click-through rates</b> and conversations for their paid-in advertising
<b>In-depth resources</b> on how to start a volunteer initiative.		<b>Targeted messaging</b> to specific users and influencers

## 5. The Industry

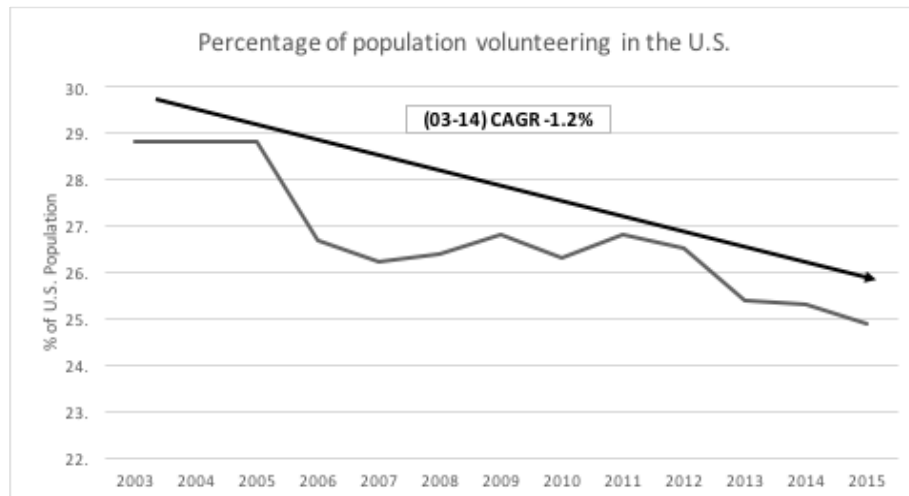
We compete in the volunteer engagement market. Volunteering is an important part of US culture. In the year between September 2014 and September 2015, 62.6 million people volunteered in the U.S<sup>5</sup>, which represents about 25% of the U.S. population (**See Figure 1**).<sup>6</sup> The sum of their volunteer hours represents approximately \$175 billion worth of services.<sup>7</sup> However, from 2003-2015

<sup>5</sup> U.S. Bureau of Labor Statistics

<sup>6</sup> <https://www.bls.gov/news.release/volun.nr0.htm>, Blockparty assessment

<sup>7</sup> <http://www.newsweek.com/2014/10/03/volunteering-america-decline-272675.html>

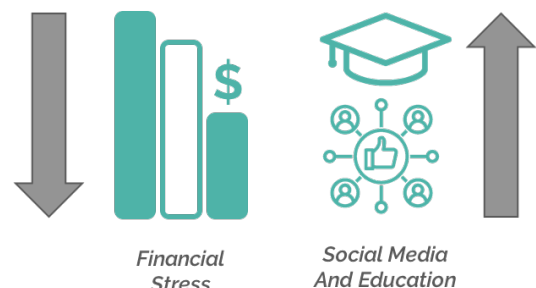
volunteerism declined at a rate of -1.2% CAGR.<sup>8</sup> There exists a large opportunity to better engage volunteers.



**Figure 1: Percentage of the U.S. Population Volunteering**

Financial stress has a major impact on volunteerism, as it results in less time for volunteering<sup>2</sup>. Blockparty's ability to streamline engagement and help volunteers make the most effective use of their skills and time brings significant value to users. People between 20-24 years of age (18% of the population) have the lowest engagement levels, followed by people between 25-34 (22% of the population). Higher educational attainment correlates with higher volunteerism.<sup>9</sup> Social media is expected to grow as yet another main driver of volunteerism in the future.<sup>10</sup>

The Verified Volunteers Volunteer Screening Trends & Best Practices Report 2016 found that 75% of volunteers under the age of 35 are interested in volunteer roles that leverage the skills they have learned in school or in their jobs, otherwise known as skills-based volunteering.<sup>11</sup> The most common volunteering activities performed in the US are fundraising, food distribution and general labor. Other common activities include coaching sports, tutoring, mentoring youth, being an usher or minister, providing medical counsel or EMS services, general officer services, professional management services, and cultural activities. General labor, fundraising, and serving on committees represented the highest share of activities for ages 20-24.<sup>12</sup> We believe that the lack of a platform through which volunteers can find more challenging non-menial projects is a huge opportunity.



**Figure 2: Drivers Impacting Volunteerism**

<sup>8</sup> <https://www.bls.gov/news.release/volun.t01.htm>, Blockparty assessment

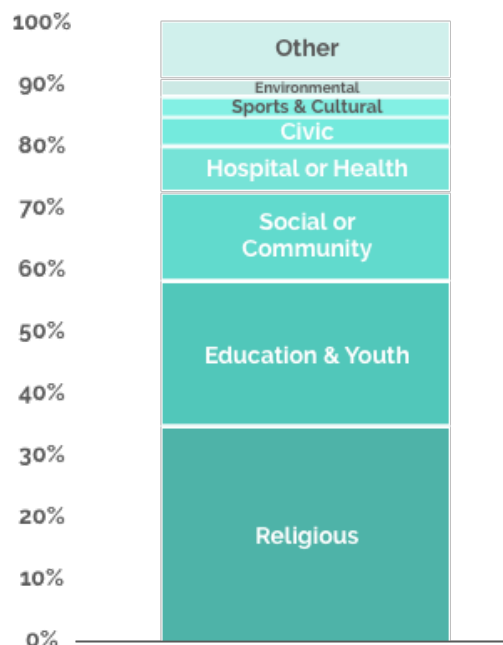
<sup>9</sup> <https://www.bls.gov/news.release/volun.nr0.htm>, Blockparty assessment

<sup>10</sup> [https://www.asaecenter.org/resources/articles/an\\_magazine/2010/jul/a-look-at-the-future-of-volunteerism](https://www.asaecenter.org/resources/articles/an_magazine/2010/jul/a-look-at-the-future-of-volunteerism)

<sup>11</sup> <https://trust.guidestar.org/top-trends-in-volunteering-and-volunteer-screening>

<sup>12</sup> <https://www.bls.gov/news.release/volun.t05.htm>, Blockparty assessment

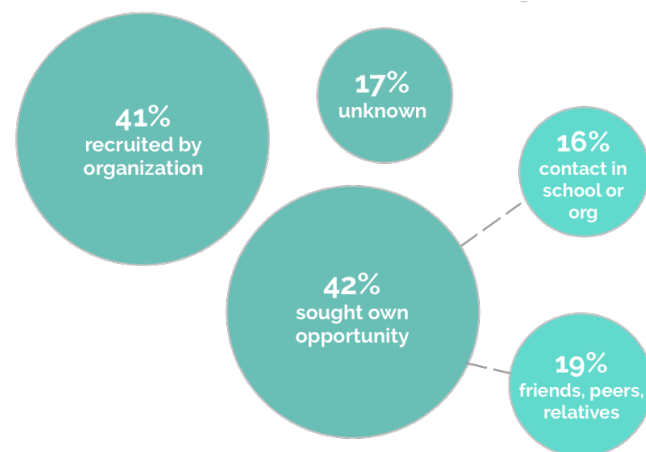




**Figure 4: Percentage Distribution of Volunteers by Type of Organization**

About 41% of volunteers were recruited directly by an organization while another 42% sought out the opportunities themselves. The main channels by which our target users (ages 25-34) found opportunities on their own was **through someone in school or the organization** (16%), and by **friends, peers and relatives** (19%).<sup>14</sup>

While the volunteer segment is growing, the number of people volunteering is not growing as quickly. We believe Blockparty can reverse this trend by empowering people who had previously been turned off of volunteering.<sup>15</sup>



**Figure 3: Channels of Volunteering**

## 6. Market Strategy

### Key Stakeholders and Value Creation

For our platform to be successful, we need buy-in from three key stakeholders in our market:

**Young Professionals & Change Agents** - There are 21M+ 'affluent' individuals ages 24-35 in the US, with approximately 450K enrolled in graduate and professional programs. Our beachhead market focuses on students in the top northeast schools in the US. **Value creation:**

- Removes barriers to volunteering, providing resources and training to allow users to start their own change initiatives and join those of their friends.
- Develop leadership skills and leverage professional skillset, rather than being 'extra bodies' for volunteer functions.

<sup>13</sup> <https://www.bls.gov/news.release/volun.t04.htm>, Blockparty assessment

<sup>14</sup> <https://www.bls.gov/news.release/volun.t06.htm>, Blockparty assessment

<sup>15</sup> <http://tees.openrepository.com/tees/bitstream/10149/58387/5/58387.pdf>

- Exclusive rewards and experiences provided by sponsoring brands.
- Brand education: more than 75% of affluent millennials consider a company's reputation for social responsibility in their decisions about what to buy.

**Brands** - Corporate CSR budgets in the US were \$12B in 2014, with this number expected to rise. Affluent millennials are more likely to purchase products and services from brands that appear to have social impact. Our beachhead will be New England companies with social budgets. Total addressable market is estimated to be \$127M. **Value creation:**

- Drive incremental foot traffic and sales.
- Attribution on their value-based marketing and community engagement spends.
- Build brand awareness for social responsibility. Millennials are more likely to buy from a brand for responsible, social practices in the community, and pay a 10% premium.
- Identify community leaders and influencers with whom to partner in communities.

**Non-Profits** - There are ~7520 non-profits in the US that focus on US-based initiatives, who collectively spend ~\$2.8B on volunteer engagement. While we would not be working directly with non-profits, we would be working towards the same goals of supporting various causes. **Value Creation:**

- For many volunteer initiatives, outcomes from the volunteering (money raise, items donated) will still need to be provided to an official non-profit.
- For our beachhead, non-profits will be able to source teams of MBA students to help them with various challenges faced by the business.

## Personas

### Target User "Carolina"

Our beachhead market is students age 25-31 who have recently returned to professional or graduate school. They are digitally savvy, highly social and transient, often moving for work. They care deeply about their communities and the state of the world, but struggle to find time to engage with causes they care about. They feel barraged by email, and feel that previous volunteering activities didn't make full use of their skills. Yet they still crave sharable, meaningful experiences with their friends in their communities.

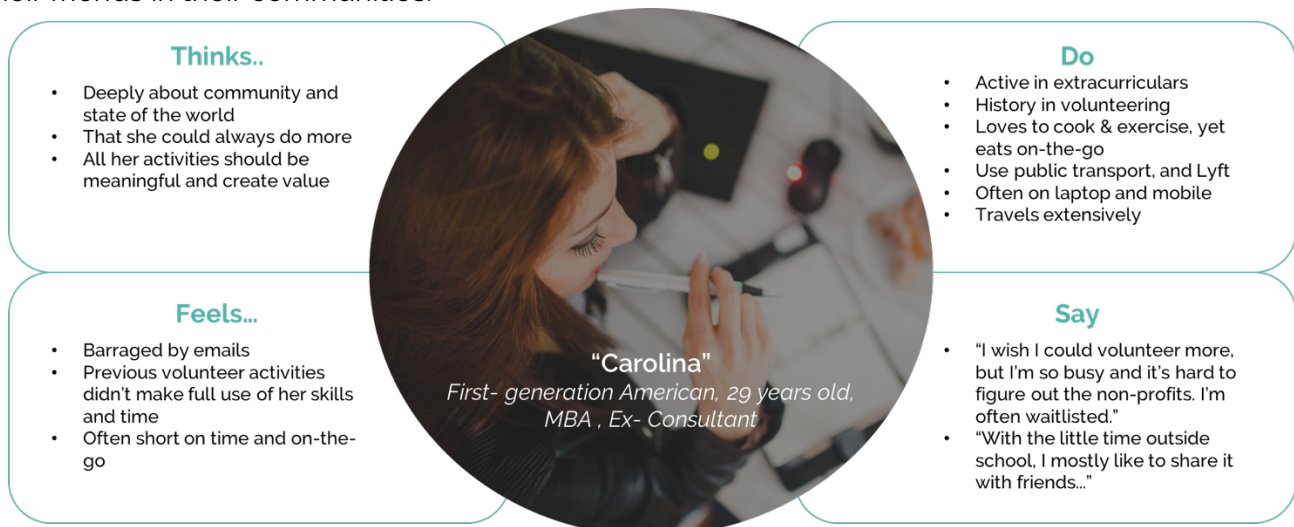


Figure 5: Persona "Carolina"

Carolina is a first-generation American who grew up in Miami. As a high-schooler, she was highly involved in extra-curriculars and volunteering, and this trend continued when she attended college at a prestigious technical institute. Upon graduating, she went to work for a consulting firm internationally, returning to the U.S. to work at a startup accelerator for a year. She has returned to school, working towards an MBA in Boston. She does High Intensity Interval Training (HIIT), boxes and runs. She loves to cook, but often is forced to eat on the go. She doesn't own a car, as public transportation and (more often) Lyft gets her where she needs to be. She has student debt, but likes to travel extensively. She spends much of her day on her laptop or phone. She is in a committed relationship with no children.

## Target Economic Buyer "CSR Co"

Our economic buyers are corporate brands, who spent over \$12B in Corporate Social Responsibility (CSR) in 2014 (based on Fortune Global 500). Of those brands, about 8% are within New England, our initial geographic beachhead market, and about 71% of this spend is in the form of in-kind donations.

In the short-term we are focused on budgets allocated towards local initiatives in some key volunteer segments (e.g. education, health, civic, environmental). Based on an analysis of several local companies with CSR budgets including IBM, Timberland and Patagonia, **our total addressable market for New England is \$127M<sup>16</sup>.**

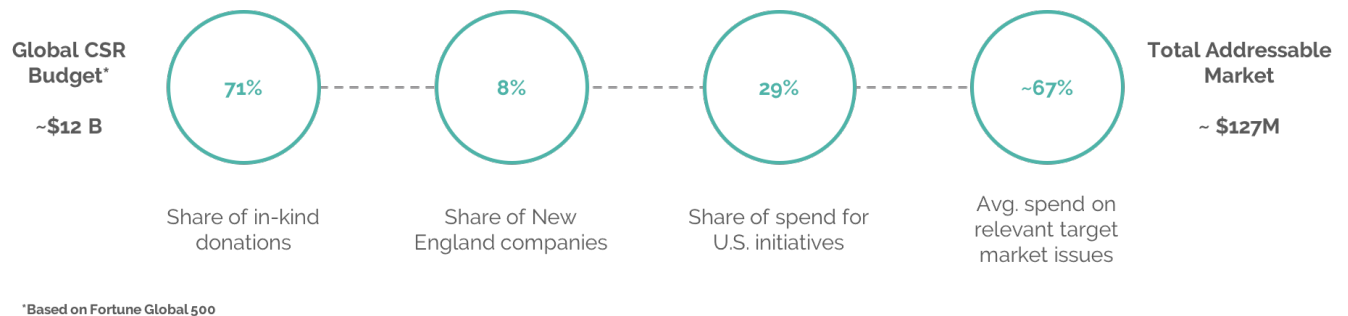


Figure 6: Total Addressable Market Calculation



Figure 7: Social Media impact of Ethics Perception on Brand

CSR initiatives build brand awareness and drive sales while also contributing to society. Mintel reports that 43% of millennials would take to social media when they feel a brand, company is ethical and 35% would take to social media when they consider the company unethical.

A brand's role in the community can also greatly impact their top and bottom line. About 45% of respondents in the study said they would buy from a brand regardless of high costs, quality or inconvenience if the brand is ethical.<sup>17</sup> A Havas study found that 53% of their survey respondents would pay a 10% premium on products and services from a responsible company.<sup>18</sup>

<sup>16</sup> Blockparty Market Size assessment. Supporting sources: Fortune, Financial Times, IBM and BS <http://beta.fortune.com/global500/>, <https://www.ft.com/content/95239a6e-4fe0-11e4-a0a4-00144feab7de>, <https://hbr.org/2015/01/the-truth-about-csr>,

<sup>17</sup> Ornelas, J. (2015) "The Ethical Consumer, Social Media, US, July 2015" Lightspeed GMI/Mintel

<sup>18</sup> <https://www.fastcompany.com/1678768/the-brands-that-survive-will-be-the-brands-that-make-life-better>

Despite the growing budgets in CSR and potential impact, many efforts are poorly coordinated. Often, CSR activities are pet projects, philanthropy or even propaganda that lack discipline and coherence, and metrics to help them evaluate their success in aligning with the firm's purpose and value.<sup>19</sup> Blockparty provides brands with better opportunities to engage to their customers and communities, drive sales and collects data to help run attribution on their CSR spend.

## Competitive Strategy

Competitors focus almost exclusively on connecting volunteers to existing non-profits. While this does add value, we're targeting the segment of users who has had frustrating experiences trying to work with non-profits, due to organizational issues or lack of opportunities that correspond to their skill set. Rather than traditional competitors where operational choices are focused on reducing friction between non-profits and volunteers, we are removing this source of friction entirely. Competitors can be broken down into the following categories:



### Analysis of Competitor Set #1: Non Profit Classified Sites

- Few postings are skills-based, instead focusing on long-term volunteering positions, which often require training during the work week.
- Lack basic social functionality and transparency – poor visibility on who is posting for the organization, limited social sharing to recruit friends,
- There are no incentives for user to sign up, other than altruism (we believe people want more)
- All volunteer opportunities are with non-profits, who control who can be involved and often don't have the bandwidth to accept many volunteers.

### Analysis of Competitor Set #2: School-Aged Child Activism Sites

- WeDay and DoSomething.org have come closer to focusing on skills and empowering volunteers without needing to engage with a non-profit, however they focus exclusively on youth and lack brand-based incentive structures which could allow for a more sustainable and profitable business. Change.org focuses only on 'passive' action through petitions.

### Analysis of Competitor Set #3 Skills-based Volunteering Platforms

- Focuses on skills-based volunteering, majority of projects helping non-profits with operational, financial and accounting projects
- Requires submission of pre-existing projects from non-profits, do not allow for volunteers to start their own initiatives, no incentive structure

### Analysis of Competitor Set #4: Multi-Purpose Event Platforms

- General event management tool with strong traction in multiple markets
- No resources for becoming a volunteer leader or incentive structure

<sup>19</sup> <https://hbr.org/2015/01/the-truth-about-csr>








	'Change Agent' Reward-Based  Blockparty	Skills-Based  	School-Aged Activism   		Multi-Purpose Event  	Non-Profit Classifieds    		
User-Driven Volunteering	✓	✗	✗	✗	✓	✗	✗	✗
Targets Millennials?	✓	✗	✗	✗	✗	✓	✗	✗
Skill-Focused?	✓	✓	✓	✗	✗	✗	✗	✗
Brand-sponsored Incentives?	✓	✗	✗	✓	✗	✗	✗	✗
Optimize Brand CSR Spend?	✓	✗	✗	✗	✗	✗	✗	✗

Figure 8: Competitive Differentiation

## Entry and Growth Strategy

Blockparty's initial launch will be in partnership with the Sloan Serves initiative at the MIT Sloan School of Management. MBA students looking for volunteering opportunities in the Greater Boston Area will have the opportunity to sign up and choose from projects sourced from local businesses and non-profits. The Blockparty management team has a strong local network and experience sourcing these opportunities and will 'concierge' these opportunities at the early stage of the business so we can get maximum visibility into volunteer and organizational experiences. As the model is validated at Sloan, Blockparty will roll out to other prominent business schools with connections to the founders, including HBS, Kellogg, Stanford GSB and Wharton.

The public service centers at MIT and Tufts, as well as several campus civic engagement initiatives have also pledged to support the project and get the word out to students. Currently priority is to build out technical and product team, and grow through low-cost referrals from campus organizations for as long as we can before needed to build a sales or marketing organization. We believe that an inside-sales team will be more effective and less costly than a direct sales team when the time comes to source incentives from local and national brands.

We also intend to recruit experienced volunteer coordinators who can help us develop online resources for those wanting to start their own volunteering initiatives as we expand outside of our beachhead market. We believe this is a bigger opportunity than MBA-consulting volunteering jobs, and believe that there is a large proportion of the population who want to make a difference but have been experiencing a bottleneck at the non-profit level.

Blockparty has the potential to grow into the destination for do-it-yourself civic engagement and create a new category of 'long-tail volunteerism'. At this point in the venture, we are not evaluating exit strategies, and instead focusing on building the best product possible to sell to paying customers.

## Pricing Strategy

Our revenue is made up of subscription fees paid by participating brands. Pay-for-performance advertising will be an additional, secondary source of revenue when the business reaches scale. Brands pay for monthly access to the platform where they can post incentives and rewards. We will offer different subscription pricing for small, medium and enterprise businesses.

None of our competitors that we are currently aware of has a similar model. This model allows us maintain a steady cash-flow month-to-month while providing opportunities for up-selling.

Subscription Plans	
<i>Small Business</i>	\$200/month
<i>Premium</i>	\$500/month
<i>Enterprise</i>	\$2,000/month
<i>All Plans Include access to post rewards on the platform</i>	

Annual and multi-annual subscriptions will be available to reduce overall cost per month to the customer.

**Volunteers and non-profits (early-stage) use the platform for free.**

### Distribution Strategy / Advertising and Promotion

To reach our beachhead, we have cultivated relationships with a network of student clubs, organizations, and program offices at various colleges around the country. These organizations provide value to their constituents by providing information, and are willing to promote Blockparty at no cost.

We have also developed relationships with several high-profile public figures and brands, including Deval Patrick former Governor of Massachusetts, who is willing to help publicize Blockparty. Further, we intend to leverage MIT's PR apparatus which often helps get the word out about new MIT-affiliated companies.

We do not intend to use traditional advertising vehicles in the foreseeable future. When ready, our team has extensive experience in this area through Adam's experiences at News Corp.

### Sales Strategy

Our team has deep experience running and scaling successful sales teams. Our sales approach will consist of:

**Early stage** – direct-selling to local Massachusetts brands by the co-founders. Focus will be to develop a deep understanding of customer needs including more accurate willingness-to-pay and iterate the platform when necessary. Expenses include transportation and founder's time, but we do not anticipate any entertainment expenses in the near term.

**Accelerating** – sales organization will be made of inside sales reps that are assigned to specific accounts. We anticipate a team of two within the first year, at \$60K base plus performance bonuses capped at \$35K. Intention is to hire experienced reps at first, then shift to recent grads who can be trained in company culture and selling practices.

**Growth** – Expand size of inside sales team. Create sales development program for new hires to ensure teams are well trained and to build cultural fit and retention. Limited direct-selling team for multi-brand key accounts (large CPG, retailers, etc.) with \$100K base and up to \$40K in performance



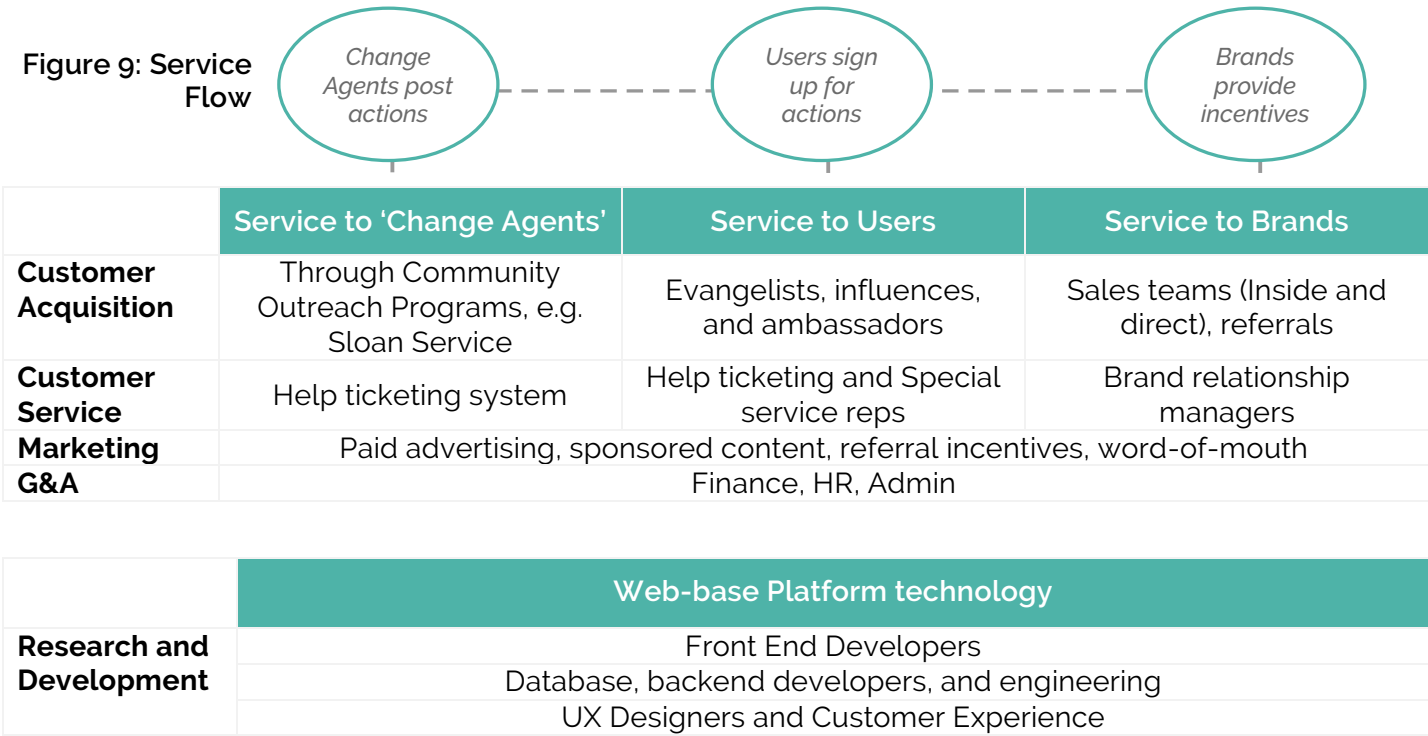
incentives. Direct-selling team can be recruited through Adam's connections to existing experienced salespeople.

Customer service for users of the platform will be outsourced, while customer service for brands will go through assigned sales rep.

At each stage, the founders will play an active role in new customer acquisition, to aid in gaining traction with key accounts as well as to maintain direct contact with the customer in an effort to always fully understand customer needs and shifts in preferences.

7. Operations Plan

Blockparty will build its web platform and manage its service flow in-house (See Figure 8). In early stages, the volunteer opportunities by sourced from beta users ('Change Agents'), while the rewards provided to users will be sourced from local brands. In later stages, users will be able to post their own initiatives and source volunteers on our platform. Our core is providing the resources and platform to empower people to lead volunteering initiatives. Our goal is to continually improve conversions on volunteering, and provide real-time insights to brands and organizations. To enable this ecosystem, our business operations structure will consist of the following.



**Operations to service users:** Our operational choices are designed to optimize follow-through with users building or joining their own volunteering initiatives in the community, which will require some online training and resources, along with gamified incentives like a personal dashboard showing volunteering evolution and rewards from brands.

**Operations for the platform:** In order to manage development and usage of the platform, we will need to hire a full-stack developer, and eventually increase the size of that team to 2-4 people; a designer to define the UX and customer experience; and in the long-run, a data scientist. Lastly, we will require someone to help manage overall operations and finance of platform services as it relates to the technological development.

**Operations to service brands:** In early-stages, the founders will be responsible for sourcing and managing relationships with the corporate brands. The founders bring experience in CSR, managing sales teams, managing corporate partnerships and rewards, and experience in digital marketing and advertising. We will recruit heavily from the non-profit space, particularly former volunteer coordinators who can help us develop our online training.

## 8. Development Plan

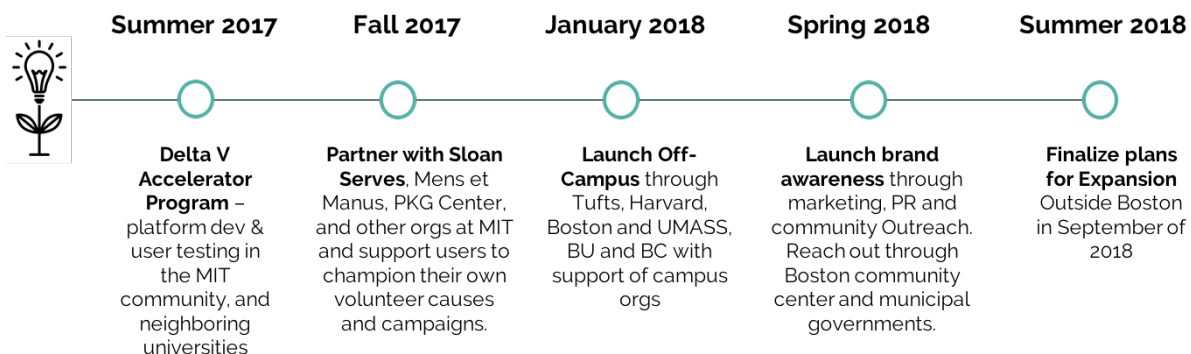
Our goals for the next three months include:

1. Continue to test with our minimum viable product with users, non-profits, and businesses locally, while continually iterating and improving the platform.
2. Develop and launch the next iteration of the minimum viable product (MVP) for further testing including gaining traction in other markets.
3. Grow and scale through referrals from users, outreach to university clubs and promotion through businesses, all of which have lower costs vs. typical customer acquisition strategies.

### Go to Market Strategy

#### Short-Term (Year 1)

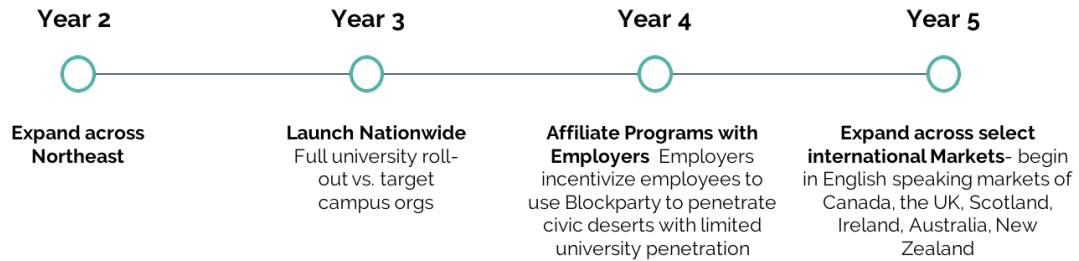
Blockparty's short term focus is on rigorous platform development, hypothesis testing, user acquisition and retention efforts, and establishment of a high value product-market fit.



#### Longer Term (Year 2-5)

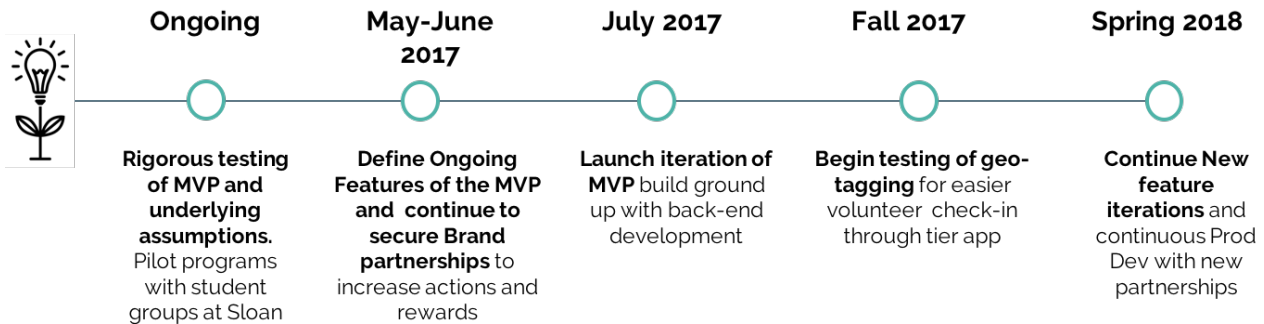
After the successful launch across Boston, Blockparty will launch across the Northeast region of the US. In a similar fashion to the go to market strategy, Blockparty will begin by partnering with organizations from large graduate institutions:

NYC	Philadelphia	Washington DC	Chicago
NYU	UPenn	Georgetown	U. Chicago
Columbia	Temple	GW	DePaul
Hofstra	Drexel	American	Northwestern
New School	St. Joseph's	Howard	Loyola
Fordham	University		

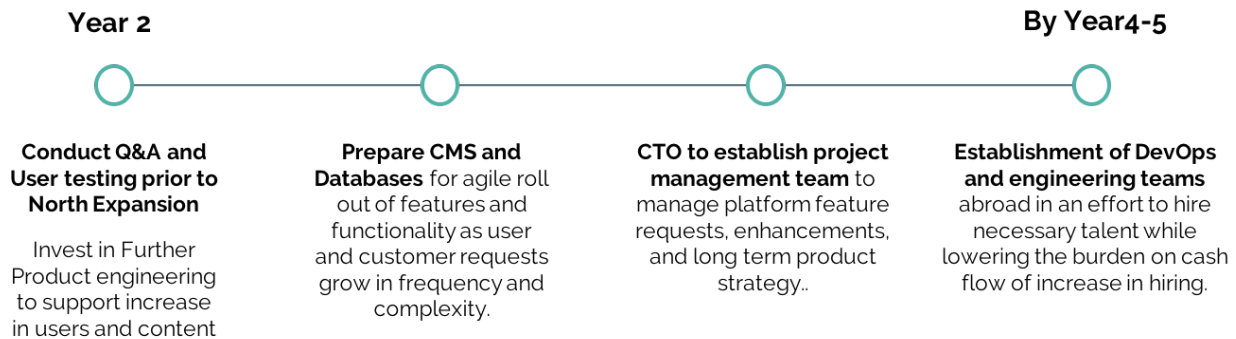


## Product Development

### Short Term (Year 1)



### Long Term (Year 2-5)



## Challenges to Implementation

### Key assumptions to test:

1. Likelihood of users to actually use the platform and share with friends.
2. Test assumptions about most user-friendly UX and UI.
3. Likelihood of local/national brands sponsoring challenges in the early stages of the business without concrete numbers on potential ROI.
4. Pricing assumptions and willingness to pay on the part of brands.
5. Value of attribution of CSR spend for brands.
6. Validating how users have taken action and providing the appropriate rewards.
7. What online resources would be required to give people all the information they need to start a change initiative (video tutorials, lists of resources and non-profits, etc.)?
8. Is our young professional beachhead the appropriate market? Would we be better served through high-school students or baby boomers?

Few challenges exist in implementing the technology. Our focus is on continuous PMR and prototyping to test assumptions, while being deliberate about the choices we make in terms of allocating resources to areas where we can get answers most rapidly.

## 9. Critical Risks

With a multi-sided platform, comes multiple levers that can both lead to growth, but can also put growth and success of the ecosystem as a whole at risk:

**Users** - While user rationale for volunteering differs from entertainment choices, Blockparty is competing with leisure activities for share of our user's time. Trends that have led to a reduction in civic engagement in the past 40 years including shifts in leisure time and entertainment are still intensifying. Large-scale changes in user perceptions towards volunteering, or substitutes like 'slacktivism' could have a significant impact in our ability to source and retain users.

**Brands** - Most multi-national brands focus their digital media spend with two companies; Google and Facebook, with a long tail of other social networks, ad networks and agencies competing for remaining dollars. In this highly-fragmented marketplace, it may be difficult for Blockparty to differentiate our core subscription and ancillary advertising products from those of competitors. While we strongly believe that we provide a unique opportunity for brands with a social focus to engage with a passionate community of users and drive incremental brand awareness and sales, brand willingness to pay remains unclear.

**Competitive** - While there is currently no product in the space that targets young working adults and provides exclusive incentives and rewards for volunteering, barriers to entry in this industry are low. The non-profit sector is large, making up 6% of US GDP, and as such we believe there is room for several small players to co-exist. However, if a larger well-established platform like Facebook, TaskRabbit or Meetup decided to enter this space, it would represent a serious competitive threat. To protect against this possibility, it will be important to delight our beachhead market, and develop a culture and experiences that cannot be easily replicated.

**Economic Downtown** - An economic downturn like the Great Recession of 2008-2009 could impact people's willingness and availability to volunteer, if they're more concerned with either searching for employment or keeping their jobs. Research suggests that our beachhead market, which is more affluent, will still have discretionary time in the event of a recession, but this is not the case with other demographics.

**Operational Risks** - The most successful service organizations are able to self-select their customers through operational choices, and control the user experience from end-to-end. Blockparty will have little control over the type of users who join the platform (although this could be a benefit if they use the platform in previously unforeseen but value-creating ways), and furthermore will have little control over the experiences of the volunteers once they arrive at their 'action'. Blockparty will include a rating system, similar to Lyft or AirBnB to manage user expectations and help volunteer leaders optimize their volunteering experiences, however we expect a significant level of variability in the user experience in the early days of the platform.

## 10. Financials

### Financial Assumptions

#### *Personnel*

- Blockparty will find a technical founder / CTO who will be compensated heavily through equity, and reduce burden on cash flow of outsourcing development or hiring full time developers in year 1.
- Personnel expenses have been reduced by providing equity compensation to most employees.
- That founders will forego salary benefits in Year 1; compensation will be entirely based on equity shares

#### *Operating Expenses*

- Blockparty will be able to operate through H1 of year 2 in an MIT or Tufts co-working space
- We will move to new office space in year 3 and again in year 4 to accommodate growth in headcount
- We will begin ad and marketing spend in H2 of year 1, with a total of \$5K spent on SEO to drive Boston area brands to the website. SEO will double in year 2 as part of northeast roll out and continue significantly to aid in national launch in year 3
- SEA spend will begin in year 2 to aid in brand customer acquisition, and increase \$5K per year as Blockparty enters new geographic regions
- We will spend \$5k in year 1 on website hosting costs. These costs include front end hosting costs, CMS, DB licenses, backend servers, IP address with company email server. These costs will scale at 2x-3x each year as Blockparty platform enhances features, content, and expands user base.

#### *Property and Equipment*

- Blockparty will not buy any land or property during its first 5 years of operations
- Blockparty assumes a cost of \$3,000 per computer and required software for each employee, and assumes a useful life of 3 years.

#### *Funding*

- Blockparty assumes it will be able to agree on a \$50K short-term loan, along with closing on \$50K in angel funding or bootstrapping to fund operations in year 1.
- Blockparty will close on \$250K in seed funding from local VC firms and angel investors Q1 of year 2
- Blockparty will subsequently close on series A round in H1 of year 2 of \$3M, paid out over years 2-5 in amounts 1.5M, 1.5M. This funding will primarily go towards salaries in years 2 and 3, and will be raised by early stage VC funds.
- Blockparty will close its series B round in year 4 of \$12M, paid out over 2 years. This funding will come from follow-on funding as well as 2-3 targeted growth funds.

#### *Revenues*

- Blockparty assumes that people will not be willing to pay to use the platform as volunteers or volunteer organizers.
- The marginal revenue gained from charging non-profits to use Blockparty will not justify the loss in content from non-profits who are unwilling to pay for access to the beachhead user.

- We assume that average PPC costs will jump by 30% from 2016-2017 and continue to increase each year at progressively lower rates of 20% in 2018, and 10% in 2019 and each subsequent year<sup>20</sup>
- We further assume that the cost of sponsored content in year 1 will be \$900, with annual growth rates in fees of 10%.<sup>21</sup>
- Lastly, we assume that the average sponsored content customer will pay for 1 round of content in year 1, 2 in year 2, and 3 in each subsequent year.

## Financial Risks

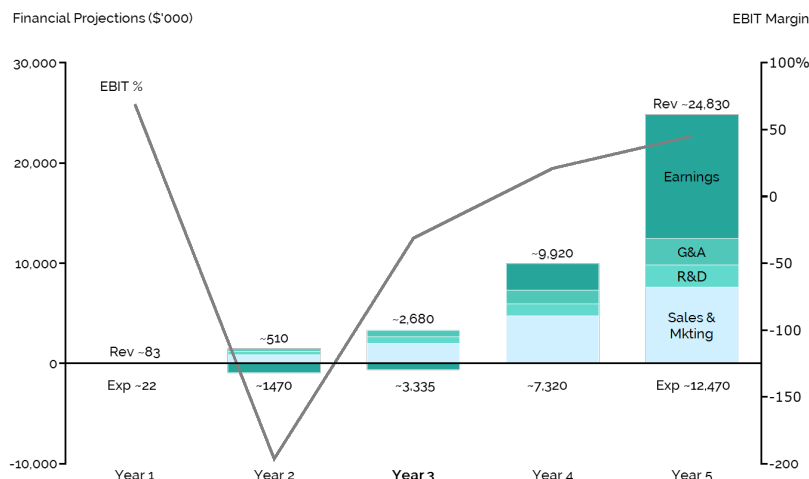
The management team at Blockparty would like to highlight a few of the most relevant financial risks, applicable to its business model and strategy:

- Slow user adoption may undercut the ability of Blockparty to command ad revenues from brand customers until later.
- Changes in the ad marketing, such as the price of ads reversing over time due to market saturation, ultimately lowering Blockparty's expected unit revenues for ads and adversely affecting revenue growth projections.
- Should Blockparty be unable to find the right Technical cofounder, personnel costs may spike for product development, undercutting Blockparty's available cash to be used on marketing, advertising, and personnel in other functional areas such as sales.
- Facebook is able to successfully go from a communication platform to an actions platform, in which case, Blockparty's value proposition will be reduced in comparison to Facebook.

## Financial Statement

Through well timed fundraising rounds (Angel, Seed, Series A, Series B), early brand customer acquisition, and a targeted plan for user acquisition, Blockparty expects to break even in Q3 of year 4 of operations. Blockparty will keep their leverage ratio low in order to keep their cash flow positive in the early years of operations. That being said, they may need to take out a \$50k short term loan to help finance startup costs, depending on the timing of Angel and Seed fundraising efforts. Below, please find Blockparty's Pro-Forma financial statements for years 1-5.

Financial Projections (\$'000)



	Year 1	Year 2	Year 3	Year 4	Year 5
<strong>Summary Financials (\$)</strong>					
Revenue	83,000	510,000	2,679,601	9,920,793	24,832,476
Gross Profit	79,680	466,600	2,497,417	9,397,961	23,669,177
EBIT	57,230	(1,001,400)	(838,113)	2,080,202	11,199,502
EBITDA	57,230	(985,400)	(782,113)	2,166,202	11,315,502
Net Earnings	31,638	(1,005,900)	(838,113)	1,964,635	6,719,701
Net Cash from Operating Activities	4,912	(1,102,710)	(1,355,351)	124,478	2,869,193
Capital Expenditures	0	48,000	120,000	90,000	138,000
Interest Income/(Expense)	(4,500)	(4,500)	0	0	0
Dividends	0	0	0	0	0
Cash	104,912	704,202	878,851	3,913,328	12,644,522
Total Equity	81,638	(674,262)	(1,312,375)	652,259	7,371,960
Total Debt	0	0	0	0	0
<strong>Growth</strong>					
Revenue Growth Rate - CAGR:		514%	425%	270%	150%
Net Earnings Growth Rate - CAGR:		Nil	Nil	Nil	242.0%
<strong>Ratios</strong>					
Current Ratio	2.4	9.4	8.1	8.9	10.2
Debt to Capital (LT Debt + Equity)	0.00	0.00	0.00	0.00	0.00
<strong>Profitability</strong>					
Gross Profit %	96.0%	91.5%	93.2%	94.7%	95.3%
Operating Expenses %	27.0%	287.8%	124.5%	73.8%	50.2%
Net Earnings %	38.1%	-197.2%	-31.3%	19.8%	27.1%
<strong>Returns</strong>					
Return on Assets	22.5%	-109.4%	-43.8%	26.2%	31.3%
Return on Equity	38.8%	-121.8%	-49.7%	29.5%	34.7%
Return on Capital (LT Debt + Equity)	38.8%	-121.8%	-49.7%	29.5%	34.7%

<sup>20</sup> <https://www.hochmanconsultants.com/cost-of-ppc-advertising/>

<sup>21</sup> <http://www.advertisewithin.com/how-to-determine-the-right-price-for-sponsored-content/>