



# GUILDE

*Business Plan 2019*

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## Executive Summary

**One Line Pitch:** Ideavor LLC is a technology company working to make home ownership and real estate investment more accessible and streamlined for the general public. With its flagship app, *Guilde*, the Company will provide a platform to connect customers with high quality, on-demand contractors for a competitive price.

**Business Summary:** Scheduled for launch in March 2020, *Guilde* has developed an intuitive set of wireframes for its MVP and generated initial interest in its application through several low-fidelity measures. *Guilde* is now seeking seed funding to develop its minimum viable product (MVP) and test its application with initial users in Detroit.

**Management:** Founding members, Donovan Wright and Charles Ellis IV bring over 8 years of experience in finance, marketing, investment, sales and business. Each carrying an MBA degree from Wayne University, they worked for a number of years in Detroit, both in entrepreneurship and in ongoing volunteer efforts, before going on to found Ideavor LLC. Both residents of Detroit, they are passionate about using their education, background, and expertise to be part of Detroit's improving economy and the movement to empower its residents to revitalize the Motor City.

**Customer Problem:** The real estate market can be a tricky one to navigate. Even after the task of finding the right home or investment property, owners often face a quagmire of problems to renovate and increase the value of their property. Finding a reliable contractor can be difficult and getting them to stick to a completion date and budget is often even harder. *Guilde* seeks to connect reputable, eager contractors to a market of property owners who need results without the fuss.

**Product/Services:** *Guilde* boasts many features for homeowners, real estate investors and contractors alike. Each member gains access to a marketplace of verified individuals and businesses. Communications between contractors and their customers are free of charge, with *Guilde* charging only a modest commission on the projects it facilitates. Furthermore, investors and contractors can access premium memberships for more individualized services and unlimited revenue.

### Ideavor, LLC

#### Company Profile

URL: [GuildeApp.com](http://GuildeApp.com)

Industry: Real Estate and Home Renovation

Founded: 2019

#### Contact

Donovan Wright

Phone: XX XX XX XX XX

Charles Ellis IV

Phone: XX XX XX XX XX

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#### Funding

Funding Stage: Seed

Capital Seeking: \$120,000

#### Management

Donovan Wright, Co-Founder

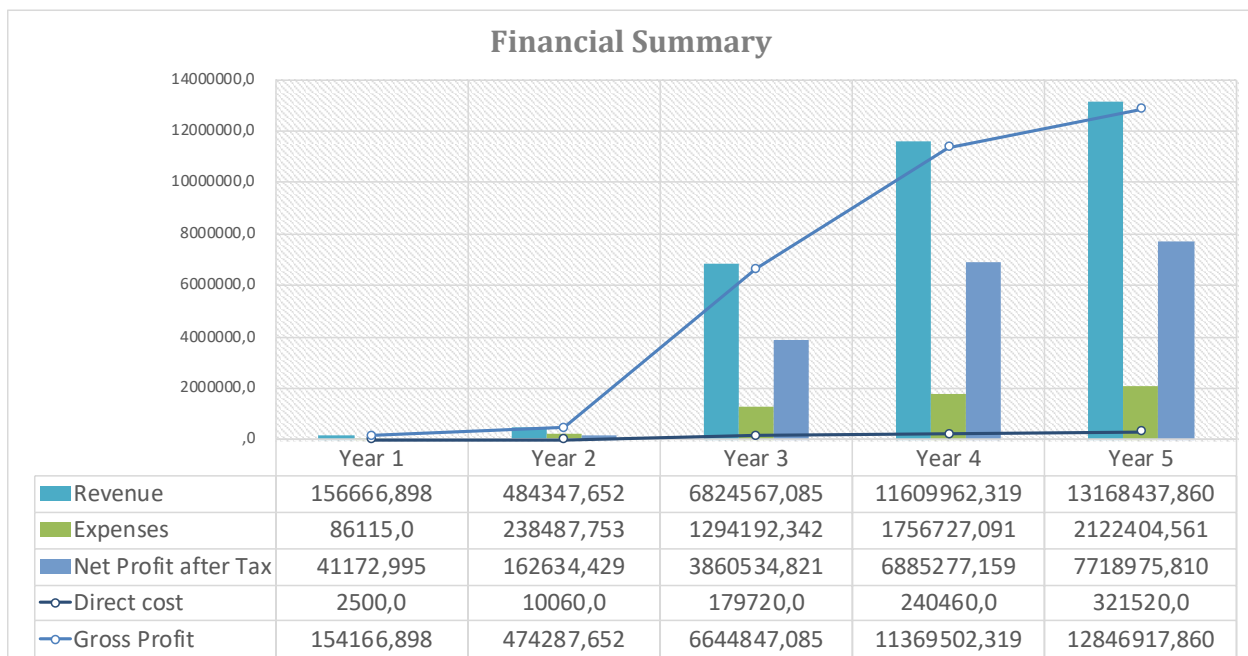
Charles Ellis IV, Co-Founder

**Target Market:** Initially, Guilde will target Detroit, Michigan as its launch location. After capturing the market there and expanding to the rest of the state, Guilde will begin aggressively scaling to 14 other US metropolitan areas in Years 3 to 5. These markets include Atlanta, Boston, Dallas, Chicago, Houston, Los Angeles, Miami, New York, Philadelphia, Phoenix, Riverside, San Francisco, Seattle and Washington, DC.

**Sales/Marketing Strategy:** Initially, the Company will focus on paid Google and social media ads, event planning, and partnerships to expose the brand to the market and establish strong brand awareness. With plans to expand in the second half of Year 1, they will improve their marketing campaign by producing informational content and optimizing its web pages for high rankings. Guilde will also employ a sales team to inform and incentivize contractors to join the application.

**Business Model:** Guilde generates its revenue by charging a 7% commission fee on the projects it facilitates in the app. Additionally, it charges \$40 a month for a premium membership for investors and contractors. To homeowners, it also offers a maintenance subscription for \$100 a month for regular home maintenance services, such as law moving or small handyman repairs.

**Competitors & Advantage:** Guilde offers a great competitive advantage over its nearest competitors by focusing solely on refining the experience of home renovation and real estate investment. While its closest competitors offer services for general handy-work and freelance services, Guilde offers a tailored experience at a competitive rate. Additionally, its process of verifying members and setting a fixed price based on fair market rates ensures a lower cost to customers and an incentive to contractors to stick to a projected finished date, streamlining the traditional, offline method of finding a contractor.



## The Company, Ideavor LLC

### Company Brief

Ideavor, LLC	
<b>Location</b>	Michigan, USA
<b>Year Established</b>	2019
<b>Industry</b>	Real Estate, Home Renovation
<b>Founders</b>	Donovan Wright and Charles Ellis
<b>Website</b>	<a href="https://www.gildeapp.com">https://www.gildeapp.com</a>

Home ownership has long been viewed as the quintessential path to the American Dream. However, many feel intimidated by the work associated with this fundamental stream of accumulated generational wealth. Aside from the legal and financial aspect, many prospective home owners feel overwhelmed by the time and care that property ownership and real estate investment requires.

Ideavor is a Detroit based start-up that introduces new, innovative technology to homeowners and investors. Currently, the Company is in the process of developing and launching its first mobile application, the Guilde app. Guilde allows homeowners and investors to connect with on-demand contractors while eliminating common barriers such as long lead times, poor quality renovations, and manipulative pay schedules.

Although Guilde is not scheduled for launch until March 2020, the Ideavor team has already achieved several milestones to progress the launch of its flagship application. These milestones include:

1. Registered Ideavor as a Limited Liability Corporation (LLC) in the State of Michigan
2. Formed a solid founding team comprised of several experienced professionals.
3. Wireframed all necessary screens required for the app's initial minimum viable product (MVP).
4. Developed low-fidelity MVPs (landing pages and explainer videos) to assess market interest, validate initial assumptions, generate brand awareness, and pre-register early adopters.
5. Performed a target market analysis to identify the most qualified initial target audience.

### Objectives

Gilde exists to help homeowners and real estate investors streamline the process of finding reliable and highly capable contractors, generating quality and consistent work for contractors, increased value for homeowners, and a path to generational wealth for users. To meet this goal, Guilde seeks to achieve several objectives over the first five years of operation. These objectives include:

1. To build the platform's user base to over 150 investors, 200 contractors, and 350 homeowners by the end of Year 1; growing to over 15,000 investors, 22,000 contractors, and 38,000 homeowners by the end of Year 3.

2. To generate over \$41,000 in revenue by Year 1, growing to over \$3,000,000 by Year 3. Of projected revenue, 94% is expected to be generated from commissions on contracted labor and 8% to be generated from premium subscription fees.
3. To break even by Month 6 with an average net profit margin of over 46%.

### Company Values

Ideavor is a technology company focused on streamlining complex processes and policies across multiple industries in order to provide wealth generation opportunities to those with limited access to prime resources. The Company operates under strict moral and ethical guidelines, with an expectation of excellence with every transaction. With its flagship app, *Guilde*, the Company expects to achieve the following mission:

### Mission Statement

“Guilde’s mission to give sanity and peace of mind back to customers seeking contractors to renovate their properties. Whether you are a new investor seeking to build a passive income, a contractor starting your own business, or a young family renovating your home to pass on for generations, *Guilde* is here to help you find the best professionals for your project.”

### Products and Services

*Guilde* is an online marketplace that offers an efficient and simple place for clients and contractors to connect for home renovation services. For homeowners and investors, *Guilde* offers a large qualified talent pool of on-demand contractors for projects of all sizes — from small jobs to large-scale home renovations.

Specifically, the app serves three primary groups of users: homeowners, investors, who function as the customer, and contractors.

- **Customers:** There are two types of customers on *Guilde*:
  - *Homeowners:* Individual households and families can use the app to find contractors for a variety of home improvement projects.
  - *Investors:* Individuals, businesses, or commercial property management companies that use the application to search for contractors on projects not related to their primary residence.
- **Contractors:** Individual tradesmen or companies who provide home renovation services are the final type of user *Guilde* serves. Contractors can use the app to bid on projects.

### Free Membership

*Guilde* features a free membership to users, giving users access to a limited portion of its impressive capability. The free membership allows users to complete projects but limits them to five projects at any given period. Additionally, investors and contractors with free memberships are restricted to \$1M of investment and revenue annually.

Guilde provides the following features for all user types:

- **Project Marketplace:** Guilde provides a full-featured marketplace where contractors, investors, and homeowners can connect and match to render services.
  - *Investors and Homeowners:* Individuals or companies who need services rendered on their properties can post 'jobs' to the community. These postings will offer details regarding the extent of the job, desired outcome, initial state of the space, specialties desired, and other pertinent details.
  - *Contractors:* For contractors, Guilde provides an opportunity to access high-quality leads without the risk associated with general marketing techniques. Contractors can bid on any job that meets their ability and requirement, completely free of charge.
- **Profiles:** Guilde profiles provide a space for users to tell other members who they are and what they seek. These profiles include a short biography, relevant photos, images of past work and licensing information, and their contact information.
- **Calendar Wizard:** An integrated scheduling module allows users to schedule and keep track of services, deadlines, and projected completion dates.
- **Contractor Ratings and Reviews:** Customers are encouraged to rate contractors on their quality of service after a transaction has been completed.
- **Secure Payment Gateway:** Guilde provides a secure method for contractors to receive payments for services rendered. This gateway includes an escrow system that releases payment to contractors in increments. This protects both clients and contractors and ensures the job is completed to expectation, and that payment is delivered in full. After completion, in the case of a negative experience, a customer can file a complaint with Guilde and have the funds held until the situation is mediated.
- **Secure Messaging:** Users can reach out to each other via a secure messaging module. This module includes several user protections to eliminate unwanted, spam or fraudulent messages. Through this system, users can send messages to initiate contact, ask questions, and get a feel for the contractor before making a decision. To maintain user security, only customers will have the ability to initiate a conversation.

Investors and contractors often have different and more intensive needs than families or individuals renovating their home. Guilde serves these users by offering the following additional features as a part of the free membership:

- **Annual Tax Reports:** Guilde offers a downloadable report with yearly tax forms for investors and contractors.
- **Integration to Accounting Software:** Likewise, investors and contractors are able to integrate their Guilde account with their accounting software, such as QuickBooks, to help keep track of expenses and jobs more easily.

Likewise, many homeowners will have unique needs that differ from those of investors and contractors. These will include:



- **Project Managers/General Contractors:** Homeowners can opt to hire a dedicated and experienced General Contractor or Project Manager to oversee large scale renovations, manage project details, and hire contractors. The application will recommend this feature to users who are requesting multiple services in one job post. These contractors would be proven professionals with high skill levels and a proven track record of overseeing major projects. An appropriate fee/salary for that service would be built into the model.
- **Secondary Properties:** Homeowners that have secondary or vacation homes may seek services for these properties at an additional fee.
- **Monthly Maintenance Services:** Homeowners can hire contractors and handymen for regular maintenance jobs such as small repairs, landscaping, snow shoveling, or other routine work. These services are offered on a monthly subscription basis.

### Premium Membership

Guilde recognizes many users will require more features than what the Free Membership provides. Some contractors will own a company that is capable of working on multiple properties at once. Investors will likewise manage multiple properties and may have multiple projects underway simultaneously.

By upgrading to Premium Membership, the application will offer the following features:

#### Investors Premium

For investors who handle a larger number of properties or property management firms with multiple clients, a premium account will offer the following:

- *Unlimited Investing:* Premium membership allows investors to invest infinite capital without limitation.
- *Analytics & Reporting:* The premium account gives users real-time access to the current value of their portfolio. Through a simple but detailed dashboard, investors can easily check the current state of their local property market, the estimated value of their properties, profits generated, and more.
- *Enterprise Services:* Investors can set up accounts for each owned or managed property. They are able to link tenants to these property accounts via the app, where they can request maintenance and track the status of their request.
- *Maintenance Services (Multiple Properties):* Investors and property managers can request and manage small and routine maintenance requests for each of their properties.
- *Out of State Booking:* This premium feature allows users to manage and request contractor labor on properties outside of their primary state of residence/business.

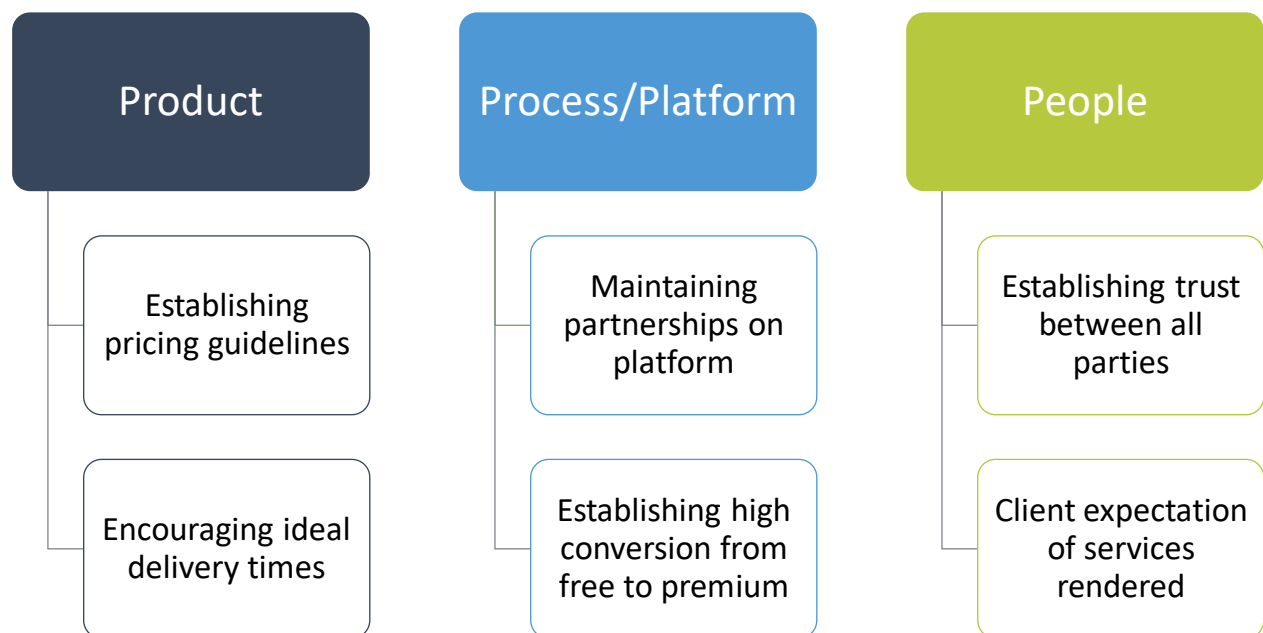
#### Contractors Premium

While many contractors will find the volume of the free membership adequate, there will be some users who manage a larger firm of employees and have the capability to take on several projects at a time. For these users, the premium membership includes:

- *Registration as General Contractor:* Contractors can register as a General Contractor or Project Manager to take on the responsibility of overseeing a major project, rather than simply rendering a specific renovation service.

- *Registration as Maintenance Servicer:* In addition to the ability to bid on renovation services, contractors with a premium membership will be able to perform smaller, routine maintenance to investors and homeowners.
- *Unlimited Revenue:* Premium membership allows contractors to generate as much revenue as they see fit without limitation.
- *Offer Financing:* In addition to the ability to bill customers through the app, Guilde provides lender financing to its customers. The application will regulate and monitor the payment on behalf of the service provider and allow for interest payments.
- *Analytics & Reporting:* Similar to the premium feature for investors, premium membership will allow contractors to view real-time analytics regarding their projects and performance. Trends and revenue breakdown will be available, as well as insights into the most popular services, organic traffic numbers, and sales or specials the contractor may offer.
- *Out of State Booking:* As a premium member, contractors will be able to offer services in states outside of their primary state of business.
- *Enterprise Services:* Premium membership will offer several additional features to contractors such as payroll services, revenue analysis by employee, employee productivity, and new hire services.

#### Key Success Factors



While Guilde will be a first-of-kind application that serves a large and in-demand market, there are several key success factors that must be overcome to successfully introduce the app to the market and acquire the appropriate level of growth.

One major factor that must be addressed is building trust between all parties. Customers expect a high-quality service that is timely and priced fairly. To ensure higher levels of transparency and a fair price to the customer, Gulde has opted to price its products on a flat rate per project, rather than a per hour rate, which is easily manipulated by contractors. Pricing of renovation and construction projects has high variability - the expense and time of a project can depend greatly on the size of the space, the quality or detail level of the work, the original state of the space, and the desired end result. Aside from the project itself, pricing can vary from place to place (consider a high-cost real estate market compared to a low one), can change as a result of seasonal shifts, and may flex due to supply and demand. Determining the right model for calculating the price of a project with these variants in mind will be crucial to building trust in the application and its reputation to deliver the promised results.

As a feature-rich app, it is critical that Gulde is able to establish a smooth user experience. In an effort to streamline the transactional process for all three types of users, the application must be designed with a smooth and intuitive user experience and user interface.

As with any new idea, and especially a marketplace solution, Gulde must build a high level of user trust to ensure success. By providing a marketplace where customers can find reliable on-demand contractors and contractors can find motivated sales leads, Gulde can quickly build brand awareness and a strong market reputation. By consistently exceeding customer expectations and generating positive user reviews, the Company can overcome skepticism that comes with any new idea. Part of building this trust is ensuring realistic expectations by customers. In today's fast-paced "gig" economy, clients increasingly expect services to be rendered incredibly fast with high-quality output. These expectations must be managed, ensuring that customers are fully aware of the amount of labor and time that must be put into their project to meet their expected result. Balancing these expectations are key to earning repeat customers and generating an active user database.

## Industry and Customer Analysis

### Industry Analysis

Home renovation and real estate investment are major components of the quintessential American dream, both for their ability to increase social capital and financial security, but also as an avenue to passive revenue and wealth accumulation. However, the market currently feels unnavigable to many who find the process of acquiring property and renovating it to increase its value a minefield of tricky decisions and unavoidable pain points.

Many find the task of connecting with reliable contractors who charge reasonable prices and give accurate projected completion dates a real challenge. These pain points provide Gulde's main entry into the market, offering a solution to streamline, optimize, and increase the transparency of the process of home renovation.

Guilde's entry to the residential real estate renovation market lies in its connection with its launch city: Detroit. Detroit is prominently remembered for its misfortune in the United States' housing market crisis and the shutdown of the auto industry, which was headquartered in the Motor City. During this time, the value of real estate in Detroit plummeted and many residential houses were left abandoned with outstanding debt on their lien. The lack of employment opportunities combined with the realities of the housing market left Detroit a bleak place for real estate and homeowners.

The city's fortunes, however, have improved over the last few years.

### ***The Upturn in Detroit's Housing Market***

Detroit has become a common point of generational migration for millennials. Searching for an affordable city to start their careers, young college grads have slowly increased the population of the city, while start-up culture has slowly taken root there, creating lucrative job opportunities. Employment in the tech industry in Detroit has increased 40.7% from 2011 (Runyan, 2017). The effect has not gone by unnoticed, and its effects reach to the housing market:

*"The residential and daytime population has increased significantly. A large portion of these new residents are millennials and are very attractive to tech firms and startups. Detroit will continue to attract more tech activity in the future."* — (Runyan, 2017)

This influx of tech jobs and the millennials who fill them has led to a decline in unemployment and an increase in disposable income. Of that disposable income, many households are choosing to invest in home renovations to improve the market price of their property. From 2014 to 2019, the remodeling industry has expanded dramatically in Detroit as a result of several economic factors giving the city an annual 4.7% increase in consumer spending on home improvements. Additionally, many homeowners in Detroit find themselves hopeful for the future of their investments. Favorable mortgage rates and increased home prices have set the construction sector to a boom (IBIS World, 2019).

The market for the United States, in general, is also very compelling for Guilde's prospects as the Company expands its service areas to 15 of the United States' most populous metro areas. "Lifestyle changes, high socializing, technological advancements, and design innovations" are listed as the key motivators for homeowners to increase their spending on renovation and home improvement (Reuters, 2018). The trend in home improvement has adjusted accordingly. The market for home renovation in the United States was estimated at \$99B in 2017 with a full 30% of homeowners making improvements on their residences (IBIS World, 2019) (Kato, 2018). Overall, the *Improving America's Housing 2019* study showed that homeowners spent 50% more on remodeling in 2017

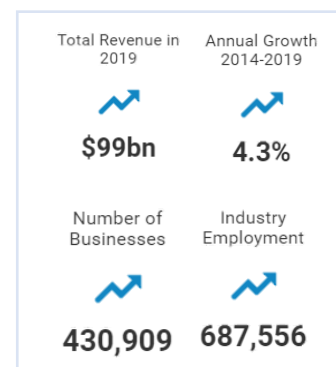


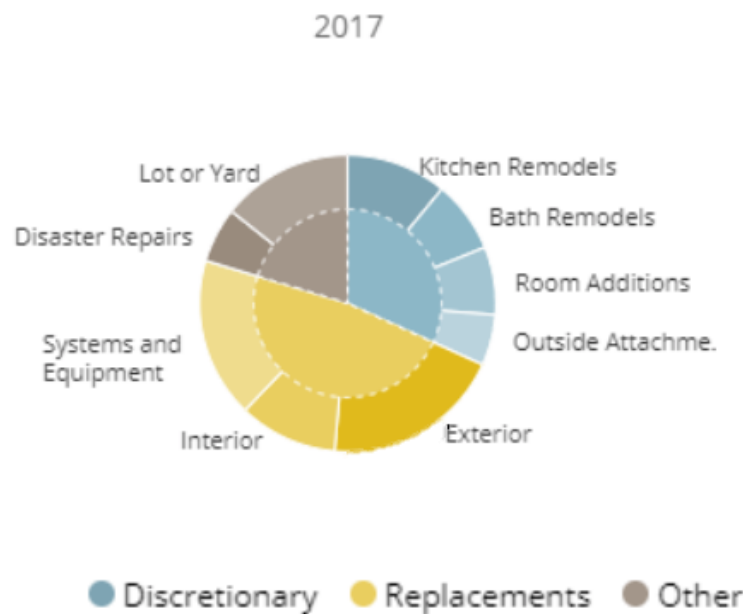
Figure 1 The US home renovation market at glance. Source: [ibisworld.com](http://ibisworld.com), 2019.

than they did at the end of the Great Recession in 2010 (Kearns, 2019).

Not only has the market for home renovations increased, research shows that the spending by young homeowners, the demographic most likely to turn to an app for a solution to their problems, rose 20% in 2017 to roughly \$22B (Kearns, 2019). The time is ripe for Guildе to enter the market and experience exceptional success.

### ***Trends in Home Renovation***

There are several new trends occurring in home renovation and remodeling, driving the construction industry in residential areas. Among the highest requested renovations are improvements for high tech kitchens and bathrooms, luxury laundry rooms, black fixtures, water conservation appliances and rustic or natural design aesthetics (DiClerico, 2019).



*Figure 2 Home improvements by type. Source: JCHS Harvard, 2019.*

Research also shows that spending on residential remodeling shows a change towards more replacements and upgrades, rather than discretionary spending. These repairs are seen as more vital to the comfort and value of homes and offer compelling reasons for the current homeowner generation to invest in their home. Data shows that replacements of exterior elements, such as roofing and windows, interior elements (such as flooring and insulation) and systems (such as plumbing and electrical) rose from \$55B in 1995 to \$111B in 2017 (Joint Center for Housing Studies of Harvard University, 2019). Some researchers believe this shift in spending is a result of necessary investments that were deferred by the previous generation when the housing crisis occurred. Other researchers point to the increase in the median age of homeowners, from 32 in 2007 to 39 in 2017 (Joint Center for Housing Studies of Harvard University, 2019).

Individually, families are spending a substantial amount of disposable income on home renovations. The median spending typically falls around \$15,000 per year. However, the top 10%

of spenders contributed far more, \$85,000 and higher. Repeat homebuyers spend even more per home, around \$25,000 per year. These figures show that Guilde’s pricing model, based largely on commissions earned from projects, is a viable and sustainable financial model.

### National Renovation Spend Among Recent Homebuyers and Long-Term Owners

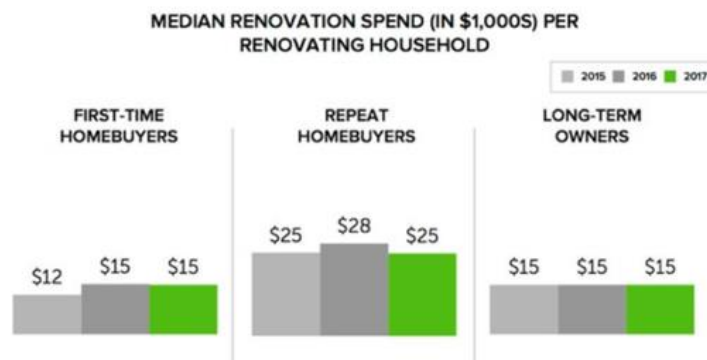


Figure 3 The average spending on home renovations. Source: Houzz.com, 2019.

Overall, trends in the United States housing and home renovation market shows that Guilde stands poised to turn a significant profit by facilitating the connection between qualified contractors and homeowners eager to transform their properties.

### Key Target Markets

Initially, Guilde will introduce the app to contractors and real estate investors in Detroit, Michigan before expanding throughout the rest of the state. There are many prospective construction firms in Detroit and the city is currently under its first construction boom in a decade. From Michigan, Guilde will begin aggressively expanding in Year 3 to several additional American metropolitan areas that report the highest levels of home renovation projects. These markets include Atlanta, Boston, Dallas, Chicago, Houston, Los Angeles, Miami, New York, Philadelphia, Phoenix, Riverside, San Francisco, Seattle and Washington, DC. Guilde seeks to serve each individual stakeholder in home renovations, from investors and homeowners to contractors.

### Customer Persona

Under its operation, Guilde seeks out homeowners, real estate investors, and contractors in target cities who are looking to benefit from the housing and renovation boom. The following subsections describe fictional, but ideal, customers who would benefit greatly from Guilde’s service.





## Profile A, Steve Johnson

### Background:

Steve is a 43-year-old web developer. He's been investing in and renovating houses for 10 years. He and his wife, Rita, recently moved to Detroit with their two kids after Rita was offered a new lucrative job. Steve has retained his real estate holdings in his former state, Maryland and wants to add to his holdings. He's looking to get started and invest in the Detroit area now that he has settled down after the move.

### Consumer Problem:

Steve is eager to get started purchasing and renovating homes in Detroit and wants to hop straight in to take advantage of the construction boom. The problem is he is new to the area and doesn't have many contacts yet in Detroit. He has had poor experiences in the past. On his first project, the contractors didn't even show up to the job. Over promising and under delivering seemed to be the norm. He prefers to work with contractors he trusts and who will stick to a projected finish date with quality results.

### Solution:

While attending an open house for a potential investment property, Steve spoke to the real estate agent about a new app that was rapidly becoming popularized in the industry. The app was called *Guilde*. He downloaded the app immediately and registered as an investor using the free subscription. He found the app extremely intuitive and after a brief search, he quickly found a great contractor with good reviews. After trying it out, he made the decision to become a premium subscriber. The data panels and tax reports were vital to his success as an investor and he felt he could manage his properties, both in and out of Detroit, so much easier than before. He's made great contacts with contractors through the app and continues to use *Guilde* for all his investment needs.

## Profile B, Jessica and Miguel Alvarez

### Background:

Jessica is a 24 year old paramedic in the Detroit area and her husband, Miguel, is 28 and an up and coming lawyer. After getting married five years ago, they saved up to buy their first home, a fixer-upper. They put off renovating their home while they settled into marriage and Miguel finished law school. Now that they are a two-income family, they both feel the time is right to make their house a home.

### Consumer Problem:

When Jessica and Miguel moved into their home, finances were tight. Miguel was still in law school and they were living partially on Jessica's income, partially on student loans. Now that their finances have improved, they want to make improvements to their house and turn it into the home they have always dreamed of. For Miguel, that means an amazing kitchen where they can cook family dinners together. But as a lawyer, Miguel doesn't know anything about renovations. He wants to find a good contractor who can handle the entire process for them while Jessica and Miguel continue to work, but they are at a loss of where to start.

### Solution:

The Alvarazes have met with several contractors, but haven't met anyone they trust with such an important project. A friend told Miguel about a new app, *Guilde*, that helps home renovators connect with the right contractor based on project and specialty. After registering and browsing the app, they found a contractor registered with Premium status that exceeded their expectations and had strong reviews from previous clients. Construction began right away and before they knew it, their old dingy kitchen was transformed into a beautiful, designer kitchen. Jessica and Miguel plan to use the app again in the future when they are ready to landscape the front yard and paint the exterior of the house. While preparing for further renovations, the couple still uses *Guilde* frequently for household maintenance tasks including having the walkway cleared of snow during the winter months.





A background image showing a close-up of a person's hands, likely a construction worker, resting on a wooden surface. The hands are positioned as if working on a project. Various tools, including a hammer and nails, are scattered on the wooden table. The image is slightly blurred, focusing attention on the text overlay.

## Profile C, Marshall Brothers Construction

### **Background:**

Aaron and Marc Marshall are brothers born and raised in Detroit. The 2008 housing crisis hit their family hard, inspiring the brothers to jump in on the recent upturn in the city. Aaron, 32, had the idea to start a construction business and recruited Marc, 27, to start it with him. They both attended trade school and earned their certifications as contractors. They specialize in bathroom renovations including tiling, plumbing and fixtures but are also equipped to do expansions and wood flooring. They hope to build up their business over time, adding in other professionals with different specialties, but for now, it's just the two of them.

### **Consumer Problem:**

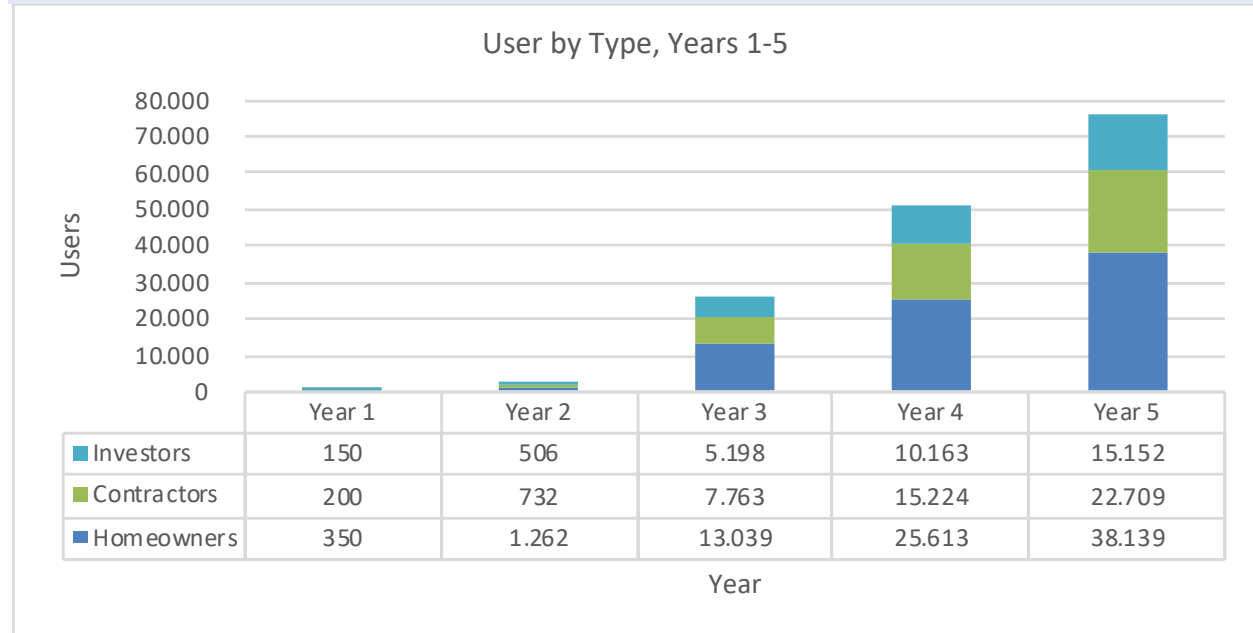
Aaron and Marc are enthusiastic to make their name in Detroit's construction industry, but they have trouble securing clients on a consistent basis. They need a great portfolio of work to establish trust with potential customers, but with little luck landing new projects, their portfolio has remained lackluster. As new entrepreneurs on the scene, they don't have a lot of capital to invest in marketing and they find it hard to compete with large contractors.

### **Solution:**

On a cold call, a representative from a new company, Guilde, educated Aaron about the many benefits of registering to their mobile app. The representative explained that the platform provided an active marketplace for contractors to find steady, on-demand work. Skeptical, but with no other alternatives, he decided to register. After filling out their profile and uploading pictures of their previous projects, Aaron was able to speak with clients who were looking for contractors to provide the exact type of work he specialized in. Over time, he and Marc began to take on more and more jobs, eventually upgrading to a premium membership. The integration into his accounting books and accounting dashboards available were invaluable to him as a new entrepreneur. He was able to understand his business in a smart, data driven way, and manage it more efficiently. Since joining Guilde, he and Marc have added on two more employees. Today, as top contractors on the Guilde app, the brothers have cemented their name in Detroit's construction industry.

## Sales and Marketing Strategy

### Sales and Marketing Goals



As shown on the tables above, Guilde expects to rapidly increase its user base by expanding into several major cities over its first five years of operation. It is expected that the Guilde app will quickly penetrate its intended market, leading to rapid growth in brand awareness, downloads, and subscriptions. The Company expects to build its user base to 350 homeowners, 150 investors and 200 contractors by the end of Year 1, growing to over 38,000 homeowners, 15,000 investors and 22,000 contractors by the end of Year 5. This is based on a Year 1 average monthly user growth of 60%, and a retention rate of 45% for investors and contractors and 20% for homeowners. These metrics are based on industry averages and standards.

### Pricing and Positioning

Gilde offers a variety of home renovation and maintenance services through its free-to-use marketplace. Eventually, the bulk of the revenue for Guilde will be commissions received on jobs completed by contractors. Additionally, premium memberships offer a robust feature set that helps drive quality contractors and investors to the application.

Gilde will collect a fixed percentage of the fee from maintenance requests and on regular renovation projects. These fees will be fixed by Guilde to eliminate the need for contractors to bid on projects, eliminate lead time and deliver the savings to the customer. Fees will be determined by a company algorithm that accounts for the cost of labor, average job time, location, and demand. The following table describes Guilde's services:

<b>Service</b>	<b>Service Description</b>	<b>Service Fee</b>	
<i>Premium Investor Membership</i>	Gives investors an unlimited amount of investment per year, as well as benefits for managing their investments.	\$40 a month	a
<i>Premium Contractor Membership</i>	Gives contractors unlimited access to bid on contracts and allows them to take on higher tiers of work and offer financing to clients. Guilde offers a cost-effective package for small contracting firms of under 20 and a separate plan for large firms of 20 people or more.	\$40 a month	a
<i>Homeowner Maintenance Monthly Subscription</i>	Gives homeowners access to maintenance services such as lawn mowing, snow shoveling, small repairs, landscaping, and others. Contractors who complete jobs requested by the subscriber will receive a \$60 fee for each job.	\$100 a month	
<i>Commission on Projects</i>	Gilde will charge a commission fee on the revenue received by contractors to accept on a completed job. These project fees will vary in price from season, location and demand, but will range from \$500 to \$100,000, with an average of \$9000.	7% of each transaction	

#### Pricing Algorithm

A core component of Guilde's pricing and positioning strategy relies on its bid-less pricing strategy. By eliminating bidding wars within the app between customers and contractors, Guilde will cut down on time between the debut of the project and the finishing date and prevents contractors from inflating their prices.

The prices for the various projects and renovation efforts that can be posted on the application are subjected to the Company's algorithm. The algorithm factors in the average labor and material costs associated with a job. These averages are pulled from professional databases and are then loaded into the application through an API. Along with these estimates, other factors such as a demand factor, built in to adjust the price of projects to respond to a surge or decline in supply and demand, or a markup to create a profit margin for both the contractors and the Company, are included to generate the project cost.

The Company also provides its users with a projected completion date to adhere to. The completion date is once again based on industry averages with a grace period to cushion the timeframe in the case of unforeseen circumstances and variability in the work.

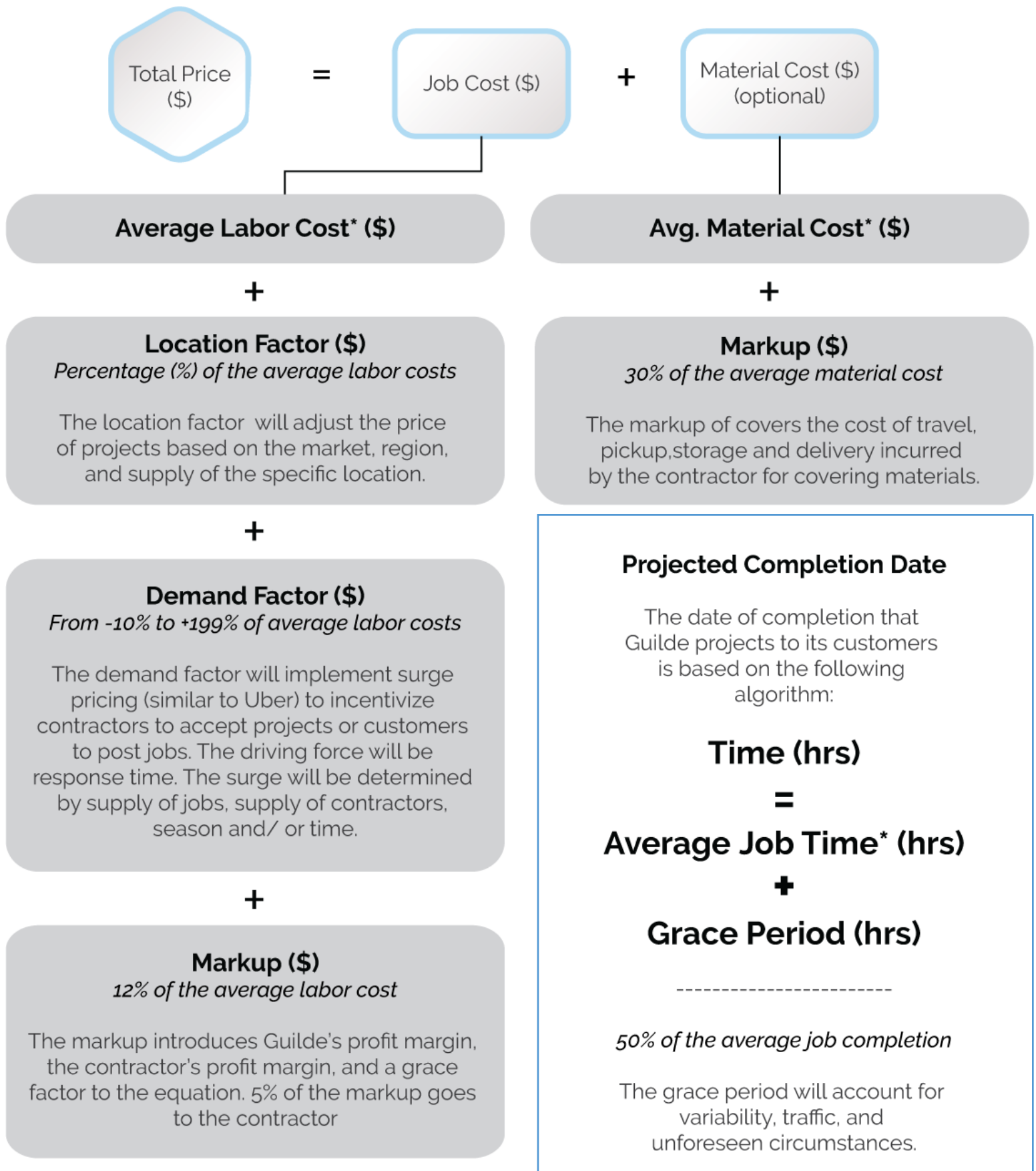
Lastly, in the event a customer hires a General Contractor or Project Manager, the professional will earn an extra 15% on top of the costs of the projects he oversees (a minimum of three projects are required to hire a GM/PM). Other fixed costs in the app include a \$100 fee for renovation pre-inspection by the appropriate professional and a \$200 remodel inspection fee.

The graphic on the following page outlines the parameters of Guilde's in app pricing algorithm.



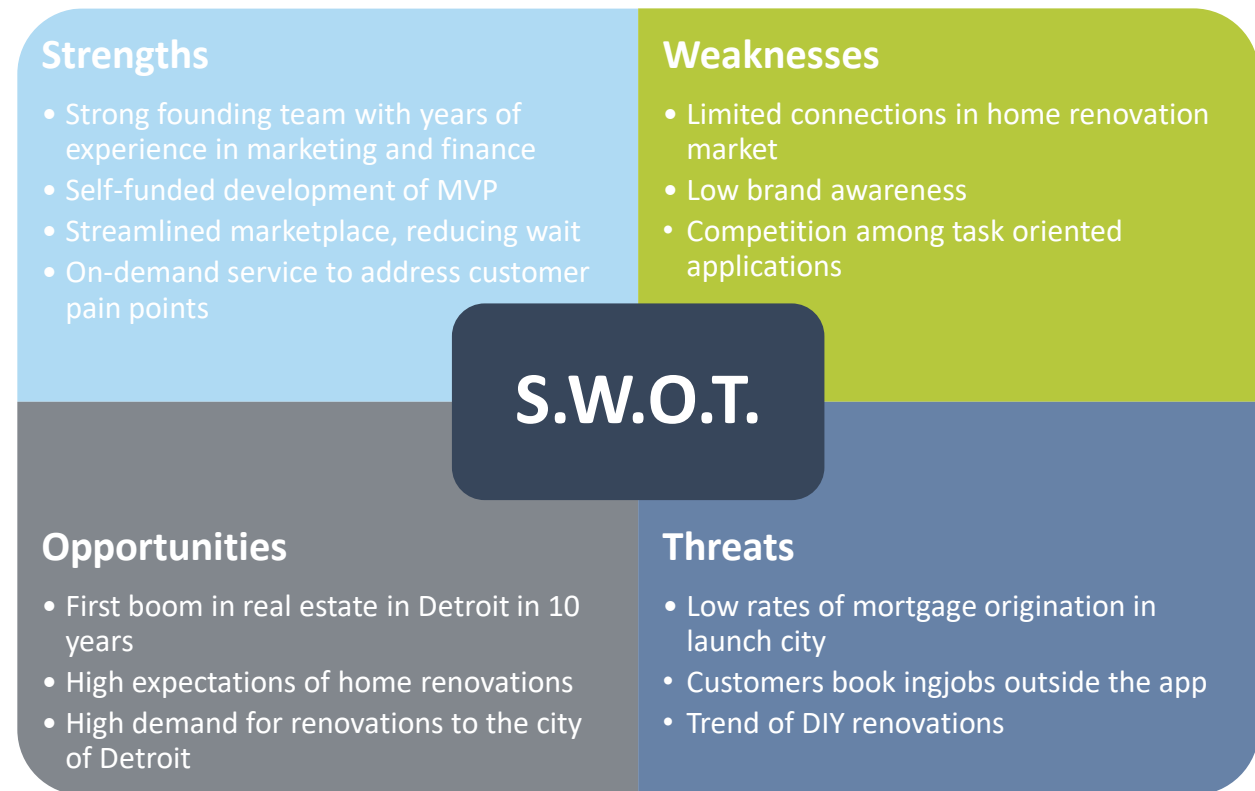
# Projected Pricing Algorithm

Guilde works to set fixed pricing for each job to avoid excessive charging and reduce job completion time. The following details Guilde's pricing algorithm:



\*Data is based on industry standards, database APIs, and other reliable data sources.

## S.W.O.T Analysis



## Marketing and Promotional Techniques

In the first year of operation, Guilde expects to capture 1% of the Detroit home renovation market, attracting approximately 350 homeowners, 150 investors, and 200 contractors throughout Detroit as active users before expanding into the rest of the State of Michigan. This will be accomplished by implementing several marketing techniques to establish an initial base of early adopters and leveraging those users for exponential user growth.

### Launch Phase — (Months 1-3)

During the first three months of operation, the Company will work to acquire 60 homeowners, 30 investors and 30 contractors for a total of 120 users. This will be accomplished by implementing the following techniques:

1. **Google Ad Campaign:** Guilde's initial ad campaigns will be delivered as a test to validate its approach and optimize its cost per click. During the first month, the Company expects to pay a \$2 CPA (click-per-ad) rate and to see a 10% conversion rate from those ads. Aiming to net 250 new users through this method, the ads must reach 2,500 users for a total Google Ad budget of \$5,000. These ads will directly target local Detroit homeowners and investors. The Company will initially focus on long-tail searches, such as 'apps for home renovation' or 'where do I find a good contractor' as it builds its domain authority.

2. **Event Marketing:** Guilde will partner with prominent local organizations that work to rebuild Detroit by leading renovation projects through the city. One such organization, Brick+Beam Detroit, offers the opportunity to host a class or workshop. Ideavor will prepare an appropriate topic targeted towards Brick+Beam Detroit's target audience and use the opportunity to educate the market on the benefits of using Guilde. Other similar opportunities where be sought where Ideavor can be represented at industry-related events that are frequented by homeowners, contractors, and real-estate investors.
3. **Targeted Sales Team:** To reach Detroit's construction market, Guilde will employ a compact task force of sales interns to target and approach contractors in the Detroit area. Initially, contact will be made directly through cold calls and office visits. The objective of this initial contact is to introduce the contractor to the brand and to schedule a demo for the near future. During these demos, interns will showcase the application and explain its benefits to the contractor. To register 50 contractors during this 3-month period, Guide will hire 4 sales interns, expecting an average of 3 new users registered every 30 days.

### **Momentum Phase (Months 4-6)**

Between Months 4 and 6, Guilde will implement additional techniques to increase user growth for all sides of its marketplace. By this time, the Company will have a small base of partnerships, several sales interns, and an iterative Google Ads campaign that is continually improved and honed. By Month 6, Guilde's user base is expected to grow to approximately 230 homeowners, 100 investors and 130 contractors, for a total of about 460 users. The Company will reach this goal by implementing the following marketing methods:

1. **Retail Marketing:** Retail hardware stores, such as Ace Hardware, are regular and vital stops for homeowners. Guilde will approach local franchises and regional managers of these chains to initiate a partnership with them. In exchange for space in the store to advertise the Guilde application, Guilde will offer free advertising space on the app or give discounts to users who register on the app using a specific registration code. By targeting these stores, Guilde hopes to attract at least 1% of their daily foot traffic to educate them on the benefits of the application.
2. **Social Media Ads:** Guilde will also focus on launching a strategic and effective social media campaign to introduce the product to new customers. The Company will implement and refine ad campaigns across several popular social media sites including Facebook, Instagram, and Twitter. Guilde expects to optimize this campaign to a cost per acquisition (CPA) of \$1.25, realizing a conversion of at least 3% (based upon industry averages). Aiming to net 75 new users through this method, the ads must reach 2,500 users for a total budget of \$3,125.
3. **Content Marketing:** Guilde will build its presence on search engines by building high-quality content around home renovation and real estate investment topics, and optimizing this content to rank for high-potential organic keywords.
  - a. *Case Studies:* As Guilde grows its membership base, it will leverage the positive experiences of its users to educate the market on the success and benefits of finding a contractor via Guilde. Generating brand trust amongst its customer market is key to the success of the application, as a high demand of customers will

help retain high quality contractors. Guilde will select its best examples of success via the app and publish compelling case studies with video interviews and before and after photos.

- b. *User Content*: In addition to case studies showcasing the strength of Guilde's platform, the Company will work with freelance writers to add blog articles and other content to their website on topics such as, "10 Things You Didn't Know About Remodeling a Kitchen" and similar topics. Content that educates Guilde's target audience not only improves the user's overall impression of Guilde's brand and ability, but also improves the SEO score of their website for search engines, contributing to organic traffic.
4. **Guest Blogging**: In addition to creating strong content to educate their target audience and drive downloads, the Company will also build partnerships with like-minded organizations in the Detroit Metro Area to capitalize on already established audiences. There are several organizations in Detroit focused on rebuilding the city via renovation and investment. Organizations such as Brick+Build and Life Remodeled have sections on their websites to showcase remodeled homes. Guilde will approach these organizations, and others like them to foster a partnership and leverage their existing audiences.

#### **Growth Phase (Months 7-12)**

In the final half of the first year, Guilde will seek to build its communities to over 700 users (350 homeowners, 150 investors and 200 contractors). By this time, the Company will have tested several marketing campaigns and will begin honing its strategy to allocate additional budget to its most successful marketing methods. During this period, Guilde will also leverage its current position to generate more traffic to the platform, and retain users, and drive higher customer lifetime value (CLV), and focus on user retention. These methods include:

1. **Referrals**: Guilde will retain and grow its existing user base by incentivizing current members to refer their friends and family.
  - a. *Word of Mouth*: With a strong economic upturn, the home renovation and real estate investment communities in Detroit have grown significantly over the last several years. With the market consisting of several investor networks established around the city and only a handful of influencers, it is expected that many users will become brand ambassadors, on their own. As a supplement to Guilde's content marketing, word of mouth advertising will increase customer confidence in the application and help drive user demand.
  - b. *Refer-a-Friend*: Capitalizing on that same sense of community in Detroit, Guilde will roll out referral incentives in this time frame. Customers who refer friends to the app, will receive a \$25 credit towards any maintenance service.
2. **Retention**: To encourage users to return to the app for future projects and maintenance requests, Guilde will employ several customer retention strategies.
  - a. *Multiple Use Discount*: Especially incentivizing for investor accounts, Guilde will offer customers a discount for repeated use of the application. The Company will implement a loyalty program where customers can earn points for each project and redeem the points towards a discount for a future service.

- b. *First Trial of Premium Free:* For investors and contractors, Guilde will offer a 14-day free trial of the Premium subscription option to encourage users to try out the upgraded feature set.

Along with these marketing techniques, Guilde will also focus on a few ongoing marketing efforts. These efforts will be aimed at improving the overall brand and growing awareness of the application.

1. **Video Marketing:** With the popularity, influence and effectiveness of social media, a video marketing campaign will be an important part of Guilde's strategy to promote the application and educate the market. The right video marketing campaign can visually and thematically promote the brand and give prospective consumers an inspiring reason to join the community. Guilde will work to create a dynamic video marketing campaign to promote on its social media accounts.
  - a. *Promotion:* Promotional videos will focus on driving curiosity of the solution, showcasing benefits, and increasing consumer awareness of the platform.
  - b. *Education:* To help create a seamless user experience, Guilde will produce a series of explainer videos and promote them on the site and via social media.
2. **Email Marketing:** Email campaigns are a cost-effective way to reach existing customers. By sending out regular, high quality content, Guilde can increase user participation within the app, offer tips on its use, provide discounts, and push general promotional material.
3. **Public Relations/Outreach:** Once Guilde has facilitated a substantial amount of home renovation projects, the Company can start to pull meaningful data from its database. Useful statistics such as, "50% of home improvement projects are roof jobs," can be pulled and showcased throughout the application. The data can be further leveraged to build relationships with media outlets, who will showcase the primary data Guilde provides in exchange for promotion within the article. Such partnerships will strengthen Guilde's brand and attract new customers to the platform.



## Competitive Analysis

Guilde will enter a market without a clear, direct competitor, but many competitors in related fields. The application will seek to compete by offering a unique and efficient way of connecting home renovators to existing contractors.

**GUILDE**

**Thumbtack**



<b>Description</b>	Guilde connects investors and homeowners to high-quality, on-demand contractors renovation projects.	Thumbtack connects people with local professionals for their projects of any kind.	Handy is an app through which users can book cleaners, plumbers, handymen, and other household service providers.
<b>Year Established</b>	2020	2008	2012
<b>USP/ Competitive Advantage</b>	Guilde takes the guess work out of finding a good contractor for home renovation projects without wait intervals.	Professionals can bid on a number of projects including handy work, lessons, fitness instruction, etc. Users see results in real time.	When Handy successfully scaled its marketplace, it was able to bring down wait times for customers, increasing demand and attracting more professionals.
<b>Number of Users</b>	N/A	250,000	10,000 cleaners and 50,000 contractors
<b>Territories Covered</b>	Detroit, Michigan	United Kingdom and Philippines	United States, United Kingdom, Canada
<b>Funding Details</b>	Bootstrapping	\$1.2M Angel Investing round in 2010; \$272M in 2012-2015	\$110M Venture Capitalist investment starting in 2012
<b>Revenue Model</b>	Guilde charges commission on projects established on the platform. Guilde also offers premium accounts to investors and contractors.	Professionals are required to credits which they use to bid on projects.	Handy charges a few per service. Additionally, the app imposes fees on professionals for background checks, missed appointments, cancellations, late arrivals and early departures. Fees vary from \$10 - \$50.



<b>Description</b>	Guilde connects investors and homeowners to high-quality, on-demand contractors for home renovation projects.	TaskRabbit is a platform that matches up users with help on furniture assembly, moving, and other handyman services.
<b>Year Established</b>	2020	2008
<b>USP/ Competitive Advantage</b>	Guilde takes the guess work out of finding a good contractor for home renovation projects without wait intervals.	Users can outsource petty tasks to TaskRabbits who are willing to take on the task for a fee saving users money and offering TaskRabbits flexible work.
<b>Number of Users</b>	N/A	60,000
<b>Territories Covered</b>	Detroit, Michigan	United States, United Kingdom, Canada
<b>Funding Details</b>	Bootstrapping	\$25K angel round in 2009; \$1.85M seed funding in 2010; \$36M in venture capitalist funding in 2015
<b>Revenue Model</b>	Guilde charges commission on projects established on the platform. Guilde also offers premium accounts to investors and contractors.	TaskRabbit takes a 30% commission from Tasker earnings.

## Competitive Advantage

Although there are plenty of services available to help consumers with tasks around the house, Guilde is the only application designed to be a one stop shop for the investors and homeowners in the midst of home renovations. Guilde's user interface allows these customers to easily and securely find the contractor that is right for their style, timeframe, and needs. To compete in the task and home renovation market, the Company will distinguish itself with the following advantages:

- **Fixed Price Model:** Guilde understands that one of the biggest pain points in home renovation are flexible finished projection dates and the price gauging of customers. On the Guilde's application, the Company has developed a fair and competitive algorithm to provide the price that is reasonable to both parties. By using industry standards and factoring the effect of price, supply, demand, and a mark-up to protect project margins and unforeseen circumstances, Guilde can provide a fair price. Not only does the algorithm protect both parties from unfair pricing methods, but securing a price ahead of time has been shown to cut back on the completion time by incentivizing contractors to keep labor costs low.
- **A Tailored Renovation Experience:** Guilde's competitors in the app space for household tasks are diversified to all manner of chores and handy tasks. While Guilde does have a space for handy work, Guilde's main purpose is to help homeowners and investors to navigate the renovation process. As a result of this focus, Guilde stands out as convenient place for users to facilitate the entirety of their remodel, without the need to use other services. Furthermore, the ability to track their projects, investments and spending through the app eliminates the need to seek other software to perform the same task. Though Guilde's focus is smaller, the renovation marketing is healthy and growing and offers a large enough market that Guilde will see healthy profits and room for growth.
- **Competitive Pricing:** At a 7% commission on projects, Guilde's pricing model is extremely competitive compared to others in the market. TaskRabbit, the leading competitor, charges 30% commission. Guilde is able to offer this price point because of the elevated project costs that are often seen in home renovation when compared to the low-level tasks that TaskRabbit caters to. Additionally, unlike many other competitors, Guilde does not charge exorbitant prices to the contractors on the application. All customer and contractor communications are free on Guilde. The low barrier for contractors to enter the marketplace ensure their participation and retention.

Gilde exists to streamline the process of real estate investment and home renovation for customers who feel overwhelmed by the enormity of the task. While its competitors hold a large presence, Guilde feels confident in its ability to carve out its own eminence in a market that is currently underserved.

## Operational Strategy

### Location

Ideavor LLC is headquartered in the State of Michigan and can be reached at the address listed below:

20461 Kenosha St,  
Harper Woods MI 48225

### Personnel Plan

Guilde will initially operate with a lean staff, focusing on building its executive board with experienced members who showcase various skills, abilities, and experiences that will help progress the business forward. Within the first 24 months, the Company will focus on adding the following members to its management team:

	Responsibilities	Month Of Hire	Starting Salary (Annual)
<b>Chief Executive Officer</b> — Donovan Wright	Develops and approves growth strategies, tends to executive responsibilities, and oversees the general progress of the brand.	Month 1	\$60,000 (salary starting in Mo. 24)
<b>Chief Financial Officer</b> — Charles Ellis IV	Maintains the company's books, analyzes the feasibility of any large expenditures, and oversees financial departments such as payroll and accounting.	Month 1	\$52,000 (salary starting in Mo. 24)
<b>Chief Operating Officer</b>	Oversees the daily operations of the Company. Helps to identify and launch the brand into new high-value markets. Conducts marketing and research, responsible for community regulation.	Month 30	\$52,000
<b>Chief Technology Officer</b>	Develops and implements strategies for all technical assets, supervises all technical team members, and helps form technical plans for future updates and feature additions.	Month 30	\$52,000
<b>Chief Marketing Officer</b>	Develops and implements marketing strategy, oversees marketing staff, and develops launch plans for new regions. Oversees advertising to target markets and tracks user growth	Month 30	\$52,000

Guilde will work with several freelancers and agencies to help establish and scale the Company during its first year. The following agencies will be hired to develop and market the app and ensure a positive customer experience:

- **App Development Agency:** As of today, Guilde has contracted the services of ThinkLions, an experienced development team that will build Guilde's minimum viable product (MVP). ThinkLions will be contracted to continue development and maintain the platform until a team of in-house developers can be hired.
- **Third-Party Verification Services:** The application will use third-party services to verify the accounts of new users including background and licensure checks for contractors and identity checks for premium homeowners and investors. Guilde is currently in the process of vetting several companies to find a reputable and reliable service provider for a long-term partnership.

In Year 2, the Company will begin hiring several in-house positions including customer service representatives and marketers. Since the Company will seek to scale into new markets during this period, additional team members will be needed to maintain capacity and continue to provide the highest quality service to users. The Company will hire team members for the following positions during this period:

- **Marketing & Growth Manager:** Guilde will hire a Marketing & Growth Manager to implement and oversee marketing and advertising strategies in new launch locations. Additionally, this individual will manage all internal marketing staff, freelancers and agencies including:
  - *ASO Specialist:* A freelancer or agency will be hired to manage Guilde's ASO. Initially, the Company will focus on long-tail search terms such as "home renovation apps" or "apps for contractors".
  - *SEO Consultants:* A freelancer or agency will be hired to help establish the brand on search engines like Google. These individuals will be responsible for creating new content to attract hosts/guests, promoting to online media sources, and providing on-site optimizations to build the site's overall relevancy.
  - *Public Relations Agency:* A Public Relations agency will be hired to align the brand with related publications in the marketing and advertising space. This agency will reach out to journalists and media producers, building relationships and persuading them to recommend the platform to their audiences.
  - *Social Media Manager:* A freelancer will be hired to manage Guilde's social media presence on all platforms and drive the market education of the brand and its services.
- **Customer Support Manager:** Once the Company begins to internalize its customer support efforts, a client service manager will be hired. This individual will help develop a strong support strategy to ensure customer satisfaction and better manage the customer support staff.
- **Sales Team:** Guilde will hire a team of salespersons to drive app enrollment. The sales team will be responsible for approaching construction companies and pitching to them to encourage app downloads and user registration.

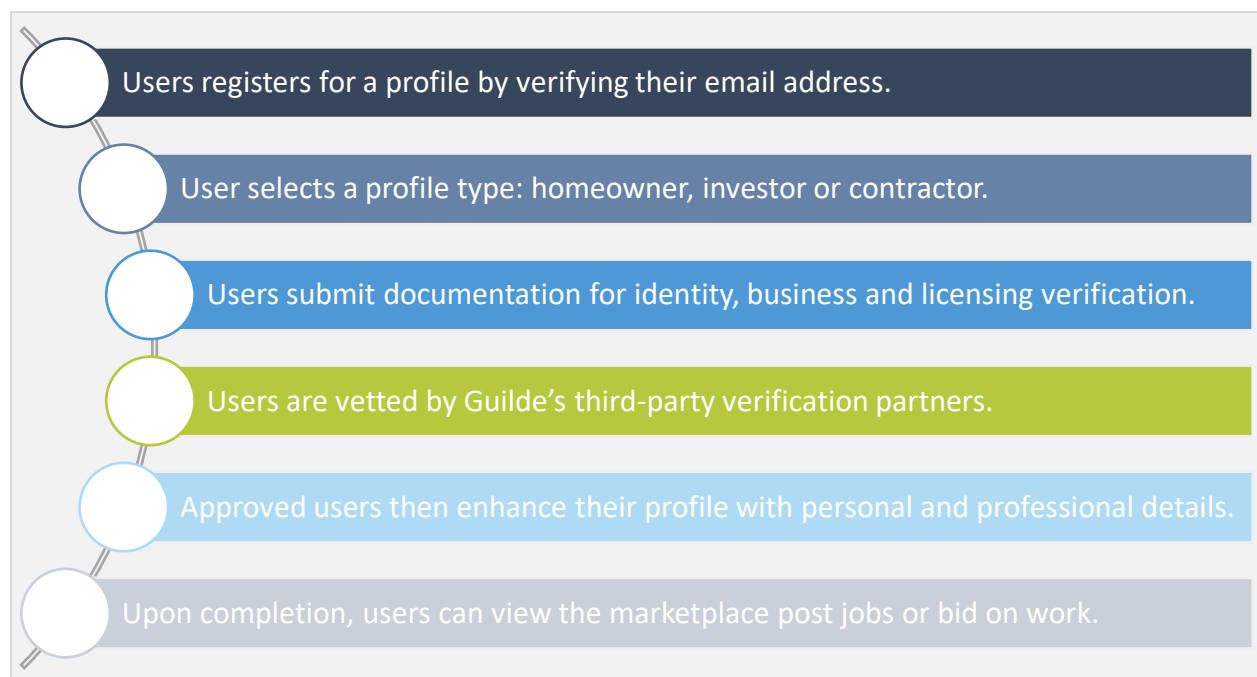
## Customer Service

Renovations can be a stressful time for all parties, but Guilde implements the right processes to ensure customer satisfaction. Within the platform, Guild will implement an effective customer support system to serve complaints and mediate disputes. Initially, customer support will be available through a dedicated email address. As the app's user base increases, the Company will hire new employees who are equipped to handle customer service requests. As part of its customer service process, Guilde will implement the following:

- **Online Ticketing System:** Customers can send customer service requests to Guilde via an internal "Contact Us" form and ticketing system. These reports will be reviewed by the customer service department and responded to within 24 business hours.
- **Frequently Asked Questions:** Guilde features a FAQ page to help users find immediate answers to common questions regarding usage and functionality of the application. This FAQ page will lessen the need for the presence of a Guilde representative and allow customers to resolve most issues on their own.
- **Customer Call Center:** Eventually, Guilde will provide support through a call center where users can reach a representative during business hours. Through this call center, representatives will also follow up with customers who have submitted complaints through the application.

## Registration Procedures

Ideavor seeks to ease the process of matching renovation professionals with homeowners and real estate investors. Although Guilde boasts many features to effectively meet this goal, navigation will be intuitive and easy to navigate. Specifically, the registration procedures are as follows:



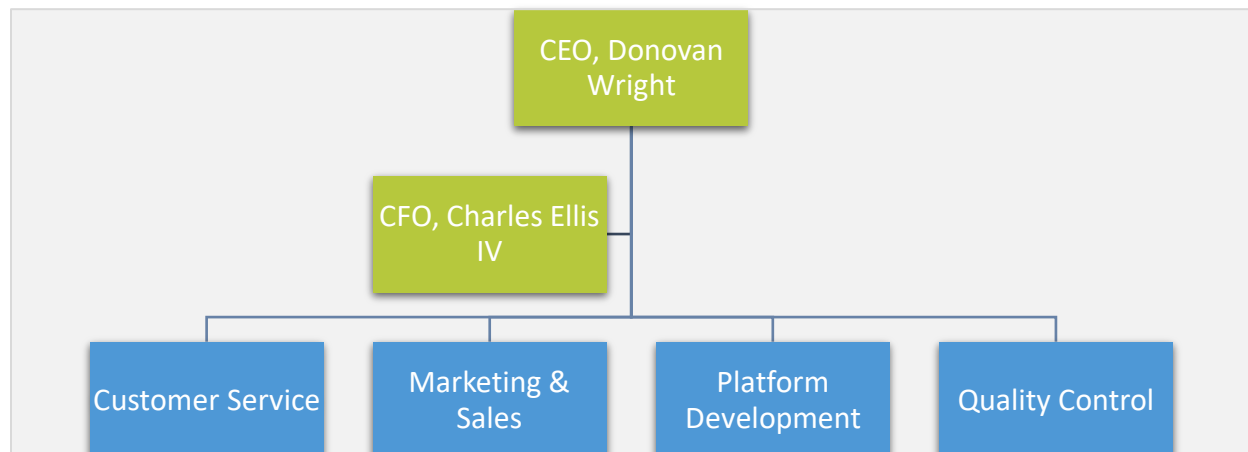
## Quality Control Measures

Guilde focuses heavily on ensuring that all contractors present in the marketplace are properly licensed, verified, and able to provide a top-quality service. Every contractor must meet local and federal laws to ensure that the residences they work on are safe to reside in. The ability to provide a smooth, seamless project experience is vital to Guilde's success. Guilde will use the following methods to control the quality of contractors and the quality of available jobs:

- **Verification Services:** For investors and individuals, proof of residence at the property for which they are requesting work is required as well as proof of identity. For contractors, Guilde requires professionals to be licensed and compliant with all local laws and regulations for their services. Companies will need to provide employee information and each contractor or employee must pass a background check, licensing verification, and insurance verification. Verification services help establish trust and confidence in the marketplace.
- **Community Regulation:** Likewise, Guilde recognizes the importance of creating a productive environment for customers and contractors to match based on needs and availability. Users who violate the application, such as by delivering substandard results, abandoning a project without cause, or failing to pay their invoice on time, are liable to be removed from the application. All users are encouraged to report instances of abuse and/or suspicious behavior. Users who violate the app's terms of services will be investigated to reduce the risk of harm to the community. Additionally, at the contractor's discretion, customers will likely be entering into contractual agreements that normally accompany business transactions. As such, disagreements can be mitigated in civil court.
- **Terms of Service:** The Guilde application will provide several guidelines that all users must adhere to as a part of their involvement in the community. Additional guidelines will be provided for users when they participate in an experience as a host. Users who violate the guidelines will face suspension, a banned account, or legal ramifications based on the severity of the case.

## Organizational Structure

Guilde will be led by its founding team, who will manage three main departments required for the growth of the brand and platform.



## Management Team

Guilde is currently operated by CEO, Donovan Wright and CFO, Charles Ellis IV.

### Donovan Wright



Mr. Wright is a graduate of Howard University (BBA) and Wayne State (MBA) with 9 years of marketing and sales experience. He has been able to work with some of the greatest entrepreneurs in the country as a Sales Zone Manager with Ford Motor Company. Donovan assisted dealers in all aspects of their businesses; consulting them on automotive & non-automotive best practices, property development, market trends and customer relations. Through his experiences with local dealership owners, he has been able to see the lifeblood these organizations pump into their surrounding communities.

Additionally, Donovan has held positions in digital marketing and CRM. These experiences have given him an astute eye for market opportunities, as well as identifying customer pain points; allowing him to develop customer centric systems and business models.

As a transplant to the City of Detroit after spending time in both Washington DC and Chicago, Donovan sees the opportunity for Detroit to be different - an example of how a city can be a hub for technology, entrepreneurship and innovation while being inclusive of all its residents. Ultimately, this belief led to a two-year analysis of the effects of affordability, accessibility and upward mobility to quantify its positive impact on communities, families and economic growth. With this information and Detroit's current entrepreneurial renaissance providing many opportunities, Donovan founded Ideavor - where imagination meets progress - to develop innovative ways of empowering everyday people to dream bigger and achieve more.

### Charles Ellis IV



Mr. Ellis is a graduate of Michigan State University (BBA) and Wayne State (MBA) with 8 years of finance, investing and portfolio management experience. Charles has been on the forefront of teaching financial literacy to Detroit's underserved communities. Through his volunteer efforts he has been able to assist people in gaining the necessary knowledge to make better financial decisions and take ownership of their financial future. Through his experiences with marginalized communities, he has been able to see the long-term effects of divestment and wealth disparities.

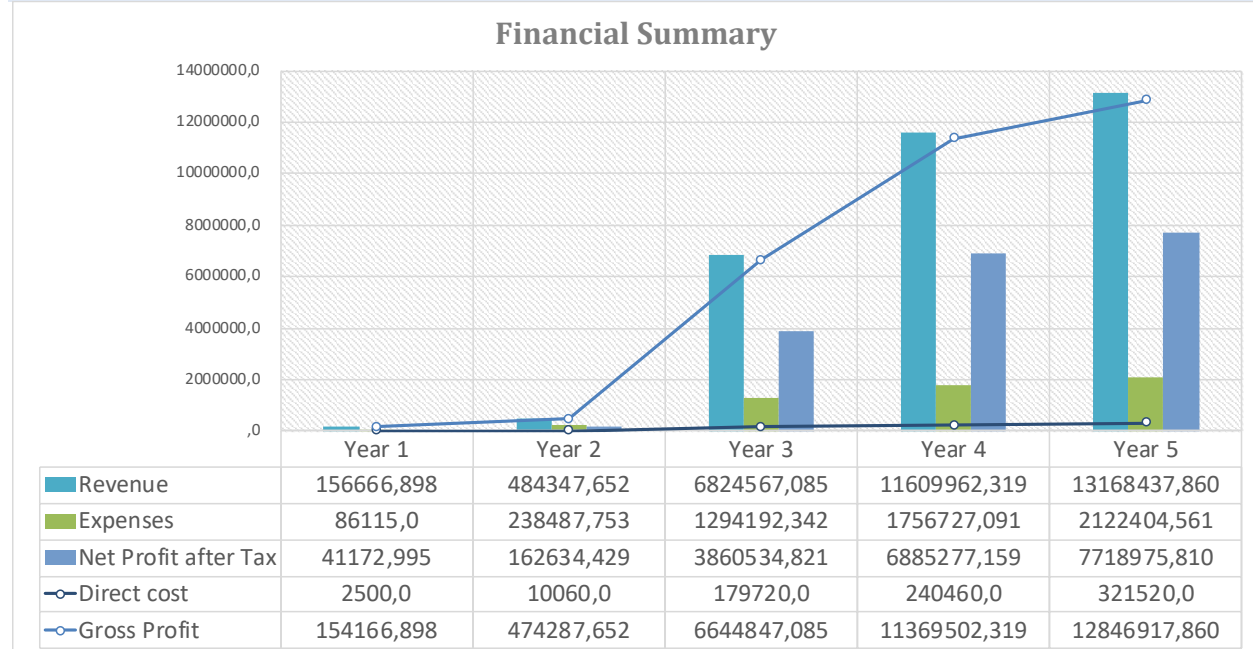
Additionally, Charles founded IV Management LLC, real estate investing and portfolio management in order to be a more integral part of Detroit's revitalization as a native Detroit. Charles sees firsthand the positive outcomes in communities when people are able to move pass simply surviving and having their basic needs met.



Now he desires to aim higher by giving them innovative tools to take the next step in grasping a bright and secure future for themselves as individuals, collectively as a community and generationally as a family. As a co-founder of Ideavor, Charles believes Guilde will be on the forefront empowering our customers nationwide in-line with Ideavor's belief that economic empowerment is the foundation of economic mobility.

## Financial Projections

### Financial Summary



The following subsections will showcase Guilde's financial projections over the next five years. These projections were developed based upon the following assumptions:

- There are three user types on Guilde. Overall, we assume homeowners will be 50% of the user base, investors will be 30% of the users, and contractors will be 20% of the users.
- A launch to Detroit in Year 1 before expanding to the rest of Michigan in Year 2. Starting in Year 3, Guilde will expand to several (14) additional US metropolitan areas, aggressively expanding its user base.
- Homeowners will spend an average of \$2,000 per year on small projects and regular maintenance. Additionally, they will, on average, assume one major project per 48 months with an average cost of \$9,000.
- There will be a variety of investor spending on the application under the following assumptions:
  - An amateur investor might flip 1-2 houses each year, spending \$40,000 per project approximately 1-2 times a year. We assume this profile will suite 50% of all investors on the app.

- A hobby investor might flip 3-6 houses a year, spending \$40,000 per project about 3-6 times a year. It is assumed this profile will suite 35% of all investors on the app.
  - A professional investor might flip 7-15 houses a year, spending \$40,000 per project about 6-15 times a year. It is assumed this profile will suite 15% of all investors on the app.
- Our user models assume aggressive marketing in Year 1, with similar tactics in Years 3-5 when the application is launched to 14 additional US metropolitan cities. We assume the following:
  - 10% conversion rate from Google Ad Campaigns
  - Daily foot traffic of 1,000 people through retail marketing. From this, Guildе expects to attract at least 1% of these individuals daily, converting roughly 5% of those who have been exposed to the application into downloads.
  - 3% conversion rates from social media ad campaigns.
- A tax rate of 30% and an inflation rate of 5% a year.

## Marketing Budget



As shown in the graph above, Guildе expects to spend approximately \$36,000 in marketing expenses over its first year. The majority of this budget will be used to implement a Google AdWords campaign and to implement other effective strategies including event marketing, social media ads, and a targeted sales team.

To scale efficiently, Guildе will consistently increase its marketing efforts, resulting in total marketing expenses of around \$523,000 by Year 3 and over \$780,000 by Year 5.

## Staffing and Staff Expense

<b><u>Employee expenses</u></b>	<b><u>Year 1</u></b>	<b><u>Year 2</u></b>	<b><u>Year 3</u></b>	<b><u>Year 4</u></b>	<b><u>Year 5</u></b>
<b><u>C-level</u></b>					
Chief Executive Officer	0	5,250	66,150	69,458	72,930
Chief Financial Officer	0	4,550	57,330	60,197	63,206
Chief Technology Officer	0	0	33,443	60,197	63,206
Chief Marketing Officer	0	0	33,443	60,197	63,206
Chief Operating Officer	0	0	33,443	60,197	63,206
<b><u>Agencies</u></b>					
App Development Agency	18,000	0	0	0	0
Third-Party Verification Services	18,000	37,800	59,535	83,349	109,396
<b><u>Operations</u></b>					
Marketing & Growth Manager	0	18,900	19,845	20,837	21,879
Marketing & Growth Staff	0	0	0	0	32,819
Customer Support Manager	0	13,230	18,522	19,448	20,421
Customer Service Representative	0	7,560	15,876	16,670	56,886
Sales Team Leader	0	12,285	17,199	18,059	18,962
Sales Representative	0	7,560	15,876	16,670	43,758
<b><u>Technology &amp; Development</u></b>					
Senior Developer	0	9,450	19,845	20,837	21,879
Junior Developer	0	4,095	17,199	18,059	37,924
<b><u>Quality Control</u></b>					
Quality Control Manager	0	13,230	18,522	19,448	20,421
Quality Control Staff	0	0	15,876	16,670	35,007
<b><i>Total Employee expenses</i></b>	<b><i>36,000</i></b>	<b><i>133,910</i></b>	<b><i>442,103</i></b>	<b><i>560,291</i></b>	<b><i>745,105</i></b>

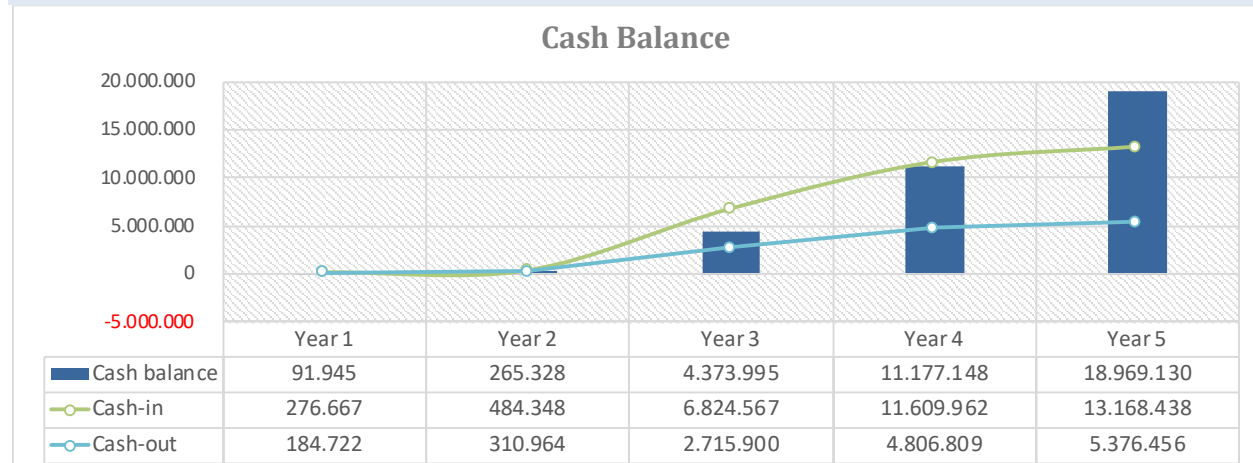
During the initial years, Guildе’s staffing expenses will be extremely lean and will incrementally increase as the Company expands its territories, allowing it to maintain capacity and better compete in the real estate renovation market. Shown in the table above, staff expenses are expected to equal around \$36,000 in Year 1 to cover agency fees for app development and third-party verification services. By Year 5, the staffing expenses will grow to over \$745,000 by Year 5.

## Profit and Loss

	<u>Year 1</u>	<u>Year 2</u>	<u>Year 3</u>	<u>Year 4</u>	<u>Year 5</u>
Premium Investor Membership	600	2,200	34,920	45,120	55,360
Premium Contractor Membership	800	3,080	52,240	67,520	82,880
Homeowner Maintenance Subsc	3,500	14,200	256,000	344,500	466,800
Commission on Monthly Mainte	151,767	464,868	6,481,407	11,152,822	12,563,398
<b>Revenue</b>	<b>156,667</b>	<b>484,348</b>	<b>6,824,567</b>	<b>11,609,962</b>	<b>13,168,438</b>
Licensure Verification	400	1,540	26,120	33,760	41,440
Homeowner Maintenance Subsc	2,100	8,520	153,600	206,700	280,080
<b>Direct cost</b>	<b>2,500</b>	<b>10,060</b>	<b>179,720</b>	<b>240,460</b>	<b>321,520</b>
<b>Gross Profit</b>	<b>154,167</b>	<b>474,288</b>	<b>6,644,847</b>	<b>11,369,502</b>	<b>12,846,918</b>
<i>Gross Profit Margin</i>	<i>98.4%</i>	<i>97.9%</i>	<i>97.4%</i>	<i>97.9%</i>	<i>97.6%</i>
Employee expenses	36,000	133,910	442,103	560,291	745,105
<i>C-level</i>	<i>0</i>	<i>9,800</i>	<i>223,808</i>	<i>310,244</i>	<i>325,756</i>
<i>Agencies</i>	<i>36,000</i>	<i>37,800</i>	<i>59,535</i>	<i>83,349</i>	<i>109,396</i>
<i>Operations</i>	<i>0</i>	<i>59,535</i>	<i>87,318</i>	<i>91,684</i>	<i>194,724</i>
<i>Technology &amp; Development</i>	<i>0</i>	<i>13,545</i>	<i>37,044</i>	<i>38,896</i>	<i>59,803</i>
<i>Quality Control</i>	<i>0</i>	<i>13,230</i>	<i>34,398</i>	<i>36,118</i>	<i>55,427</i>
Operations expenses	1,500	5,688	67,937	115,258	130,110
Admin expenses	9,240	14,130	81,233	129,219	144,769
Marketing expenses	36,875	74,700	523,200	711,500	780,900
Tax                      30%	17,646	69,700	1,654,515	2,950,833	3,308,132
Depreciation	11,733	13,525	15,325	17,125	18,925
<b>Operating expenses</b>	<b>112,994</b>	<b>311,653</b>	<b>2,784,312</b>	<b>4,484,225</b>	<b>5,127,942</b>
<i>Expenses</i>	<i>115,494</i>	<i>321,713</i>	<i>2,964,032</i>	<i>4,724,685</i>	<i>5,449,462</i>
<b>EBITDA</b>	<b>70,552</b>	<b>245,860</b>	<b>5,530,375</b>	<b>9,853,235</b>	<b>11,046,033</b>
<b>Profit before Tax</b>	<b>58,819</b>	<b>232,335</b>	<b>5,515,050</b>	<b>9,836,110</b>	<b>11,027,108</b>
<b>Net Profit after Tax</b>	<b>41,173</b>	<b>162,634</b>	<b>3,860,535</b>	<b>6,885,277</b>	<b>7,718,976</b>
<i>Net Profit Margin</i>	<i>26.3%</i>	<i>33.6%</i>	<i>56.6%</i>	<i>59.3%</i>	<i>58.6%</i>

Guilde expects to reach its break-even point in Month 6 with Year 1 profits of over \$41,000 and Year 2 profits of over \$160,000. With a strong marketing strategy in place, Guilde will quickly build its user base and increase retention rates. As shown in the table above, the majority of income earned will be through commissions on projects with premium subscriptions also bringing substantial revenue. By increasing its territories beginning in the third year, Guilde will grow to over \$7.7 million in net profit after tax (NPAT) by Year 5.

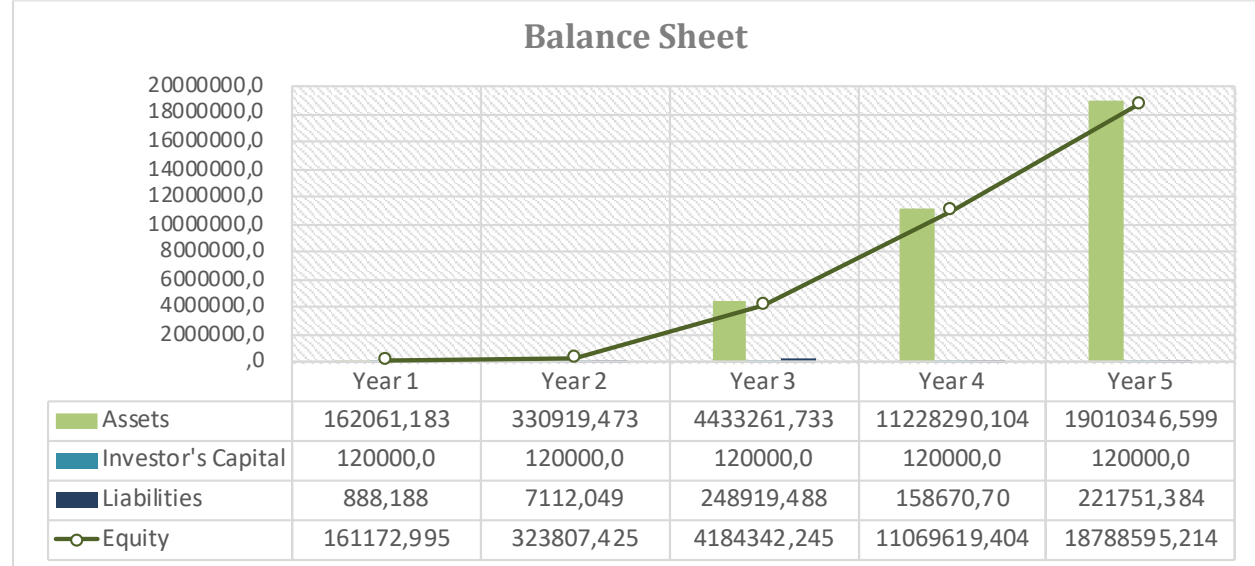
## Cash Flow



By maintaining low staff expenses and utilizing cost-effective marketing techniques, Guilde will maintain a positive cash flow, even during its first several months while operating at a net loss. This positive cash balance will ensure the Company's ability to cover all recurring expenses and liabilities until positive profits are reached. By Year 5, it is expected that Guilde will have a Cash Balance equal to over \$5.37 million.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Cash-in</b>					
Investor's Capital	120,000	0	0	0	0
Revenue	156,667	484,348	6,824,567	11,609,962	13,168,438
<b>Total Cash-in</b>	<b>276,667</b>	<b>484,348</b>	<b>6,824,567</b>	<b>11,609,962</b>	<b>13,168,438</b>
<b>Cash-out</b>					
Set-up Expenses	250	0	0	0	0
Start-Up Expenses	56,000	9,000	9,000	9,000	9,000
Beta Marketing	15,100	0	0	0	0
Short-term assets	2,500	0	0	0	0
Long-term assets	8,000	0	0	0	0
Employee expenses	36,000	133,910	442,103	560,291	745,105
Operations expenses	1,500	5,688	67,937	115,258	130,110
Admin expenses	9,240	14,130	81,233	129,219	144,769
Marketing expenses	36,875	74,700	523,200	711,500	780,900
Tax	16,757	63,477	1,412,707	3,041,082	3,245,052
<b>Total Cash-out</b>	<b>184,722</b>	<b>310,964</b>	<b>2,715,900</b>	<b>4,806,809</b>	<b>5,376,456</b>
Operating expenses	102,872	301,964	2,706,900	4,797,809	5,367,456
<b>Net Cash Flow</b>	<b>91,945</b>	<b>173,383</b>	<b>4,108,667</b>	<b>6,803,153</b>	<b>7,791,981</b>
Operating cash flow	53,795	182,383	4,117,667	6,812,153	7,800,981
<b>Cash balance</b>	<b>91,945</b>	<b>265,328</b>	<b>4,373,995</b>	<b>11,177,148</b>	<b>18,969,130</b>

## Balance Sheet

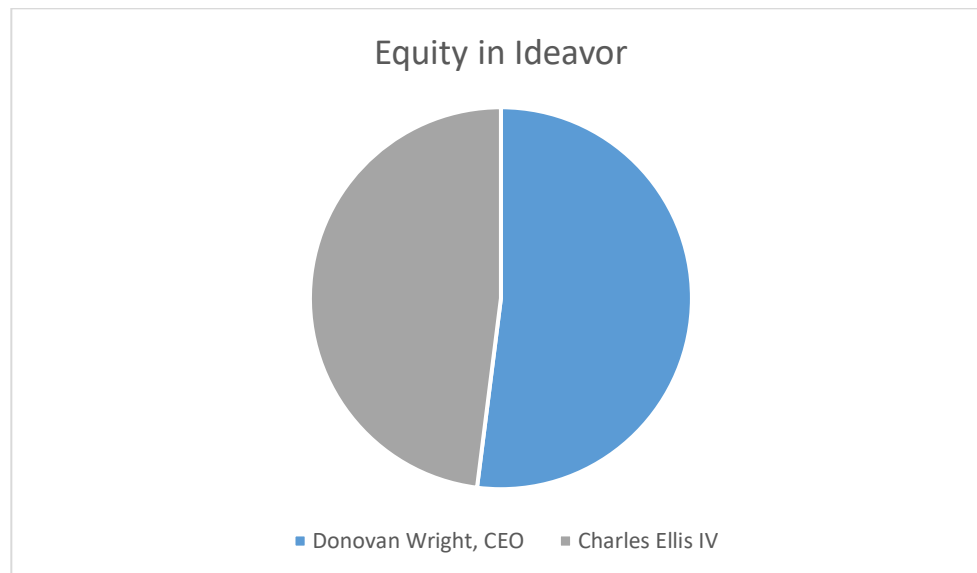


Guilde will keep an accurate account of all incoming and outgoing funds, maintaining balanced books. As shown in the balance sheet below, assets will be balanced with liabilities and equity at all times.

	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Assets</b>					
Cash balance	91,945	265,328	4,373,995	11,177,148	18,969,130
Short-term assets	2,500	2,500	2,500	2,500	2,500
Start-up/intangibles	71,350	80,350	89,350	98,350	107,350
Long-term assets	8,000	8,000	8,000	8,000	8,000
Accum' Depr'n	-11,733	-25,258	-40,583	-57,708	-76,633
<b>Assets</b>	<b>162,061</b>	<b>330,919</b>	<b>4,433,262</b>	<b>11,228,290</b>	<b>19,010,347</b>
<u>Net assets</u>	<u>161,173</u>	<u>323,807</u>	<u>4,184,342</u>	<u>11,069,619</u>	<u>18,788,595</u>
<b>Liabilities and Equity</b>					
<u>Liabilities</u>					
Taxes payable	888	7,112	248,919	158,671	221,751
<u>Equity</u>					
Investor's Capital	120,000	120,000	120,000	120,000	120,000
Retained earnings	0	41,173	203,807	4,064,342	10,949,619
Earnings	41,173	162,634	3,860,535	6,885,277	7,718,976
<b>Liabilities and Equity</b>	<b>162,061</b>	<b>330,919</b>	<b>4,433,262</b>	<b>11,228,290</b>	<b>19,010,347</b>
<u>Liabilities</u>	<u>888</u>	<u>7,112</u>	<u>248,919</u>	<u>158,671</u>	<u>221,751</u>
<u>Equity</u>	<u>161,173</u>	<u>323,807</u>	<u>4,184,342</u>	<u>11,069,619</u>	<u>18,788,595</u>

## Ownership and Equity Distribution

Currently, Ideavor and all of its assets are owned in their entirety by the Company's founding team. Mr. Donovan Wright, the Company's CEO, owns 52% of the shares. Mr. Charles Ellis IV, the Company's CFO, owns the remaining 48% of the shares.



## Funding Request

<b>Start-up Expenses</b>	<b>Year 1</b>	<b>Assets</b>	<b>Year 1</b>
Set-up Expenses	250	Non-cash Assets (Start-up)	10,500
Start-Up Expenses	56,000	Cash Required from Start-up	2,150
Beta Marketing	15,100	Additional Cash Raised	0
Agencies	36,000	<b>Total Assets</b>	<b>12,650</b>
<b>Total Start-up Expenses</b>	<b>107,350</b>	Starting Cash Balance	2,150
<b>Start-up Assets</b>	<b>Year 1</b>	<b>Liabilities</b>	<b>Year 1</b>
Cash/working capital	2,150	Short-term Liabilities	0
Short-term assets	2,500	<b>Total Liabilities</b>	<b>0</b>
Long-term assets	8,000	<b>Investment</b>	<b>Year 1</b>
<b>Total Assets</b>	<b>12,650</b>	Investor's Capital	120,000
<b>Start-up Funding</b>	<b>Year 1</b>	Start-up Expenses)	-107,350
Start-up Expenses to Fund	107,350	<b>Total Capital</b>	<b>12,650</b>
Start-up Assets to Fund	12,650	<b>Net Capital</b>	<b>12,650</b>
<b>Total Funding Required</b>	<b>120,000</b>	<b>Total Funding</b>	<b>120,000</b>
<b>Total Requirements</b>	<b>120,000</b>		

As shown in the table above, Ideavor requests a capital infusion of \$120,000 to fund the Company's development. In exchange for this investment, the Company will offer a 12.0% equity ownership stake in the Company.

Specifically, these funds will be used to expand the app's market to several additional metropolitan areas across the United States, to develop an effective marketing strategy to grab at least 1% of the market in each area, to partner strategically with key players in the renovation industry, and to finance its operations and to do so until profitability is reached.

## Exit Strategy

Once Guilde has heavily penetrated the State of Michigan and is ready to be introduced to other global markets, a profitable exit will be considered.

Many big names in home renovation and construction are considering expanding their market presence by acquiring online companies and apps. In doing so, they hope to appeal to millennials and consumers who turn to technology solutions to help with their personal projects. Mergers and acquisitions in this area have been significant. Some of the most notable include:

- IKEA's recent acquisition of TaskRabbit represents the Swedish company's move to incorporate digital help into their overall strategy. The acquisition came after a partnership between the two companies to have on-demand handymen ready to assemble IKEA furniture at a London store. While the price of the acquisition was not publicly released, previous acquisitions by IKEA have ranged from \$20-90 million.
- In May 2017, Angie's List was acquired by IAC/InterActiveCorp, the owner of HomeAdvisor for its evaluated price of over \$500 million. At the time of sale, Angie's List had 3.2 million paid subscribers.
- Another huge brand in home improvement, Home Depot, has also been moving towards implementing new tech solutions. Home Depot has reportedly entered a bidding war with Amazon to purchase a third-party logistics company, XPO. With a \$9 billion-dollar valuation, this company offers transportation and delivery for larger brands. The move is widely considered as an effort to block the sale to Amazon.

At the time of exit (Year 5), it is expected that Guilde will have over 76,000 active users. Furthermore, it is expected that the application will bring in over \$7.7 million in profit by Year 5, resulting in a valuation of over \$30 million based on a conservative 4x multiple of earnings. Guilde's projected valuations are displayed in the table below.

<b>Multiple of Earnings Valuation</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Year 4</b>	<b>Year 5</b>
NPAT	41,173	162,634	3,860,535	6,885,277	7,718,976
NPAT X 2	82,346	325,269	7,721,070	13,770,554	15,437,952
NPAT X 3	123,519	487,903	11,581,604	20,655,831	23,156,927
<b>NPAT X 4</b>	<b>164,692</b>	<b>650,538</b>	<b>15,442,139</b>	<b>27,541,109</b>	<b>30,875,903</b>