

Ordinance 04-13

An Ordinance of Supplemental Appropriation from Economic Development fund for Capital and Initial Operating expenses for MLB Printing Business for Fiscal Year ending September 30, 2013.

The District III Representative introduced the following Bill on the 18th day of October, 2012.

Preamble

It is enacted by the Band Assembly of the Mille Lacs Band of Ojibwe for the purpose of appropriating for Economic Development Capital and Operating expenses for the Fiscal Year ending September 30, 2013.

Title 1

Section 1: Economic Development. The Band Assembly hereby appropriates and authorizes expenditures from Economic Development for Fiscal Year ending September 30, 2013.

Section 1.01: Amendment to Section 1.02. The Band Assembly hereby appropriates and authorizes the expenditures of: One million two hundred twenty eight thousand three hundred eighty four dollars and no cents (\$1,228,384.00) for Capital and Initial Operating expenses for MLB Printing Business, under **Economic Development**, which amends the **Total Fiscal Year 2013 Economic Development** to read One million two hundred, twenty eight thousand, three hundred eighty four dollars and no cents (\$1,228,384.00).

Section 1.02: Amendment to Section 1.03. The Band Assembly hereby appropriates and authorizes the expenditure of supplemental programmatic funds for the following:

<u>Tribal Operation Fiscal Year 2013</u>	<u>Supplemental</u>	<u>Amended Amount</u>
Economic Development		
Capital and operating expenses		
For MLB Printing Business	\$1,228,384.00	\$1,228,384.00

All funds appropriated shall stay within the given budgeted amounts and the Corporate Commission shall update the Band Assembly on a monthly basis and include the Band Assembly in the formal close-out process.

Ordinance 04-13

Introduced to the Band Assembly on this
eighteenth day of October in the year
Two-thousand twelve.

Passed by the Band Assembly on this
eighteenth day of October in the year
Two-thousand twelve.



Curt Kalk
Curt Kalk, Speaker of the Assembly

APPROVED

Date: October 26, 2012


Melanie Benjamin
Melanie Benjamin, Chief Executive

OFFICIAL SEAL OF THE BAND



CORPORATE COMMISSION
of the Mille Lacs Band of Ojibwe Indians



July 19, 2012

The Honorable Chief Executive Melanie Benjamin
The Honorable Secretary-Treasurer Curt Kalk
The Honorable District 1 Representative Sandra Blake
The Honorable District 2 Representative Marvin Bruneau
The Honorable District 3 Representative Diane Gibbs

Mille Lacs Band of Ojibwe
43408 Oodena Drive
Onamia, MN 56359

Subject: Request for Capital and Initial Operating Expenses, MLB Printing Business

Dear Distinguished Members:

Enclosed please find the proposed capital and operating funds request for the MLB Printing Business, to be located downtown Onamia. **The total project request is \$1,228,384.**

I have included additional information outlining the project, as well as financial review.

Sincerely,

Gail T. Kulick
Commissioner of Corporate Affairs

CC: Glenn Carnahan, CC Director of Finance & Non-Gaming Operations
John Gerdener, Commissioner of Finance
Elaine Smith, Legislative Counsel
Sylvia Villebrun, Parliamentarian

**MLB Digital Printing Business
Corporate Commission – Mille Lacs Band of Ojibwe
700 Grand Avenue
Onamia, MN 56359**

July 17, 2012

This document contains confidential and proprietary information belonging exclusively to the Corporate Commission of the Mille Lacs Band of Ojibwe. No copying or distribution without the explicit written approval of the Corporate Commission of the Mille Lacs Band Ojibwe.

MLB Digital Printing Business Executive Summary

Background

The Corporate Commission Development Department established an Economic Development Action Plan to achieve short and long-term economic development success through revenue diversification and job creation. The Action Plan outlines a two-pronged approach to development. The first prong focuses on building the local economy and creating jobs within the districts. The creation of a digital printing business will allow the Band to capture the leakage of dollars currently being sent off of the reservation for this service and re-direct it to create jobs and generate revenue. Starting a business based on existing spending provides a sustainable competitive advantage; however, the possibilities for growth go beyond servicing our own needs.

Business Concept

The proposed business is a digital print shop that will provide almost 100% of our internal printing needs both on the Casino Properties and our small businesses, in Corporate Commission, and at Band Government operations. In addition, the printing business will grow to incorporate government printing opportunities through minority contracting options, Hubzone opportunities, and 8(a) program opportunities. The business will also seek outside printing opportunities, focusing on other Indian Tribes and larger employers in our region and state. The printing business will fulfill orders for business cards, brochures, reports, posters, tent cards, menus, catalogs, postcards and other marketing promotion items, etc. The business will be initially be located in Downtown Onamia and will also provide storefront printing and copying services to local customers as well.

Capital and Operating Costs

Total Project Costs: \$1,228,334. Sources and uses of funds are identified below.

Capital Budget Request			
Type	Item	Amount	TOTAL
Equipment	IGen4 Digital Press	\$727,000.00	
	GBC Triumph 6550 EP Cutter	\$12,439.00	
	GBC Creasematic auto 50	\$20,065.00	
	Pitney Bowes Connect 3000 Pro	\$8,000.00	
	Computer/Telecommunications Equipment	\$10,500.00	
	Xerox DC252	\$43,000.00	
	Office Equipment	\$15,000.00	
	TOTAL EQUIPMENT		\$836,004.00
	Software	EFI Printsmith Software	\$20,000.00
TOTAL SOFTWARE			\$20,000.00
Building Upgrades	Building Upgrades	\$150,000.00	
	TOTAL BUILDING UPGRADES		\$150,000.00
Technical Assistance	AOT/Xerox Mgmt Services	\$82,380.00	
	TOTAL TECHNICAL ASSISTANCE		\$82,380.00
Inventory		\$40,000.00	\$40,000.00
Working Capital		\$100,000.00	\$100,000.00
TOTAL Capital Request			\$1,228,384.00

Market Analysis

The Mille Lacs Band and all its operations spend almost \$1,700,000 annually on outside printing jobs. The State of Minnesota spends approximately \$17 million annually (2011) on printing, while the Federal Government spends approximately \$2.7 billion annually on printing and copying. The State of MN has targeted programs for minority and disadvantaged businesses that provide for up to a 6% preference in selling their products/services to any state department. MLB Printing can also pursue printing business opportunities from larger regional operations such as the healthcare industry, local schools, universities and colleges, larger employers, etc.

Management and Staffing Plan

Projected employment for the first three years consists of four (4) FT employees. Salaries/hourly wages are included below:

Employee	Number	Hrly Wage	Salary/Wage
Manager	1	\$31.25	\$65,000.00
Production Manager	1	\$21.63	\$45,000.00
Hourly Staffer	2	\$12.00	\$49,920.00
TOTAL	4		\$159,920.00
Benefits			\$75,420.00
TOTAL Wages and Benefits			\$233,235.00

Financials

Projected financials are shown below:

Projected Financial Summary

	Year 1	Year 2	Year 3
Revenue	\$ 847,200.00	\$ 1,694,400.00	\$ 1,694,400.00
Expenses	\$ 831,976.00	\$ 1,367,072.00	\$ 1,388,538.00
Operating Income	\$ 15,224.00	\$ 327,328.00	\$ 305,862.00
Depreciation	\$ 145,200.00	\$ 145,200.00	\$ 145,200.00
Net Profit	\$(129,976.00)	\$ 182,128.00	\$ 160,662.00

Cumulative Cash	\$1,719,734
Cumulative Net Profit	\$736,134
Initial Investment	-\$1,228,384

7 Year Operating Cash	\$1,719,733.59
Benefit	\$491,349.59
Cash ROI	40%
Discount Rate	7.000%
Discounted Cash	\$1,599,352.24
Cumulative Discounted Cash	\$1,599,352.24
Discounted Cash ROI	30%
NPV	\$56,645.66

Assumptions

Current outside printing expenditures will be the primary revenue source for the first three years of operations. Revenue projection sources are based on expenditures provided by the Corporate Purchasing Department, Marketing Department and the Band Government Office of Management and Budget. The first year reflects a ramp-up in operations and a gradual increase in the revenue projections based on acquiring a larger percentage of the printing. Years Two (2) and Three (3) anticipate that MLB Printing will be the primary source of printing for all MLBO-owned operations, as well as the Government Center operations.

Cost of Goods Sold (COGS) projections are based on industry standards (60% of projected revenue) obtained through BizStats, as well as costs provided by our outside consultant. They include the paper and ink costs; the equipment company will charge a "per click" cost (cost per each side of paper) which will determine the ink costs and paper costs are based on costs provided by a reputable paper company. Operating expenses were calculated using industry standards.

Projected start-up costs include equipment and inventory purchase, working capital, building upgrades, and outside consultant hours. Total amount is projected at \$1,228,384.00 and has been used to calculate Cash Return on Investment (ROI) projections. Recommended equipment purchase will allow MLB Printing to fulfill almost all of the current internal printing needs. The Working Capital amount is based on six (6) months of operating expenses. Start-up expenses for this business are high due to expensive equipment costs and slightly higher labor costs.

Additional Opportunities

Once successful in the digital printing services side, the business will expand to offer promotional items (i.e. personalized pens, pads, giveaway items, etc.) and office furniture, equipment and products to fulfill internal needs, as well as for external businesses, governmental operations, etc.

New Business Proposal
Digital Printing Business

Development Department
July 2012



Re-Cap

- **Economic Development Strategy**
 - Provided framework for moving forward based on critical success factors identified in the Harvard Projected on American Indian Economic Development
- **Economic Development Action Plan**
 - Outlined a two pronged approach to development Prong 1. In district development Prong 2. Out of district development
 - In both cases the approach is to pursue development by leveraging our advantages.
- **In District Advantage**
 - One of the advantages identified for in district development is the existing economy. Hundreds of millions of dollars flow through the bands existing businesses and in most cases these dollars are immediately sent back out side of the bands economy to pay for goods and services.
- **Capturing the Leakage of Printing Dollars**
 - Printing was identified as an opportunity to redirect the dollars we currently spend to create jobs and build a new business that has the ability to grow.



Market

- MLBO and all its operations spend approx. \$1,700,000 annually on outside printing jobs.
- State of Minnesota spends approx. \$17 million annually (2011) on printing.
- MN has targeted programs for minority and disadvantaged businesses that provide for up to a 6% preference in selling their products/services.
- Federal Government spends approximately \$2.7 billion annually on printing and copying.
- Federal Government also has preference programs for minority businesses i.e. 8(a).
- Will also pursue printing business opportunities from larger regional operations such as the healthcare industry, local schools, universities and colleges, larger employers, etc.

Mailer Type	Quantity/Yr	Annual Cost
Postcards	9,660,000	\$908,000
Self Mailers	750,000	\$285,000
Invites	100,000	\$70,000
Gazette	1,620,000	\$356,400
MLBO Printing		\$52,675
Other		\$19,250
TOTAL	12,130,000	\$1,691,325

Assumptions

- The key assumption driving the business model is that over the course of the first 2 years all print jobs currently being outsourced by our marketing department will be handled internally by the digital printing business
- We have worked closely with marketing to ensure that we are purchasing the hardware, software and finishing tools necessary to handle the type of jobs they outsource in the quantities that they demand.
- The growth strategy is very aggressive, we plan to relentlessly pursue government contracts as well as other large clients; however, the financial model assumes very moderate growth scenarios (0%, 3%, 5%) beyond our internal demand—to ensure that projections are not unrealistic.
- Financial returns are based on a 7 year period and assuming moderate growth results in positive ROI and NPV

Start-up Costs

Capital Budget Request			
Type	Item	Amount	TOTAL
Equipment	Gen4 Digital Press	\$727,000.00	
	GBC Triumph 6550 EP Cutter	\$12,439.00	
	GBC Creasematic auto 50	\$20,065.00	
	Pitney Bowes Connect 3000 Pro	\$8,000.00	
	Computer/Telecommunications Equipment	\$10,500.00	
	Xerox DC252	\$43,000.00	
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	TOTAL EQUIPMENT		\$836,004.00
Software	EFI Printsmith Software	\$20,000.00	
	TOTAL SOFTWARE		\$22,000.00
Building Upgrades	Building Upgrades	\$150,000.00	
	TOTAL BUILDING UPGRADES		\$150,000.00
Technical Assistance	Xerox Mgmt Services	\$82,380.00	
	TOTAL TECHNICAL ASSISTANCE		\$82,380.00
Inventory		\$40,000.00	
Working Capital			\$100,000.00
TOTAL Capital Request			\$1,228,384.00



Projected Financials

Project Summary

Project Name:

3%

Sales

Cost of Goods Sold

Advertising & Promotion

Rent

Labor

G&A

Total Expenses

Operating Income

Depreciation Expense

Net Profit (Loss)

MLB Printing			
	Year 1	Year 2	Year 3
Sales	847,200	1,694,400	1,694,400
Cost of Goods Sold	482,904	965,808	965,808
Advertising & Promotion	4,236	4,829	30,499
Rent	0	12,000	12,000
Labor	200,776	233,235	233,231
G&A	144,060	151,200	147,000
Total Expenses	831,976	1,367,072	1,388,538
Operating Income	15,224	327,328	305,862
Depreciation Expense	145,200	145,200	145,200
Net Profit (Loss)	-129,976	182,128	160,662
% of Sales	100.0%	100.0%	100.0%
% of Sales	57.0%	57.0%	57.0%
% of Sales	0.5%	0.3%	1.8%
% of Sales	0.0%	0.7%	0.7%
% of Sales	23.7%	13.8%	13.8%
% of Sales	17.0%	8.9%	8.7%
% of Sales	98.2%	80.7%	81.9%
% of Sales	1.8%	19.3%	18.1%
% of Sales	17.1%	8.6%	8.6%
% of Sales	-15.3%	10.7%	9.5%

Cummulative Cash

Cummulative Net Profit

Initial Investment

7 Year Operating Cash

Benefit

Cash ROI

Discount Rate

Discounted Cash

Cummulative Discounted Cash

Discounted Cash ROI

NPV

Cummulative Cash	\$1,719,734
Cummulative Net Profit	\$736,134
Initial Investment	-\$1,228,384
7 Year Operating Cash	\$1,719,733.59
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Cummulative Discounted Cash	\$1,599,352.24
Discounted Cash ROI	30%
NPV	\$56,645.66





Financial Metrics

- The financial model shows a profitable business in the second year of operation
- The model shows a 6 year payback period on an EBITDA
- The model projects 7 year cumulative EBITDA of \$1.7 million which results in a 7 year ROI of 40%.
- Analysis on a discounted cash basis shows an 30% ROI using a discount rate of 7%.
- Net present value based on 7 years of EBITDA cash flow is positive. \$56,645.66

Value

In addition to our financial analysis, this project also fits within our Development Strategy and brings additional value including:

- (1). the ability to keep our printing expenditures “in-house” thus redirecting dollars to create jobs and a new business ;*
- (2). the ability to create quality jobs locally for Band Members;*
- (3). the ability to capitalize on our advantage as a minority-owned business to capture outside revenue more quickly;*
- (4). the ability to respond to our internal printing needs more quickly and efficiently;*
- (5). building a solid business base with which to expand operations into other opportunities, i.e. promotional items, etc.*





Employees

Number of employees projected to be hired is at four. Salary projections for the employees are budgeted at:

Print Shop Manager	\$65,000
Production Manager	\$45,000
Hourly Employees (2)	\$12/hr

The current financial model accounts for health benefits for the Manager and Production Manager

Corporate Commission Board approved the proposal with the condition that when the project was presented to Band Assembly it was presented in its current form as well as a form which shows all 4 employees receiving benefits.

Employees

-The net effect depends on what benefit level the employee's choose.

- The benefit cost in the proforma for the 2 management personnel equals \$47,000 extending health benefits to the hourly employees would result in an additional \$47,000 dollars . This cost does not represent 401k costs just medical and dental. If diamond level with family is selected the cost is \$60,000 annually.

	Platinum			Diamond		
	Year 1	Year 2	Year 3	Year 1	Year 2	Year 3
Sales	\$ 847,200.00	\$ 1,694,400.00	\$ 1,694,400.00	\$ 847,200.00	\$ 1,694,400.00	\$ 1,694,400.00
COGS	\$ 482,904.00	\$ 965,808.00	\$ 965,808.00	\$ 482,904.00	\$ 965,808.00	\$ 965,808.00
Advertising	\$ 4,236.00	\$ 4,829.00	\$ 30,499.00	\$ 4,236.00	\$ 4,829.00	\$ 30,499.00
Rent	\$ -	\$ 12,000.00	\$ 12,000.00	\$ -	\$ 12,000.00	\$ 12,000.00
Labor	\$ 247,776.00	\$ 280,235.00	\$ 280,235.00	\$ 247,776.00	\$ 293,235.00	\$ 293,235.00
G&A	\$ 144,060.00	\$ 151,200.00	\$ 147,000.00	\$ 144,060.00	\$ 151,200.00	\$ 147,000.00
Total Expe	\$ 878,976.00	\$ 1,414,072.00	\$ 1,435,542.00	\$ 878,976.00	\$ 1,427,072.00	\$ 1,448,542.00
EBITDA	\$ (31,776.00)	\$ 280,328.00	\$ 258,858.00	\$ (31,776.00)	\$ 267,328.00	\$ 245,858.00
Depreciatik	\$ 145,200.00	\$ 145,200.00	\$ 145,200.00	\$ 145,200.00	\$ 145,200.00	\$ 145,200.00
Net Profit (\$ (176,976.00)	\$ 135,128.00	\$ 113,658.00	\$ (176,976.00)	\$ 122,128.00	\$ 100,658.00

Conclusion

- Opportunity is based on economic development strategy and action plan for in district development
- Financial model and projections are based upon existing spend which minimizes a great deal of risk associated with start up businesses
- Financial analysis based only on capturing what we currently outsource shows solid returns as well as reasonable payback period (6 years)
- Great opportunity for growth
- Quality Jobs



CORPORATE COMMISSION DEVELOPMENT DEPARTMENT

New Business Proposal

Digital Print Business
Onamia, MN

Presented by Jeff Castillo
Director of Investments and Economic Development

2012

700 GRAND AVE. ONAMIA, MN

INTRODUCTION

The Corporate Commission Development Department established an Economic Development Action Plan to achieve short and long-term economic development success through revenue diversification and job creation. The Action Plan outlines a two-pronged approach to development. The first prong focuses on building the local economy and creating jobs within the districts.

This Business Case examines the cost and benefits associated with creation of a **digital printing business** located in District One. The creation of this business will allow the Band to capture the leakage of dollars currently being sent off of the reservation for this service and re-direct it to create jobs and generate revenue. Starting a business based on existing spending provides a sustainable competitive advantage; however, the possibilities for growth go beyond servicing our own needs.

The general purpose of this Business Case is to illustrate the cost and benefits associated with starting and growing this business. Moving beyond this general purpose, the Case is designed specifically to show the viability of the project from an investment perspective given various scenarios.

PROJECT INFORMATION

The proposed business is a **digital print shop** that will provide almost 100% of our internal printing needs on the Casino Properties and our small businesses, in Corporate Commission, and at Band Government operations. In addition, the printing business will grow to incorporate government printing opportunities through minority contracting options, Hubzone opportunities, and 8(a) program opportunities. The business will also seek outside printing opportunities, focusing on other Indian Tribes and larger employers in our region and state.

The printing business will fulfill orders for business cards, brochures, reports, posters, tent cards, menus, catalogs, postcards and other marketing promotion items, etc. The business will be located in Downtown Onamia and will also provide storefront printing and copying services to local customers as well.

Once successful in the digital printing services side, the business will expand to offer promotional items (i.e. personalized pens, pads, giveaway items, etc.) and office furniture, equipment and products to fulfill internal needs, as well as for external businesses, governmental operations, etc.

Our initial target market includes Mille Lacs internal departments, particularly the Corporate Marketing team and Band Government operations. As the business grows and becomes experienced in providing these services internally, the target market will expand to include other government agencies and schools (using minority contracting opportunities), other Indian Tribes and some of our larger regional businesses, i.e. hospitals, universities, etc. At this time, all printing is done by outside vendors with the exception of the posters, which are printed within the marketing department and hand-mounted. MLB Printing will work to obtain as many of the printing jobs as possible at an equal or lower price than outside vendors. Current printing needs include brochures, business cards, varied sizes of postcards, table tents, flyers, envelopes with stuffers, monthly newsletters, invitations, posters, custom invitations, interior signage, flyers, posters, reports, etc.

The business is projected to hire four employees including a Print Shop Manager, Production Manager, and two hourly employees during the first 3-4 years. Additional employees will be hired as revenues increase.

Projected business opening date is September/October 2012.

Digital printing is one of the fastest growing segments of the printing industry. Although offset printing presses still dominate the market for larger printing projects, digital printing is emerging as the most cost-effective printing method for smaller, highly customized print runs. Traditional printing methods, while cheaper for large runs, do not offer competitive pricing for smaller runs, customized printing options, value-added services, on-line submission of print jobs, etc. Industry growth is expected at 2-4% annually over the next three years. The National Association of Printing Leadership (NAPL) estimates that half of all printing will be done on digital devices by the year 2020. Industry Analysts estimate the growth of color digital print will grow 100 billion pages per year in 2013.

The Mille Lacs Band and all its operations spend almost \$1,700,000 annually on outside printing jobs. The State of Minnesota spends approximately \$17 million annually (2011) on printing, while the Federal Government spends approximately \$2.7 billion annually on printing and copying. The State of MN has targeted programs for minority and disadvantaged businesses that provide for up to a 6% preference in selling their products/services to any state department. The Federal Government also has preference programs for minority businesses i.e. 8(a). MLB Printing will also pursue printing business opportunities from larger regional operations such as the healthcare industry, local schools, universities and colleges, larger employers, etc.

Capturing the vast majority of our internal market will provide a base to build business revenue and provide additional jobs for Band members; this will allow us to build the business gradually expanding to pursue a portion of the additional printing needs from State, Federal and other Tribal governments.

In addition to our financial analysis (see below), this project also fits within our Development Strategy and brings additional value including:

- (1). the ability to keep our printing expenditures "in-house" thus maximizing our revenue dollars;*
- (2). the ability to create jobs locally for Band Members;*
- (3). the ability to capitalize on our advantage as a minority-owned business to capture outside revenue dollars more quickly;*
- (4). the ability to respond to our internal printing needs more quickly and efficiently;*
- (5). building a solid business base with which to expand operations into other opportunities, i.e. promotional items, etc.*

ASSUMPTIONS

FINANCIAL METRICS

Detailed assumptions are included below followed by a Financial Project Summary analyzing the overall financial value of the project.

Revenues:

Current outside printing expenditures will be the primary revenue source for the first three years of operations. Revenue projection sources are based on expenditures provided by the Corporate Purchasing Department, Marketing Department and the Band Government Office of Management and Budget and are outlined below.

<u>Mailer Type</u>	<u>Quantity/Yr</u>	<u>Annual Cost</u>
Postcards, 4x6, 5x7, 6x9, 6x11, 12x9, 12x11	9,660,000	\$908,000
Self mailers/Inactive/New Member	750,000	\$285,000
Invites with envelopes	100,000	\$70,000
Gazette current format w/tip ons - 3 issues	1,620,000	\$356,400
MLBO Government Printing		\$52,675
CC/Small Businesses/Casinos other		\$19,250
TOTAL	12,130,000	\$1,691,325

The first year reflects a ramp-up in operations and a gradual increase in the revenue projections based on acquiring a larger percentage of the printing. Years Two (2) and Three (3) anticipate that MLB Printing will be the primary source of printing for all MLBO-owned operations, as well as the Government Center operations. Projected revenue in Years Four (4) and Five (5) reflect anticipated revenue from outside sources, including regional businesses and governmental contracting opportunities.

Expenditures:

Cost of Goods Sold (COGS) projections are based on industry standards (60% of projected revenue) obtained through BizStats, as well as costs provided by our outside consultant. They include the paper and ink costs; the equipment company will charge a "per click" cost (cost per each side of paper) which will determine the ink costs and paper costs are based on costs provided by a reputable paper company.

Our "advertising and promotion" projected costs are considerably lower than industry standards; as our primary customer is internal, advertising is unnecessary during the first two years. Projected expenditures in this category jump considerably in year three (3) to enable the business to position itself to capture outside revenue in successive years.

Rent costs are also lower than industry standard. This is due to our ability to control the rent (building is owned by Corporate) and our need to control costs as much as possible during the start-up period of operations. Other expenses (G&A) costs are based on industry standards.

Labor costs are based on the number of projected employees and proposed salary. Salary projections for the

employees are budgeted at:

Print Shop Manager	\$65,000
Production Manager	\$45,000
Hourly Employees	\$12/hr

The Print Shop Manager and the Production Manager both will qualify for health insurance and other benefits; the hourly employees do not.

Start-up Costs: Projected start-up costs include equipment and inventory purchase, working capital, building upgrades, and outside consultant hours. Total amount is projected at \$1,228,384.00 and has been used to calculate Cash Return on Investment (ROI) projections. Recommended equipment purchase will allow MLB Printing to fulfill almost all of the current internal printing needs. The Working Capital amount is based on six (6) months of operating expenses. Start-up expenses for this business are high due to expensive equipment costs and slightly higher labor costs.

Project Summary

Project Name:

3%

Sales

Cost of Goods Sold	
Advertising & Promotion	
Rent	
Labor	
G&A	

Total Expenses

Operating Income

Depreciation Expense

Net Profit (Loss)

MLB Printing						
	Year 1	% of Sales	Year 2	% of Sales	Year 3	% of Sales
Sales	847,200	100.0%	1,694,400	100.0%	1,694,400	100.0%
Cost of Goods Sold	482,904	57.0%	965,808	57.0%	965,808	57.0%
Advertising & Promotion	4,236	0.5%	4,829	0.3%	30,499	1.8%
Rent	0	0.0%	12,000	0.7%	12,000	0.7%
Labor	200,776	23.7%	233,235	13.8%	233,231	13.8%
G&A	144,060	17.0%	151,200	8.9%	147,000	8.7%
Total Expenses	831,976	98.2%	1,367,072	80.7%	1,388,538	81.9%
Operating Income	15,224	1.8%	327,328	19.3%	305,862	18.1%
Depreciation Expense	145,200	17.1%	145,200	8.6%	145,200	8.6%
Net Profit (Loss)	-129,976	-15.3%	182,128	10.7%	160,662	9.5%

Cumulative Cash	\$1,719,734	1%	\$342,552	28%	\$648,414	53%
Cumulative Net Profit	\$736,134		\$52,152		\$212,814	
Initial Investment	-\$1,228,384					

7 Year Operating Cash	\$1,719,733.59
Benefit	\$491,349.59
Cash ROI	40%

Discount Rate 7.000%

Discounted Cash	\$1,599,352.24
Cumulative Discounted Cash	\$1,599,352.24
Discounted Cash ROI	30%
NPV	\$56,645.66

Scenario #1 – Baseline Model of 3% growth

Baseline financial projections show a profitable business model by the second year on a cash basis analysis, and show a profitable business model over seven (7) years measuring on Cash ROI. Baseline projects a 3% growth in revenues in each year after Year Three (3). In this baseline business model, seven (7) year operating cash is projected at over \$1.7 million and shows a 40% ROI on the investment. Past investment analysis for development projects has set a minimum standard of 8% ROI within 8-10 years with as low a risk tolerance as possible. (*Basing the business revenue on internal expenditures and minority business advantages rather than a highly competitive outside environment has also reduced the start-up risk of this business.*) Financial projections indicate this minimum standard will be met on this investment.

The baseline business model also was analyzed on a discounted cash basis, showing a 30% ROI using a discount rate of 7%. The discount rate method allows us to analyze the value of our money at a future date, and gives us an additional method to pursue investments that not only fit our development strategy, but also gives us an expected return within our investment parameters. Again, the Discounted Cash ROI is higher than our past minimum standards.

Scenario #2 – no-growth business model

Using a no-growth model (a model where no outside revenues are derived through Year Seven) financial projections still show a profitable business model over seven (7) years, measuring on Cash ROI. In this model, seven (7) year operating cash is projected at above \$1.6 million and shows a profit of 33% after seven years. Discounted, the profit measures at 24% (see below). This scenario also exceeds prior investment criteria of 8% ROI.

7 Year Operating Cash	\$1,637,497.04
Benefit	\$409,113.04
Cash ROI	33%
<hr/>	
Discount Rate	7.000%
<hr/>	
Discounted Cash	\$1,297,792.92
Cumulative Discounted Cash	\$1,297,792.92
Discounted Cash ROI	24%
NPV	\$5,366.75

Scenario #3 – 5% business model

Using a more aggressive growth model, showing a 5% growth in Years 3-7, the model again shows a profit. In this model, seven (7) year operating cash is almost \$1.8 million and the Cash ROI rises to 45% after seven (7) years. Discounted at 7%, the ROI measurement is at 35%. This scenario also exceeds prior investment criteria of 8% ROI.

7 Year Operating Cash	\$1,777,325.87
Benefit	\$548,941.87
Cash ROI	45%
<hr/>	
Discount Rate	7.000%

Discounted Cash	\$1,652,913.06
Cumulative Discounted Cash	\$1,652,913.06
Discounted Cash ROI	35%
NPV	\$92,498.38



BUSINESS PLAN
MLB Printing Business
JUNE 2012

Private and Confidential
Information contained in this Business Plan may be
proprietary to the Corporate Commission.

EXECUTIVE SUMMARY

Business Concept

The proposed business is a digital print shop that will provide almost 100% of our internal printing needs both on the Casino Properties and our small businesses, in Corporate Commission, and at Band Government operations. In addition, the printing business will grow to incorporate government printing opportunities through minority contracting options, Hubzone opportunities, and 8(a) program opportunities. The business will also seek outside printing opportunities, focusing on other Indian Tribes and larger employers in our region and state.

The printing business will fulfill orders for business cards, brochures, reports, posters, tent cards, menus, catalogs, postcards and other marketing promotion items, etc. The business will be initially be located in Downtown Onamia and will also provide storefront printing and copying services to local customers as well.

Once successful in the digital printing services side, the business will expand to offer promotional items (i.e. personalized pens, pads, giveaway items, etc.) and office furniture, equipment and products to fulfill internal needs, as well as for external businesses, governmental operations, etc.

Target Market

Our initial target market includes Mille Lacs internal departments, particularly the Corporate Marketing team and Band Government operations. Grand Casino Hinckley and Grand Casino Mille Lacs alone spend over \$1.5 million annually on outside printing to attract their patrons to the facilities. The vast majority of this printing can be taken over by this operation. In addition, the Band Government, including its human services operations, the schools and educational department, etc. spend an additional \$53,000 annually on outside printing.

As the business grows and becomes experienced in providing these services internally, the target market will expand to include other government agencies and schools (using minority contracting opportunities), other Indian Tribes and some of our larger regional businesses, i.e. hospitals, universities, etc.

Location

The business will be located in downtown Onamia in an existing building that is already owned by the Corporate Commission. This location was selected to reduce upfront costs and to be located near to many of our operations, including Band Government, the marketing team for the Casinos, and several of our small businesses. The size is sufficient for our initial space requirements, and will also allow us to provide storefront services to those customers in the area.

As the business grows, future expansion locations will be dictated by the location and size needs of existing and future business opportunities.

This building will need some electrical upgrades, some cosmetic upgrades (new carpeting, wall treatments, etc.), and maintenance upgrade.

Capital Budget Request			
Type	Item	Amount	TOTAL
Equipment			
	IGen4 Digital Press	\$727,000.00	
	GBC Triumph 6550 EP Cutter	\$12,439.00	
	GBC Creasematic auto 50	\$20,065.00	
	Pitney Bowes Connect 3000 Pro	\$8,000.00	
	Computer/Telecommunications Equipment	\$10,500.00	
	Xerox DC252	\$43,000.00	
	Office Equipment	\$15,000.00	
	TOTAL EQUIPMENT		\$836,004.00
Software	EFI Printsmith Software	\$20,000.00	
	TOTAL SOFTWARE		\$20,000.00
Building Upgrades	Building Upgrades	\$150,000.00	
	TOTAL BUILDING UPGRADES		\$150,000.00
Technical Assistance	AOT/Xerox Mgmt Services	\$82,380.00	
	TOTAL TECHNICAL ASSISTANCE		\$82,380.00
Inventory		\$40,000.00	\$40,000.00
Working Capital		\$100,000.00	\$100,000.00
TOTAL Capital Request			\$1,228,384.00

Current Situation

Digital printing is one of the fastest growing segments of the printing industry. Although offset printing presses still dominate the market for larger printing projects, digital printing is emerging as the most cost-effective printing method for smaller runs. As businesses evolve and become more sophisticated, they are requiring more customization in their print media – print media designed for specific customers, conveying a customized message.

The Casinos and Small Businesses owned by the Mille Lacs Band have incorporated many of these requirements in their marketing promotions to drive customers to their businesses. Their promotions are specifically designed around targeted audiences with a targeted message based on their database management and ability to track their customer's choices. Customer promotions contain specific data for each recipient based on their gaming choices, tier levels, number of visits annually, location, preferences relating to ancillary businesses, i.e. restaurants, gift shop expenditures, etc. Current printing needs include brochures, business cards, varied sizes of postcards, table tents, flyers, envelopes with stuffers, monthly newsletters, invitations, posters, and custom invitations.

Other printing needs of the MLBO-owned Small Businesses, Corporate Commission and Band Government include business cards, brochures, interior signage, flyers, posters, invitations, reports, etc.

At this time, all printing is done by outside vendors with the exception of the posters, which are printed within the marketing department and hand-mounted. MLB Printing will work to obtain as many of the

printing jobs as possible at an equal or lower price than outside vendors.

Key Success Factors

This business will succeed if it can provide excellent customer service offering quick turn-around times, the ability to customize the product to the needs of the market, and the ability to juggle various jobs efficiently. In order to achieve this, the equipment purchased will be designed to handle the majority of the printing needs of the marketing department and Band Government operations. Redundancy will be built into the process and equipment to ensure the reliability of our response and to operate the business as efficiently as possible. We will provide in-depth training opportunities for employees and retain, if necessary, outside consultants to situate the business for success.

To reduce the risk inherent in start-up businesses, our initial customers will be internal, providing higher-quality service than outside printing services can provide, while employing Band members wherever possible.

VISION

Vision Statement

MLB Printing will provide high-quality, on-demand, customizable and efficient digital printing services to both internal customers and external customers to fulfill their printing needs.

MARKET ANALYSIS

The Overall Market

The Mille Lacs Band and all its operations spend almost \$1,700,000 annually on outside printing jobs. The State of Minnesota spends approximately \$17 million annually (2011) on printing, while the Federal Government spends approximately \$2.7 billion annually on printing and copying. The State of MN has targeted programs for minority and disadvantaged businesses that provide for up to a 6% preference in selling their products/services to any state department. Finally, MLB Printing can also pursue printing business opportunities from larger regional operations such as the healthcare industry (Mille Lacs Health, Riverwood, Firstlight, Allina and Fairview), local schools, universities and colleges, larger employers, etc.

Capturing the vast majority of our internal market will provide a base to build business revenue and provide additional jobs for Band members; this will allow us to build the business gradually expanding to pursue a portion of the additional printing needs from State, Federal and other Tribal governments.

Our marketing plan will focus initially exclusively with internal customers (GCH, GCML, CC and Small Businesses, and Band Government), focus next on external customers that will be leveraged by using our tribally-owned business status (minority and 8(a)) and disadvantaged location status (Hubzone), and finally

focus on external customers in the region and state and Midwest areas.

Customer Needs

Our internal marketing customers require reliability, on-demand and quick-turnaround times, efficient service at a competitive price. Their environment is highly competitive and fast-moving, requiring our printing business to respond quickly, efficiently and with as much customization as possible. They require superior reliability as their promotions, etc. drive patrons to the casino, ultimately driving the revenue streams. The majority of their printing needs are variable-data directed, requiring customized printing.

They value:

Reliability – *MLB printing will ensure reliability for its clients by incorporating redundancy in product and equipment wherever possible; the company will also build relationships with other printing vendors to ensure the product is delivered on-time and as specified even if MLB Printing itself is unable to provide the product. The company will also develop and maintain equipment maintenance schedules and service agreements incorporating quick repair times wherever possible.*

On-demand and quick turn-around times – *the equipment will be designed to print on-demand and as quickly as possible. Staff will be trained thoroughly to operate the machinery by professionals hired by the company providing the equipment.*

Customization -- *the equipment and software purchased will be specially designed to customize the product as much as possible, including short-runs, on-demand, different sizes and paper textures/weights, etc.*

Variable data – *the software purchased to operate the equipment will be designed to provide this service. In addition, staff will be trained to sort and prep the product for mailing and work closely with the various mailing entities to ensure timely delivery. The Production Manager will be required to have experience in database management in order to incorporate this valuable service into the printing process.*

COMPETITIVE ANALYSIS

Industry Overview

Printing is a gigantic industry in the United States. It employs about 1 million people annually. The industry consists largely of smaller establishments with more than 82% having fewer than 20 employees. In 2011, US commercial printing industry profits rose to \$82 million. However, over the last 15 years, there has been a steep decline in the number of printing firms (over a 50% decline) due to changes in technology, economic downturns, and competition for the advertising dollar by other types of media. But, industry experts predict a robust industry to continue for many years.

Although the majority of printing still takes place on traditional printing presses, the market is slowly

changing based on customer needs and modern technologies. Advances in laser printers, desktop publishing programs, and network printing opportunities have created a customer demand for customization (variable data runs), smaller runs of prints and quicker turn-around times. Traditional printing methods, while cheaper for large runs, do not offer competitive pricing for smaller runs, customized printing options, value-added services, on-line submission of print jobs, etc. And, smaller printing companies are increasingly turning to digital printing to provide those services to many of their customers. Digital printing involves the use of computers and electronic waves, which are regenerated into print papers; major applications include brochures, posters, business cards, postcards, etc. It incorporates variable printing options and is particularly suited for smaller color printing runs, becoming most cost effective for the consumer. The cost per image for digital printing remains constant whether the print run is 10 or 100,000. It is estimated that 4/5ths of color print runs have sizes of 5,000 pieces or less.

Digital printing will soon move ahead of screen printing and become the second largest share of commercial printing revenues. Industry growth is expected at 2-4% annually over the next three years. The National Association of Printing Leadership (NAPL) estimates that half of all printing will be done on digital devices by the year 2020. Industry Analysts estimate the growth of color digital print will grow 100 billion pages per year in 2013. Employment in this industry has grown by 17% from 2002-2007.

Primary Competitors

There are over 2500 digital printing establishments in the U.S., all of which could technically be competition for MLB Printing. With advances in technology, services and products can be purchased using the internet and shipped anywhere in the U.S. 174 of those establishments are located throughout Minnesota, offering additional competition due to proximity.

However, most businesses use more local sources of printing, where customer service and reliability can be secured. In addition, the type of printing required also dictates where printing needs can be fulfilled.

MLB Printing's location will be in downtown Onamia. Immediate regional competition includes existing printing shops located near Onamia in Mille Lacs, Kanabec and Crow Wing counties. These include:

- Onamia Printing, Onamia, MN
- Lakeland Printers, Isle, MN
- Insty-Prints, Brainerd, MN
- Range Printing, Brainerd, MN
- Creative Marketing Concepts, Mora, MN
- Minutemen Press, Princeton, MN
- Superior Printing, Princeton, MN
- Select Print of Princeton, MN
- Bedo, Inc., Milaca, MN
- Central Graphics, Milaca, MN

However, our initial customer base will be internal operations. Given this, our real competition is the existing vendors currently being used by internal departments and small businesses. These include:

1. Lakeland Printers, Isle, MN
2. Japs Olson Printing, St. Louis Park, MN

3. Range Printing, Brainerd, MN
4. Lakes Printing, Brainerd, MN
5. McGregor Printing, McGregor, MN

These existing vendors already have customer relationships with internal employees and built up some customer loyalty. Because this business will be tribally-owned and employing Band Members wherever possible, our internal customers will have an incentive to use MLB Printing. However, MLB Printing will need to provide better service at a competitive pricing structure to **keep** our internal customers. Therefore, our competitive edge will rest with our Keys to Success – *"This business will succeed if it can provide excellent customer service offering quick turn-around times, the ability to customize the product to the needs of the market, and the ability to juggle various jobs efficiently."*

Competition in the future will come from other businesses that have minority advantages. To overcome this competition, the Print Shop Manager will need to be aggressive in pursuing government contracting, 8(a) status, hubzone opportunities, and work to create relationships with other tribal governments. It will be especially important for continued revenue growth to build those foundations.

Threats and Risks

The biggest threat to the success of this business is our ability to fulfill the orders as needed and according to our Vision Statement. If printing jobs are done poorly or finished late, even our internal customers will stop using our services. Therefore, minimizing risk requires our business to operate efficiently, provide excellent service and adapt quickly to our internal customer's needs.

Industry threats remain – non-print media opportunities grow annually, threatening the printing industry as a whole. New technologies offering companies more options to reach their customers chip away slowly at more traditional sources of advertisements and customer contact. Digital printing businesses will need to stay highly competitive and customer-oriented to keep growing. Fortunately, the future of printing media rests with color printing, customized printing options, and the ability to respond quickly.

As our initial customer base is internal departments and businesses, threats to our ability to succeed also are tied to their success. Increased gaming competition in the State could affect our revenue streams, forcing our businesses to downsize departments, employees and expenditures. The amount spent on marketing and promotions may decrease depending on the amount of competition. Therefore, the business will need to work quickly to secure internal customers' loyalty and satisfaction, and then work quickly to build outside sources of revenue as well.

PRODUCTS AND SERVICES

Product/Service Description

The following services will be offered at the business, along with pricing options. It is important to note that pricing for individual jobs varies based on the services required to complete it. As part of the initial capital outlay, we will look at purchasing "costing" software to enable us to price our services competitively and track where the costs are occurring.

Below is a breakdown of the types of printing needs most often required by internal departments:

Mailer Type	Quantity/Yr	Annual Cost
Postcards, 4x6, 5x7, 6x9, 6x11, 12x9, 12x11	9,660,000	\$908,000
Self mailers/Inactive/New Member	750,000	\$285,000
Invites with envelopes	100,000	\$70,000
Gazette current format w/tip ons - 3 issues	1,620,000	\$356,400
MLBO Government Printing		\$52,675
CC/Small Businesses/Casinos other		\$19,250
TOTAL	12,130,000	\$1,691,325

Offering these services will enable MLB Printing to fulfill a majority of the needs of our internal customers, as well as build a foundation for offering services to other businesses, governmental units, etc., as well as any local, walk-in customers. Types of printing products would include:

Brochures	Business cards	Postcards	Flyers
Reports	Envelopes	Stuffers	Invitations
Table tents	Pads	Interior signage	

Printing requirements outside these services could be sub-contracted to another printer to fulfill.

Future Products/Services

After the printing services business is well-established and revenues are growing, the business can offer other products including:

- Promotional items – our internal departments purchase a significant amount of promotional items, especially the Casinos as giveaways to clients to drive visits; MLB Printing could function as a promotional/marketing items broker, assisting those internal departments with those types of purchases.
- Office products, office furniture and equipment – after securing the minority contracting opportunities through printing, MLB Printing could expand into offering office products such as copy paper, pens, pads, janitorial supplies, etc. and furniture and equipment (copiers, fax machines, etc.) to other government units using 8(a) and minority contracting opportunities.

When the business is ready for this expansion into other markets, the business plan will need to be modified to reflect a proactive marketing strategy, updated pricing and product offering, and redefined competitive analysis.

MARKETING AND SALES

Marketing Strategy

During the first 1-3 years of operation, the marketing strategy will be to fulfill internal orders quickly and efficiently, on-demand and as customized as possible. Little outside marketing will be needed to attract customers during this time, so the focus will be on developing trained employees and building an excellent working relationship with internal employees, i.e. marketing folks.

During the first and second years of operations, Development Staff and the Print Shop Manager will work to lay the groundwork for minority contracting opportunities. The business will be located in a hubzone eligible county (Mille Lacs) and will therefore qualify for additional governmental contracting opportunities as a business located in a traditionally disadvantaged area of Minnesota. This will enable the business to gain some advantage in garnering state governmental printing contracts. In addition, working with PTAC (Procurement Technical Assistance Center), we will also work on qualifying as a minority business, which will give MLB Printing an additional edge obtaining state printing jobs. After two (2) years of operations, the business can apply to enter the 8(a) program; working with the Small Business Administration (SBA), the business can be qualified as a minority business and work to obtain federal printing contracting opportunities. The business will also need to develop relationships with other Tribal governments; this will allow the business to bid on their printing needs. Tribal governments traditionally prefer to purchase goods and services from other tribally-owned or Native American-owned businesses. Finally, the business will also need to develop a marketing program to obtain printing jobs from local and regional businesses, as well as other institutions such as colleges and universities.

The Marketing Strategy for the business is laid out below:

MLB Printing Shop: 5 year Marketing Strategy			
Goal: Take over 95% of printing needs of all internal operations			
	Year 1	Year 2	Year 3
Objective	Build relationships, provide high-quality customer service, customize as much as possible, respond to internal customer quickly and with reliability; train on new digital printing methods to offer internal customers		
Customer(s)	Internal MLBO Customers		
Marketing Strategy	Focus on customer service training, efficient staffing and knowledge of needs and equipment		
Goal: Use e-commerce website to retain existing internal customers			
	Year 1	Year 2	Year 3
Objective	Have e-commerce site available for use by internal customers to simplify ordering their printing products		
Customer(s)	Internal MLBO Customers		
Marketing Strategy	Use the e-commerce site to build awareness of our products and services within MLBO operations and build support for its use		

Goal: Build foundation for minority contracting opportunities			
	Year 1	Year 2	Year 3
Objective	Be ready by Year three of operations to bid on governmental printing contracts using minority and disadvantaged status opportunities		
Customer(s)	State governmental units, universities, schools,		
Marketing Strategy	Working with outside assistance focus advertising to position the business within the State as a minority business to build opportunities for contracts		
Goal: Focus Marketing efforts on external customers using minority business status advantages			
	Year 4	Year 5	
Objective	Aggressively pursue minority contracting opportunities through the state and their operations and apply for 8(a) designation; garner 25% of our revenue using these types of opportunities		
Customer(s)	State governmental units, universities, schools,		
Marketing Strategy	Advertising efforts should be focused on minority/disadvantaged status, lobbying state contracting officers, university purchasing agents, etc.		
Goal: Expand marketing efforts to build revenue through other tribal governments, local and regional businesses, and other customers			
	Year 4	Year 5	
Objective	Garner 25% of our revenue stream through printing fulfillment opportunities from other Tribal governments, and outside revenue		
Customer(s)	Tribal governments and their operations, local and regional businesses		
Marketing Strategy	Advertising efforts will be focused on building relationships with Tribal purchasing departments, attending Native trade shows, and attending in-state business trade shows		

As the focus for the initial years is primarily internal, initial marketing strategies will include press releases, local newspaper articles, and feature stories in the Band's newsletters, etc. Printing Staff should plan to meet regularly with Properties Marketing Staff to ensure needs are being met, to prepare for future promotions that will require printing, and introduce them to new printing opportunities.

Future marketing strategies should include trade shows, particularly those that are designed for government contracting opportunities and those whose target audience is Tribal governments, local advertising in newspapers and through direct mail pieces, as well as the yellow pages, internet and other forms of electronic advertising, and the use of social media.

Target audiences outside of our internal operations should include other Tribal governments. Other larger businesses in the region include:

Fairview Health System
 Allina Health System
 Mille Lacs Health System
 Pine Technical College

Mille Lacs Energy Cooperative
 Essentia Health
 Coborns
 Frontier Communications Systems

In Year Three, a specific marketing plan with goals and objectives will need to be further developed with research completed on the local and regional businesses to ascertain their printing needs.

OPERATIONS

Key Personnel

Projected employment for the first three years consists of four (4) FT employees. Salaries/hourly wages are included below:

Employee	Number	Hrly Wage	Salary/Wage
Manager	1	\$31.25	\$65,000.00
Production Manager	1	\$21.63	\$45,000.00
Hourly Staffer	2	\$12.00	\$49,920.00
TOTAL	4		\$159,920.00
Benefits			\$75,420.00
TOTAL Wages and Benefits			\$233,235.00

The Print Shop Manager of the business will be responsible for the overall day-to-day operations, employee staffing, order fulfillment, marketing, tracking inventory, etc. The Print Shop Manager should have experience in operating a small business, preferably a printing business. As part of the start-up operations, we will be providing training and consulting services to the Print Shop Manager on the equipment, order fulfillment, costing, etc. If required, we will provide ongoing training support using regional services as well, i.e. SCORE, SBDC experts, etc.

The Production Manager will be responsible for order fulfillment, variable data management, and the mailing preparation. This employee will need to have experience with database management, computer programs, and preferably digital printing and/or graphic design. This employee can also function as the Supervisor when the Print Shop Manager is off site.

The final two employees will be hired and trained to run the print jobs, maintain the equipment, load inventory and deliver product, as well as simple maintenance tasks and if needed, retail sales to the general public.

Back of the house operations such as accounting, legal support, HR assistance, etc. will be provided by Corporate Commission as needed. Development Staff will support the operation by continuing to explore new opportunities for revenue, assist with minority contracting, and other product research, etc. The Print Shop Manager and the Production Manager will be eligible for benefits including 401K, life insurance and health insurance benefits. Hourly employees will not be eligible.

Throughout the hiring process, it will be the overarching philosophy to hire and train Band Members wherever possible for these positions. It is assumed that as revenues grow, additional employees will be retained as needed; as the business expands into other products and services (promotional items and office supplies/equipment), additional employees will be needed to fulfill orders. Existing job descriptions and staffing needs will need to be revised to fit the needs of the business.

Employee Training Opportunities

Employee training will be especially important to the success of this business. Much of the equipment is designed to be user-friendly, but will require constant training to learn all the operational features and timed maintenance procedures. In addition, staff may need customer service training, some basic graphic design training, mail sorting and delivery training, equipment operation training for the finishing equipment, and as equipment is upgraded, additional training on new features, etc.

Education and Performance can provide internal training on customer service procedures, accounting and cash procedures, harassment training, etc. using already developed coursework. They can also assist with orientation procedures, employee manuals, and any specialized training required.

Included in the initial capital request will be monies to hire Xerox for management and employee training during the first 90 days of operation. They will essentially "manage" the store until existing personnel is fully trained to perform the work flow and operate the business. If needed, additional outside consultants, i.e. SCORE consultant could be retained to provide additional training and backup support to the Print Shop Manager.

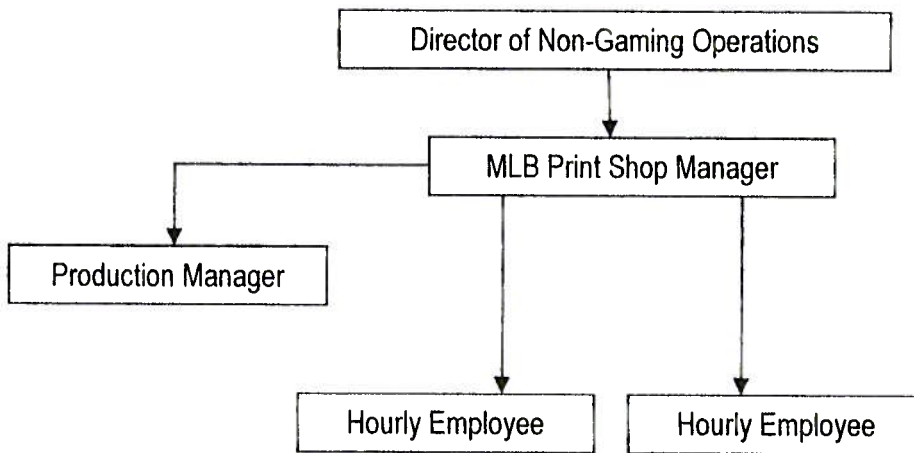
It will be especially important to hire someone who has database management experience in order to integrate the variable data information into the printing jobs as quickly as possible. It may be necessary to also retain outside experts on this, depending on the qualifications of the individual hired.

Employees will also need to be constantly trained on new features and new opportunities in the digital printing industry. As our customer's needs become more sophisticated, it will be important to keep the employees well-trained to fulfill those needs.

Organizational Structure

MLB Printing will have a similar organizational structure as our other small businesses and operate in a similar fashion. The Print Manager will report directly to the Director of Small Business Operations, and will work closely with that sub-department for operations and marketing assistance, as well as ascertaining future capital needs. The Director of Small Business Operations reports directly to the CFO and working closely with that department head, can access the resources of Corporate Commission to assist in the growth of this business.

The organizational chart for MLB Printing is outlined below:



The operations will be located in a building in downtown Onamia currently owned by the Corporate Commission. In order to support the start-up of the business, rent will be reduced in the first and second years; however, property taxes and utilities have been included in the financial projections (see attachments).

Customer Service/Support

Building strong customer service and support will be an essential marketing strategy for this business. Differentiating our business requires it in order to grow. In addition, our internal departments are used to a high level of customer service in their printing purchases; we will need to better that performance to "earn" their continued support. Regular meetings will need to be scheduled with internal decision-makers to ensure coordination of efforts. Efficient staffing and reliable equipment will be essential to providing strong customer service.

This business has strong competition for external customers. Therefore, it will be essential to provide excellent customer service and quick turn-around times for those customers as well. They have other options. Management will need to continually focus on customer service through excellent and continued training opportunities, positive role-modeling and a good attitude.

Projected Financials

Five (5) year projected financials are included as an addendum to this Business Plan. A Financial Project Summary is included below detailing the overall financial value of the project. Assumptions are also included.

Project Summary

Project Name:

3%

Sales

Cost of Goods Sold
Advertising & Promotion
Rent
Labor
G&A

MLB Printing						
	Year 1	% of Sales	Year 2	% of Sales	Year 3	% of Sales
	847,200	100.0%	1,694,400	100.0%	1,694,400	100.0%
Cost of Goods Sold	482,904	57.0%	965,808	57.0%	965,808	57.0%
Advertising & Promotion	4,236	0.5%	4,829	0.3%	30,499	1.8%
Rent	0	0.0%	12,000	0.7%	12,000	0.7%
Labor	200,776	23.7%	233,235	13.8%	233,231	13.8%
G&A	144,060	17.0%	151,200	8.9%	147,000	8.7%

Total Expenses	831,976	98.2%	1,367,072	80.7%	1,388,538	81.9%
Operating Income	15,224	1.8%	327,328	19.3%	305,862	18.1%
Depreciation Expense	145,200	17.1%	145,200	8.6%	145,200	8.6%
Net Profit (Loss)	-129,976	-15.3%	182,128	10.7%	160,662	9.5%

Cumulative Cash	\$1,719,734	140%	\$342,552	28%	\$648,414	53%
Cumulative Net Profit	\$736,134		\$52,152		\$212,814	
Initial Investment	-\$1,228,384					
7 Year Operating Cash	\$1,719,733.59					
Bonifit	\$491,349.59					
Cash ROI	40%					

Discount Rate 7.000%

Cumulative Discounted Cash	\$ 1,599,352.24
Discounted Cash ROI	30%
NPV	\$56,645.66

Financial Assumptions

Revenue projections are based on the printing expenditures by the Properties and the Tribal Government, as they will be the primary revenue source for the first three years of operations. The first year reflects a ramp-up in operations and a gradual increase in the revenue projections based on acquiring a larger percentage of the printing. Years Two (2) and Three (3) anticipate that MLB Printing will be the primary source of printing for all MLBO owned operations, as well as the Government Center operations. Revenue in Years Four (4) and Five (5) (see projected financials) reflect anticipated revenue from outside sources, including regional businesses and governmental contracting opportunities.

Expense projections include the COGS (Cost of Goods Sold) at industry standards of 60% of revenues. Rent is reduced in the first two years of operations to assist in keeping expenses as low as possible while the revenues are increased. Other expenses are detailed on the expanded financial projections and are based on actual anticipated expenditures. Labor expenses are based on the Key Personnel outlined above. Advertising expenses will be gradually increased in Year Three (3) in preparation for expansion of our outside customer base.

Financial projections show a profitable business model by the second year on a cash basis, and show a profitable business model over seven years measuring on Cash ROI. Start-up expenses for this business are high due to expensive equipment costs and slightly higher labor costs. (See accompanying Project Summary.)

The value of the business model is in:

- (1) keeping our printing expenditures "in-house" thus maximizing our dollars;
- (2) creating jobs locally for Band Members;
- (3) capitalizing on our advantage as a minority-owned business to capture revenue dollars more

quickly;

(4) the ability to respond to our internal printing needs quickly and efficiently;

(5) building a solid business base with which to expand operations into other opportunities, i.e. promotional items, etc.