HooplaRecruiting.com: A Business Plan

An Honors Thesis (HONRS 499)

By

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Abstract

In response to the many shortcomings in the athletic recruiting process, I have created a revolutionary new company, HooplaRecruiting.com, which strives to connect collegiate women’s basketball coaches and high school girl’s basketball student athletes like never before. It aims maximize the high school prospect’s exposure to collegiate coaches while giving the coaches a plethora of information on recruits at the click of a mouse. In this comprehensive business plan, I examine the problems with the current system and provide an in depth look at how this new venture will, not only solve these dilemmas, but function as a viable business.

Acknowledgements

I want to thank Dr. Donald Kuratko for inspiring my interest in Entrepreneurship as a discipline.

I want to thank Rob Mathews for advising me throughout this project and for checking my business sections for technical errors.

I want to thank Dr. Michael Goldsby for teaching me a new creative thought process, which I used to develop this innovative venture.
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I. Executive Summary

The current women’s basketball recruiting process is not only biased and expensive, but is highly inefficient and leaves many quality high school players to slip between the cracks. First, college coaches hear about potential players from word of mouth, recruiting reports, or through recruiting services¹. Then, they spend time collecting contact information, verifying player potential, and ultimately traveling to watch each player of interest in action. This results in wasted hours and unnecessary expensive trips to watch the wrong players.

HooplaRecruiting.com, a Limited Liability Company currently in start-up mode, provides a revolutionary new way to connect college women’s basketball coaches and high school student athletes by utilizing the Internet and a business model unlike any recruiting service currently on the market. It sells access to an online recruiting platform directly to women’s collegiate basketball coaches across the country. This platform streamlines the process of discovering talented prospects by allowing coaches to sort through a database of uploaded high school player profiles. Each profile contains contact, academic, and athletic information, as well as a full length game film of each prospect. HooplaRecruiting.com is absolutely free for student athletes. By allowing this service to be free for prospects, it can be completely unbiased. It is the only recruiting service dedicated to providing women’s collegiate coaches with unbiased, complete high school student athlete profiles and full length game film so coaches can narrow their field of prospects and give them more time recruiting the right players.

HooplaRecruiting.com will be fully operational six months after funding, due to website development and the time needed to get a sufficient number of uploaded high school prospects into the database. In the future, HooplaRecruiting.com will look for additional benefits it can add such as allowing the tedious task of dubbing game film to exchange with other collegiate coaches to occur electronically through the website. Another option is partnerships with recruiting reports, such as Adidas All-Star Girls Report, which would allow coaches to search through the database by these parameters. After Year 4, HooplaRecruiting.com will look to move into collegiate men’s basketball. Other opportunities exist in connecting overseas high school student athletes with coaches in the United States, connecting overseas professional teams with a database of collegiate prospects, and other collegiate sports such as football, volleyball, etc.

HooplaRecruiting.com is very goal oriented. Its short-term objectives include getting the HooplaRecruiting.com website designed, developed, and fully operational within six months after funding, getting 500 high school student athletes to upload their profiles in the first six months of operation, and getting 130 coaches, or 11.1% of the “reachable” market, to subscribe in the first year of operation. Its long-term objectives include: meeting all sales projections for the first five years and following up on all growth opportunities, allowing HooplaRecruiting.com to provide additional benefits to collegiate coaches and expand into other markets.

Market

¹ Survey results
The primary market will consist of the women’s basketball coaching staffs for the 325 NCAA Division I affiliated schools and 279 NCAA Division II affiliated schools. Access to HooplaRecruiting.com is sold to coaching staffs and not individual coaches; thus, the total primary market is composed of 604 NCAA DI and DII coaching staffs. The secondary market will contain 425 NCAA Division III affiliated schools, 261 NAIA affiliated schools, and 379 NJCAA affiliated schools with women’s basketball programs. Thus, the total secondary market is composed of these 1,065 coaching staffs.

Research has shown that 55.6% of the market (928 of the 1,669) coaching staffs will subscribe to HooplaRecruiting.com in the first four years of operation.

Management Team

**President, Chief Executive Officer- Kate Endress**
Kate Endress is a senior Entrepreneurship major from Ball State University. She has a cumulative 3.95 GPA and is a three-year captain on the Ball State women’s basketball team. She is the 2005 Women’s Basketball Academic All-American of the Year, a two-time Academic All-America First Team member (2004 and 2005), the 2005 Mid-American Conference Player of the Year, and a 2005 Kodak All-American Finalist. She has extensive knowledge of the recruiting process through her own experiences as a highly recruited high school prospect. She has had experience working with thirteen high technology emerging companies as a Hoosier Fellow for the Indiana Venture Center (May-August 2004). Ms. Endress is a highly-motivated, proven leader with the ability to meet critical business objectives. She will be in charge of all management, operational, and strategic decisions.

**Vice President, Marketing Director- Ronald A. "Duffy" Burns**
Duffy Burns is a women’s basketball icon. He has 24 years of coaching experience and has been recruiting for 19 years. He has been recruiting coordinator for 9 years in 4 different programs and has been involved in signing about 95 student-athletes (4-5 kids per year for the 19 years). Duffy has spent the past two years as the first assistant coach and head of recruiting at Ball State University. Prior to that, he was head coach at Cleveland State University for 8 seasons. He graduated with a Bachelor of Science in Business Education at Ball State University in 1985. Mr. Burns is a recruiting specialist who provides instant credibility to HooplaRecruiting.com. His experience and contacts within the industry will prove critical as HooplaRecruiting.com emerges from start-up mode. He will be responsible for the all Marketing, Sales, and Promotional decisions.

The Deal

HooplaRecruiting.com will look to raise $205,000, including $85,000 raised from Management and Family and a $120,000 investment from an Angel Investor. This Angel will receive 120,000 preferred units of stock. This investment will be paid back in full at the end of Year 4 with a 63.1% redemption premium and 15% ownership of the company. This investment is guaranteed to be paid back before any common shares. The projected Internal Rate of Return on these preferred units is 34%.
II. Business Description

The “Pain”
The world of women’s collegiate basketball recruiting is extremely grueling, extremely competitive, and extremely flawed! Recruiting high school student athletes is a major part, and a major pain, of being a collegiate athletic coach. Just imagine the time, effort and decision making involved in evaluating the 456,900 female high school basketball players in the United States\(^2\). How do they have time to see every talented potential student-athlete? The fact is coaches do not have the time or resources to fully evaluate the field of potential scholarship recipients from across the country. This often results in geographically regional recruiting based on hearsay and inadequate recruiting reports, ultimately leaving college coaches questioning if they truly have recruited the best student-athletes available.

The current recruiting process is not only biased and expensive, but is highly inefficient and leaves many quality players to slip between the cracks. First, college coaches hear about potential players from word of mouth, recruiting reports, or through recruiting services\(^3\). Then, they spend time collecting contact information, verifying player potential, and ultimately traveling to watch each player of interest in action. This results in wasted hours and unnecessary expensive trips to watch the wrong players.

Many student-athletes are not well informed about the truths of collegiate athletic recruiting. First, many high school student-athletes are under the impression that if you are good enough, coaches will find them. In reality, there are too many players and too few coaches for every player to get exposure. Plus, many coaches have strict recruiting budgets and part-time jobs, making it sometimes impossible to see many players in person. Their season is also much more rigorous and takes place the same time as the prospect’s, leaving them little free time. Second, the myth exists that all Division 1 programs have big recruiting budgets when in fact, only the larger schools with top notch football and basketball programs have these large recruiting budgets. The majority do not. There are very few coaches that have the ability to fly around the country to recruit players and have the resources to constantly send out a member of the

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\(^2\) [www.ncaa.org](http://www.ncaa.org)

\(^3\) Survey results
coaching staff to scout. Last, many student athletes think that recruiting companies give them a better shot at being recruited. The reality is that there are currently dozens of recruiting services out on the market that try to promote student-athletes to colleges around the country, some even utilizing the Internet. However, these services are extremely ineffective. College coaches realize that these services are paid to promote students and are biased. Most of the profiles promoting individual players sent to college coaches go straight to the trash can. Plus, the most talented student-athletes don’t feel they need to pay to promote themselves to colleges, discrediting student-athletes who do use these services. Many college coaches are weary of information received from 3rd party companies, especially ones that take money from parents to promote their children.

The “Painkiller”

HooplaRecruiting.com, a Limited Liability Company currently in start-up mode, provides a revolutionary new way to connect college coaches and high school student-athletes by utilizing the internet and a business model unlike any recruiting service currently on the market. It sells access to an online recruiting platform composed of a database of uploaded high school student-athlete profiles including contact, academic, athletic information, and game film. This service is sold directly to collegiate basketball coaches across the country.

Products/ Services

There are several reasons HooplaRecruiting.com stands out among the pack of ordinary recruiting services which charge a fee to promote student athletes to colleges. First and foremost, HooplaRecruiting.com is absolutely free for student-athletes to upload their profiles and game film. The key is that it is financially supported by college coaches paying for access to this online recruiting platform which would allow them to have access to a searchable database of student/athletes profiles (including contact information, athletic statistics, academic information, and actual game footage).

By allowing this service to be free for high school student-athletes, it can be completely unbiased. It does not evaluate and rank players; it provides coaches with a comprehensive

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4 Interview with Raymond Burns, Recruiting Coordinator for Ball State women’s basketball team, January 15, 2004
5 Interview with Raymond Burns, Recruiting Coordinator for Ball State women’s basketball team, January 15, 2004
HooplaRecruiting.com Business Plan

informational database of potential scholarship recipients so they can make better informed decisions about recruits more efficiently.

The website will be two sided: one entry point for subscribing college coaches and one entry point for student-athletes. The high school student-athlete site will have pages of educational material about the recruiting process as well as an area to upload and update their player profiles and game film. The coaching site will have the database of players and a portal to exchange game film with other coaches.

**Future Opportunity**

In the future, HooplaRecruiting.com will look for additional benefits it can add to further value for women’s basketball collegiate coaches. There are four main opportunities HooplaRecruiting.com will look to pursue in the future:

1. Team up with various recruiting events (major AAU events, combines, and showcases) and allow coaches to immediately look up player profiles of student-athletes that are competing at these events. After speaking with and getting feedback from many college coaches, it became evident of the need to have immediate, accurate data about each participant. Basically, a coach attending an event during the recruiting season (typically July) could see a player in action and go to the HooplaRecruiting.com website. From there, the coach can select the appropriate event from a drop down list on the webpage and have immediate access to the player’s uploaded profile at the click of a mouse. This gives instant information on potential student athletes allowing for quicker decision-making on players as well as streamlining the process of tracking down player information. This will be especially important, because during this evaluation period, it is illegal for college coaches to speak to the athletes, creating major headaches for coaches trying to track down information\(^6\). Plus, an increasing number of facilities are obtaining wireless capabilities which will literally put valuable information at the fingertips of the observing coach on the sideline. After

speaking to several computer scientists, it has been confirmed that this could be service could be added to the HooplaRecruiting.com platform without a lot of difficulty since the profiles on the athletes will already be on the database.

2. Adding coach to coach film exchange as a benefit of the service. It is very standard procedure for college basketball teams to exchange game film with teams who have already played their upcoming opponents. However, the current process for such an exchange is borderline ridiculous. After coaches have agreed to exchange film, usually the third assistant or graduate assistant is responsible for making a copy of the game and putting it on a clean VHS tape. (Not to mention the many DI schools that now film the games digitally must first turn their digital game video into a VHS.) Then, they take this VHS tape to a local overnight delivery service (i.e. UPS, FedEx, USPS, etc) and pay for that tape to be sent to the other coach. The only benefit derived from sending out film is the relationship formed with the other coaches in the hopes that one day you will need the game film from that team to prepare for an upcoming game. From an administrative perspective, game film exchange is highly inefficient and a real pain. By having the ability to exchange film via the internet, coaches save time, headaches, and money!

3. Developing partnerships with other recruiting reports such as the All-Star Girls Report, allowing coaches to search through the database by these parameters. For example, a coach could easily look up the All Star Girls Report Top 50 and then have access to these student athletes’ full uploaded profiles.

4. Exploring the potential of HooplaRecruiting.com expanding into markets beyond women’s collegiate basketball. The most obvious expansion would be into men’s collegiate basketball. Other opportunities exist in connecting overseas high school student-athletes with coaches here in the United States, connecting overseas professional teams with a database of collegiate prospects, and moving into other
collegiate sports, such as football, swimming and diving, track and field, baseball, field hockey, gymnastics, golf, volleyball, tennis, and soccer.

**Barriers to Entry**

HooplaRecruiting.com will be the first recruiting platform of its kind, resulting in a significant competitive advantage. Coaches are not going to want to pay for more than one service that provides information about players, making the content of the database a large barrier to entry. HooplaRecruiting.com hopes to brand its name in the collegiate basketball recruiting world, so if and when direct competition comes along, HooplaRecruiting.com will be at a distinct advantage.

**Mission Statement**

*Use technology and innovation to improve the recruiting process.*

**Vision Statement**

*HooplaRecruiting.com will provide the premiere tool used to facilitate the athletic recruiting process that will become indispensable to prospect, by maximizing exposure to a larger audience, and to the recruiter, giving them an intuitive and comprehensive format for evaluating potential candidates.*

**Short-term and long-term objectives**

HooplaRecruiting.com is very goal oriented. It has set specific short- and long-term objectives so that it can stay focused on serving its markets to the best of its ability. In the short-term, HooplaRecruiting.com is looking to accomplish the following short-term objectives:

1. Getting the HooplaRecruiting.com website designed, developed, and fully operational within six months after funding.
2. Getting 500 high school student athletes to upload their profile to the HooplaRecruiting.com website in the first six months of operation.
3. Getting 130 coaches, or 14% of the “reachable” market, to subscribe in the first fiscal year of operation.
HooplaRecruiting.com Business Plan

HooplaRecruiting.com is looking to accomplish the following long-term objectives:

1. Meet all sales projections for the first four years.
2. Challenge the NCAA regulation forbidding different fees to different coaches for the same recruiting service so that HooplaRecruiting.com can charge less and thus better serve the DIII and NJCAA, who have limited budgets.
3. Follow up on all growth opportunities, allowing HooplaRecruiting.com to provide additional benefits to collegiate coaches and expand into other markets.

Sales and Market Share

Table 2.1 Coaching Subscription Sales Projections Yrs 1-4

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Subscriptions Sold</th>
<th>Number of Subscriptions Renewed</th>
<th>Total Subscriptions</th>
<th>% Reachable Market Obtained</th>
<th>% Total Market Obtained</th>
</tr>
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<tr>
<td>1</td>
<td>130</td>
<td>0</td>
<td>130</td>
<td>14%</td>
<td>7.8%</td>
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<tr>
<td>2</td>
<td>202</td>
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<td>306</td>
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<td>18.3%</td>
</tr>
<tr>
<td>3</td>
<td>301</td>
<td>256</td>
<td>557</td>
<td>60.0%</td>
<td>33.4%</td>
</tr>
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<td>456</td>
<td>472</td>
<td>928</td>
<td>100%</td>
<td>55.6%</td>
</tr>
</tbody>
</table>

Profitability Objectives

HooplaRecruiting.com is projected to become profitable during June 2006. The After-tax Profit Margin by Year 4 will top 29%.
III. Management

My Story

Throughout my childhood, I (Kate Endress) dreamed of one day playing collegiate basketball. I practiced for literally hours upon hours in my driveway learning to dribble, pass, and shoot. While most young girls go to bed every night snuggled up to a doll, I slept with my basketball (embarrassingly enough all the way until the eighth grade!) My love for the sport grew, and I became a skilled, hardworking young athlete.

I started receiving interest from college coaches during my freshman year of high school. By the end of my sophomore year, I was receiving mailings and letters of interest from many Division I teams from around the country. Being from Evansville, Indiana, I didn’t have the exposure that many athletes from larger cities had. Realizing this, my parents and I decided to travel to Indianapolis every weekend so that I could play on an AAU team that would receive more exposure to college coaches nationwide. This was a huge time commitment and became quite expensive, but I was determined to get the best collegiate scholarship available. By my junior year of high school, I was being highly recruited and was named to the Indiana Junior Core All-Star team.

After three very successful high school seasons, I was finally ready for the biggest recruiting season of my career, the AAU summer season before my senior year of high school. However, as the summer crept closer and closer, I noticed my back was starting to hurt. The athletic trainers convinced me it was muscular, so I played through the pain until I could no longer bear it. The next doctor’s visit confirmed my worst nightmare; I had two stress fractures on my lower vertebrae and would be out for a few months. The timing could not have been worse as I would miss the entire summer! I went to physical therapy, which was excruciatingly painful, four times a week in hopes of being able to play a few games by the end of summer. I was determined to play and did make it back for the last few games. However, I was only at about 60%, and in hindsight, I probably did more harm than good by playing as far as recruiting is concerned.
Long story short, I lost the interest of nearly every university that was recruiting me. I was devastated!

I was lucky to garner enough attention in my earlier years to maintain the interest of a few regional schools and signed a letter of intent with Ball State University early in my senior year. While I have been more than satisfied with Ball State, this whole messy process got me thinking. What would have happened if I never would have gotten hurt that summer? What if I had lived in an area where I would have received more exposure to college coaches? My situation gives light to some of the major problems with the current recruiting system.

Over the past four years as a member on the Ball State women’s basketball team, I have made many contacts within the women’s basketball industry. I have spoken with hundreds of players who have similar stories to mine and seen first hand the obstacles college coaches overcome to try and get the best players. There are major areas where this industry can be improved, and I feel I understand the industry and have created the solution to these dilemmas via Hoopla Recruiting.com.

Key Personnel

President, Chief Executive Officer- Kate Endress

Kate Endress is a senior Entrepreneurship major from Ball State University. She has a cumulative 3.95 GPA and is a four-year letter winner for the Ball State women’s basketball team, where she has been captain for the last three years. She has extensive knowledge of the recruiting process through her own experiences as a highly recruited high school prospect. Her many academic and athletic accolades got her recently named the 2005 Women’s Basketball Academic All-American of the Year. She is a two-time Academic All-America First Team member (2004 and 2005), the 2005 Mid-American Conference Player of the Year, a 2005 Kodak All-American Finalist, and a two-time All-Mid American Conference First Team selection (2004 and 2005).

Endress is also a member of Delta Sigma Pi business fraternity where she served as Civic Chair from December 2004-2005. She is the recent recipient of the Ball State Senior Service Award
for her involvement as a Big Sister for the Big Brothers/Big Sisters of Delaware County and as a member of St. Francis of Assisi Catholic Church.

She has had experience working with thirteen high technology emerging companies as a Hoosier Fellow for the Indiana Venture Center (May-August 2004). During her time as a Hoosier Fellow, Endress analyzed four financial models and conducted seven business plan evaluations, six market research projects, and three competitive analysis studies. She is also very competent with computers and is currently learning HTML code. She is capable of all video encoding and encryption.

Ms. Endress is a highly-motivated, proven leader with the ability to meet critical business objectives. She will be in charge of all management, operational, and strategic decisions.

Ms. Endress will be paid $35,000/year and own 73% of the company. She will receive medical benefits, including dental and vision, until October 2007, at which time she will receive full benefits as illustrated on page 18.

**Vice President, Marketing Director- Ronald A. "Duffy" Burns**

Duffy Burns is a women’s basketball icon. He has 24 years of coaching experience and has been recruiting for 19 years. He has been recruiting coordinator for 9 years in 4 different programs and has been involved in signing about 95 student-athletes (4-5 kids per year for the 19 years). Duffy has spent the past two years as the first assistant coach and head of recruiting at Ball State University. Prior to that, he was head coach at Cleveland State University for 8 seasons. He graduated with a Bachelor of Science in Business Education at Ball State University in 1985.

Mr. Burns is a recruiting specialist who will provides instant credibility to HooplaRecruiting.com. His experience and contacts within the industry will prove critical as HooplaRecruiting.com emerges from start-up mode. He will be responsible for the all Marketing, Sales, and Promotional decisions.
Due to NCAA Rule 11.3.2.5 regarding recruiting service consultants, institutional athletics department staff members may not endorse, serve as consultants or participate on advisory panels for any recruiting or scouting service involving prospects. This ruling requires Mr. Burns to work exclusively for HooplaRecruiting.com and no longer as a collegiate women’s basketball coach. Duffy comments, “Recruiting is my passion. I am fully aware of the ruling that I can’t coach and be a member of this management team. I am ready for a change and the excitement and challenge of starting this new service intrigues me.”

Mr. Burns will be paid $50,000/year and have 15% ownership of the company. He will receive a 16% salary increase every year sales projections are met. This would result in $78,045 salary by Year 4 if all sales projections are met. His wife, Mary Beth Burns, is a Regional Manager for Johnson Controls, Inc. and has full family medical benefits. Mr. Burns will not receive his own medical benefits until year 3, when he is granted full benefits (see page 18).

**Additional Staff Needed**

**Technology Director - TBA**

In Year 2, HooplaRecruiting.com is looking to hire a full-time technology analyst. This hire will be responsible for maintaining the database and website as well as technical support. He/she will also review, analyzes, and modify programming systems including encoding, testing, debugging and installing to support HooplaRecruiting.com’s website. He/she will work with SyncCast, who is responsible for all streaming webcasts, and consult with users to identify current operating procedures and to clarify program objectives. He/she will assist with videotape encoding. This position requires a bachelor’s degree in a related area and 0-3 years of experience in the field or in a related area. The hire must have knowledge of commonly-used concepts, practices, and procedures within the IT field as well as specific encoding knowledge. He/she will report to and be supervised by President/CEO, Kate Endress.

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8 Interview with Duffy Burns on March 22, 2005, 10:00am
Due to a limited start-up budget, HooplaRecruiting.com will look to hire a highly motivated recent college graduate, preferably a computer science or information systems major, with an interest in sports.

The hired Technology Director will make a $40,000 base salary and receive a 12% salary increase every year for satisfactory performance marks. He/she will also receive 4% ownership of the company. He/she will receive medical benefits, including dental and vision, until October 2007, at which point he/she will receive full benefits as illustrated on page 18.

**Marketing Assistant- TBA**

During March 2008, HooplaRecruiting.com will look to hire a full time marketing assistant to aid in all marketing efforts including mailings to coaches, direct calling, and marketing at AAU events. He/she will market to prospects and collegiate coaches at various events. Due to a limited start-up budget, HooplaRecruiting.com will look to hire a highly motivated recent college graduate, preferably a marketing major, with an interest in sports.

The hired Marketing Assistant will make a $35,000 base salary and receive a 16% salary increase every year sales projections are met. He/she will receive medical benefits, including dental and vision, until October 2007, at which point he/she will receive full benefits as illustrated on page 18.

**Marketing Interns- TBA**

Starting in Year 3, HooplaRecruiting.com will look to hire two marketing interns during the summer months to aid in marketing efforts. They will work the twelve weeks starting the third week of May to the third week of August in years 2008 and 2009. The summer is a particularly important marketing season since it is the main collegiate basketball recruiting period. It will be a key time to get prospects (AAU participants) to upload their profiles, as well as get coaches to subscribe to the website. In addition to mailings and direct calling, the interns will travel to various summer AAU events, showcases, and camps to promote HooplaRecruiting.com. They will both report to the Vice President/ Marketing Director, Duffy Burns.
Each intern will be paid $9/hr, work roughly 40 hours a week (depending on travel schedule), and receive no benefits. College credits will also be granted and will be determined on an individual basis.

Although many of these positions might be paid higher salaries at larger corporations, they will receive other intangible benefits such as:

- Frequent contact with top management
- Greater sense of personal involvement
- Broader experience and better opportunities for on-the-job learning
- Job more tailored to an individual's talents
- Stock options (at faster-growing companies)
- Faster promotion

**Full Benefits**

Full benefits include the following:

- Healthcare benefits, including dental and vision, with a $1000 deductible
- 401 k
- Time off (2 weeks vacation/year)
- Social Security
- Disability
- Pension
Organizational Plan

Chart 3.1 Organizational Plan

President, CEO
Kate Endress

Vice President, Marketing Director
Duffy Burns- May 2006

Technology Director
TBA- May 2006

Marketing Assistant
TBA- March 2007

Marketing Intern
TBA- May to August 2008 & 2009

Marketing Intern
TBA- May to August 2008 & 2009

Projected Personnel

Table 3.1 Projected Personnel Chart

<table>
<thead>
<tr>
<th>Position</th>
<th>Hire Date</th>
<th>Status</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vice President, Marketing Director</td>
<td>May 2006</td>
<td>Full-time</td>
</tr>
<tr>
<td>Technology Director</td>
<td>May 2006</td>
<td>Full-time</td>
</tr>
<tr>
<td>Assistant Marketing Director</td>
<td>March 2007</td>
<td>Full-time</td>
</tr>
<tr>
<td>Marketing Interns (2)</td>
<td>May to August every year starting May 2008</td>
<td>Summer work only</td>
</tr>
</tbody>
</table>

HooplaRecruiting.com will also look into the possibility of bringing some or all currently outsourced web hosting, including the video web casting in-house. A cost-benefit analysis will have to be conducted to ensure buying bandwidth, hosting the site, and bringing database hosting
and video webcasting in-house is feasible and profitable. The results of this analysis would affect staffing needs possibly recommending hiring a web hosting/ video webcasting specialist and support staff.

**Outside Professionals**

**Webhosting & Video Streaming Specialists- SyncCast, Inc.**

SyncCast™ develops solutions for delivering digital content and related data via the Internet and other media (DVDs, CDs, etc.). SyncCast™ offers complete solutions from application development, Web hosting and Internet connectivity to deployment and systems integration. SyncCast™ is also a leading CDN, globally load balanced, utilizing tier-1 Internet backbones. SyncCast™ is also a partner with leading technology companies such as Microsoft, Dell, and FotoKem.

SyncCast™ offers several packaged solutions; Digital Asset Management and Digital Rights Management. It offers several XML/SQL based tools for managing, ingesting, integrating and delivering content to the various systems of any enterprise. SyncCast™ applications are built using Microsoft's .NET technology, C++ and C#. SyncCast™ clients include the Motion Picture Association of America, Walmart Music, Lions Gate Films, Microsoft, EMI Music Group, Technicolor and Billboard Radio.

SyncCast's™ senior management team has been working in the Internet industry since 1995. The management team of SyncCast™ has significant experience in entertainment, music, film, radio and streaming industries.

SyncCast is located at:
2411 W. La Palma Ave.
Suite 401
Anaheim, CA 92801

**Accountant- Bob Browning** is a partner at Peters, Browning, & Co., P.C. in Indianapolis, IN, where he heads up the financial planning, retirement plan consulting, and investment and insurance services teams. Mr. Browning has been in public practice since 1979. He is a CPA, a
CF® (certified financial planner practitioner) and is licensed and authorized to sell investment and insurance related products in Indiana, Illinois, Ohio and Florida.

**Lawyer- John Millspaugh** is a partner in the Business Services Group, and chairs the Sci-Tech section at Bose McKinney & Evans LLP in Indianapolis, IN. Mr. Millspaugh assists companies, including those in the health and life sciences industries, in the areas of mergers and acquisitions, general business and corporate law, venture capital, and entrepreneurial services. Mr. Millspaugh is a 1996 graduate of the University of Michigan Law School where he was co-founder and managing editor of the Michigan Law & Policy Review. He holds a B.A., summa cum laude, in economics from Ball State University. Mr. Millspaugh is a member of the Indiana State and American Bar Associations and is active in several civic and charitable organizations.

**Website Development/Design- Sarah Endress** is a Systems Analyst for General Electric Retail Sales Finance in Kettering, OH. While with GE, she has worked in a number of areas including mainframe analysis, website development (Java, JSP, PHP, HTML), database development (mysql, Oracle), network analysis and project management. She has been with GE for 3 years. Prior to working for GE, she attained a Bachelor of Science at Purdue University and held summer positions in IT at General Electric Appliances and Procter and Gamble.

**Advisory Board**

**Steve Beck** is currently the President of the Indiana Venture Center, an organization specializing in accelerating the creation and growth of entrepreneurial, high growth businesses within Indiana. In addition, he has founded and been the first president of organizations that concentrate on providing financing for high growth businesses – the Venture Club of Indiana Inc. and the Indiana Statewide Certified Development Corporation – and has also developed the Ball State University entrepreneurship class “Financing for the Growth Venture” which he taught for 16 years. Beck also co-founded the Indiana Community Business Credit Corporation.

Prior to the Indiana Venture Center, Mr. Beck was the Senior Vice President and Founder of Old National Bank’s Indianapolis banking operations. Also within the banking industry, he has been the Senior Vice President at Peoples Bank and Trust Company, and he co-founded Huntington
National Bank of Indiana in 1986. Throughout his career, Mr. Beck has become highly recognized in the community. Currently, he is on the Board of the Midwest Entrepreneur Education Center and the Ball State University School of Entrepreneurship Advisory Board. Beck was the recipient of the 1996 Ernst & Young Entrepreneur of the Year for Indiana, and he is a two time winner of the Indiana Banker of the Year award. He holds degrees from Bellarmine University, Butler University, and Rutgers University. He is also a founding member of Saints Francis & Claire Catholic Church. Steve Beck will serve as a strategic and financial advisor.

Thom Endress is Vice President/General Manager of Crescent Plastics, Inc. a privately held custom profile extruder located in Evansville, Indiana. He has held his current position for the past 14 years, and previously held the positions of Vice President of Sales for four years and Sales Manager for five years for Crescent as well as Wabash Plastics, Inc., a sister company to Crescent who specializes in custom injection molding. Prior to his employment at Crescent/Wabash, he was employed by Rostone Corporation, a subsidiary of Allen Bradley, Corp. as a Sales Engineer specializing in converting metal castings to thermoset plastics in the information technology sector. He is a graduate of the University of Evansville with a BS degree in Marketing and has a broad background in many areas of business with includes management, marketing, sales, production, and engineering. He played football and basketball in college and has a strong passion for collegiate sports. He has served on various advisory boards, the most recent being the Engineering and Business Advisory Board for the University of Evansville. He will serve as a strategic and marketing advisor to HooplaRecruiting.com

Tony Schneider is the co-founding principal of Schneider Huse & Associates, a boutique corporate finance advisory firm specializing in mergers and acquisitions and later-stage capital-raising. Schneider has over 23 years experience in commercial and investment banking. Before Schneider Huse & Associates, he served as a senior member of Mergers & Acquisitions Group of Banc One Captopital Markets from 1989-2001.

He is a member of the Board of Directors and is Vice Chairman & Investment Committee Chair for the Ball State University Foundation. He on the Board of Directors is Immediate Past
HooplaRecruiting.com Business Plan

President of the Venture Club of Indiana. He also serves on Advisory Boards for Centerfield Capital Partners, House Investments-Real Estate Opportunity Fund III, LP, and for the Ball State University Entrepreneurship Program. He will serve as a financial advisor to HooplaRecruiting.com.

**Legal Structure**

HooplaRecruiting.com will be established as a Limited Liability Company, LLC, and will be set up by John Millspaugh, a partner in the Business Services Group at Bose McKinney & Evans LLP. After discussion with Advisory Board Member, Tony Schneider, management felt this structure would provide the best opportunities for HooplaRecruiting.com in terms of tax advantages, the limited liability of investors, and the ease of succession.
**IV. Research, Design, and Development**

**Concept Development**

The concept for HooplaRecruiting.com was developed by Kate Endress, as she examined the frustrations and inefficiencies associated with women’s collegiate basketball through her first-hand recruiting experience as well as through speaking with many collegiate coaches. She recognized the difficulties coaches experienced and the inadequacy of current “recruiting services” that were biased and weren’t promoting the best players. She realized the need for a purely informational database of high school student-athlete profiles that is supported financially by college coaches wanting unbiased information on recruits instead of by the parents of the average players desperate for scholarships. As her research continued, she realized the value of the capability to watch student athletes game film, which would substantially cut down on the amount of travel time and expense coaches spend initially finding quality players.

After concept development, Ms. Endress began researching the feasibility of HooplaRecruiting.com’s concept. She concluded that the desire for such a recruiting service exists and the technology to allow it to work is available.

Currently, HooplaRecruiting.com is in the process of website design and development. The website design has been tentatively laid out with backend and database construction to take place the six months after funding. Assuming funding occurs during June 2005, the website will be fully operational by the end of December 2005. The basic layout will be designed by Kate Endress and Sarah Endress with the backend and database construction built by Sarah Endress.

Sarah Endress will construct the website and database for $4,000 and 4% ownership of the company. She has noted it will take four to six months to have the website and database fully operational. Management has given her a six month deadline, starting on the date of funding.

Figure 4.1 shows a mock up of the website’s homepage.
Figure 4.1 Website Home Page Mock-Up

The homepage will be the main point of entry onto the website. From there, student athletes or coaches choose the appropriate link or login directly to their account. After clicking the "Coaches" link, coaches will be directed to a "Coaches Only" page where they can subscribe to HooplaRecruiting.com. They can also learn about the benefits of subscribing by viewing a mock student athlete profile. Once subscribed and logged in, coaches will select their database search parameters (region, state, position, height, GPA, statistics, etc.)

After clicking the "Student Athlete" link, student athletes will then have the option to upload their profile and headshot directly to the website. Figure 4.2 shows a mock up of the Player Profile page.
The website and database will be designed and developed by Sarah Endress during the six months following funding. It will be hosted by SyncCast, Inc.

**The Importance of Full Length Videos**

The complexity of this online service lies in allowing collegiate women’s basketball coaches to have access to viewing the full length game films of high school prospects. Survey results revealed that 88.8% of coaches responded that the game film in the recruiting process was “very important” (32.4%), “somewhat important” (36.9%), or “important” (19.6%). Survey analysis also uncovered that 50.6% of coaches need a full length game film to evaluate the potential of prospects. (22.5% needed just a half of one game.) Due to this analysis, management feels the

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capability to offer full-length game film is a huge value-add to the HooplaRecruiting.com website.

**Disk Space and Bandwidth Needs**

Due to the significant number of prospect profiles expected, disk space and bandwidth needs are a major issue for HooplaRecruiting.com, especially when the large file size of each game film is factored in. Each game film (32-36 minutes) will average 76.91 MB (based on a normal quality, 35 minutes video). Actual size will vary depending on length and quality of the recording. The following is a look at HooplaRecruiting.com’s disk space and bandwidth needs for the first four years:

![Chart 4.1 Disk Space & Bandwidth Needs and Costs](chart)

<table>
<thead>
<tr>
<th>Year</th>
<th># of Profiles</th>
<th>Disk Space Needed</th>
<th>Cost/GB</th>
<th>Bandwidth Needed</th>
<th>Cost/GB</th>
<th>Total Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,377</td>
<td>105.9 GB</td>
<td>$5</td>
<td>507.7 GB</td>
<td>$3</td>
<td>$2,053</td>
</tr>
<tr>
<td>2</td>
<td>2,889</td>
<td>222.2 GB</td>
<td>$5</td>
<td>2729.2 GB</td>
<td>$3</td>
<td>$9,299</td>
</tr>
<tr>
<td>3</td>
<td>5,040</td>
<td>387.6 GB</td>
<td>$5</td>
<td>5406.9 GB</td>
<td>$3</td>
<td>$18,159</td>
</tr>
<tr>
<td>4</td>
<td>8,400</td>
<td>646 GB</td>
<td>$5</td>
<td>9267.3 GB</td>
<td>$3</td>
<td>$31,032</td>
</tr>
</tbody>
</table>

**SyncCast, Inc.**

After thorough analysis of the webhosting and video streaming industries, Management has chosen to outsource all webhosting and video streaming to SyncCast, Inc., which was chosen for three main reasons:

1. They offer a simple, affordable pay-as-you-go pricing model, which allows HooplaRecruiting.com to purchase disk space and bandwidth on an as needed basis. Most companies in the industry have packaged deals, making it extremely difficult to buy only what is needed without wasting space and money. Their disk space price, $5/GB, and bandwidth prices, $3/GB, are among the best in the industry.

2. They have comprehensive technology solutions which allow HooplaRecruiting.com to turn to SyncCast for all of its outsourced technology needs. SyncCast will host the

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HooplaRecruiting.com Business Plan

website, server, has e-commerce options, and superior reporting tools allowing HooplaRecruiting.com’s Management to focus more on marketing.

3. They have superior Digital Rights Management options, which HooplaRecruiting.com will use to ensure the safety and protection of all digital content.

Technical Video Operations

Step 1: High school and Jr. College prospects will mail a full length game film to HooplaRecruiting.com in VHS or DVD format.

Step 2: HooplaRecruiting.com will ensure each video is legitimate and then encode each video using Windows Media Encoder.

Step 3: HooplaRecruiting.com will use encrypt each video using Windows DRM Technology and SyncCast’s DRM Packager.

Step 4: HooplaRecruiting.com will upload each video to their server, which is hosted by SyncCast.

Step 5: HooplaRecruiting.com will link each video to its appropriate player profile.

Step 6: Subscribing coaches search through the HooplaRecruiting.com database, find player that matches their criteria, and request a full length video of that player.

Step 7: SyncCast ensures that subscriber is licensed using its DRM technologies (please see “DRM Licenses” below.)

Step 8: After verification, the prospect’s full length game film is digitally streamed to the coach’s computer through Windows Media Player.

The following in a pictorial snapshot of the technical process:
Figure 4.4 SyncCast’s Technical Process
Digital Rights Management

Content protection is top-priority for content owners and distributors. Preventing piracy and protecting content is a must. SyncCast's Digital Rights Management technology ensures HooplaRecruiting.com's digital content will be distributed safely and easily via the Internet. SyncCast™ DRM technology is based upon the premier .NET certified client-side and Web-base DRM applications. The SyncCast DRM Dashboard™ integrates with the SyncCast DRM Packager™, a client-side application that affords content owners and distributors the supreme security of encrypting content on their own servers, without a third party. Once encrypted, business rules can be established through SyncCast’s unique DRM Dashboard™. The Dashboard allows HooplaRecruiting.com’s Management to manage digital rights via an easy to use Web interface. Both Solutions cleanly integrate with SyncCast’s WM9 Series Server Plug-in, the XStream Logger. The XStream Logger allows tracking on real time usage information for all streaming content. It also allows HooplaRecruiting.com to sell content per video viewing. It also automatically downloads the information into an SQL database and easily integrates with other applications such as billing and accounting. Finally, should problems arise with the website/video streaming, SyncCast would provide excellent customer service via an easy to use customer coupon system that allows easily issue credits and additional licenses to customers. For additional information on the terminology or products/services HooplaRecruiting.com will utilize through its relationship with SyncCast, please refer to Appendix A.

Difficulties or risks that may delay or alter the project

HooplaRecruiting.com will have to overcome several obstacles during its R&D process. It is critical that Sarah Endress be able to complete the website and database in the allotted six month time frame so that student athletes can begin uploading their profiles.

Also, HooplaRecruiting.com is outsourcing all streaming of the stored prospect game film to SyncCast, Inc., a company specializing in webhosting and video streaming. Management is counting on this streaming company to be capable of streaming even large files seamlessly.
R&D Milestones

The goal-oriented HooplaRecruiting.com Management team has set specific and attainable goals for the first fiscal year, which will be dedicated to website design and development and preliminary marketing to student athlete prospects and collegiate coaches. Table 4.1 outlines the milestones during the Research and Development stage.

Table 4.1 Milestones during R&D

<table>
<thead>
<tr>
<th>Milestone</th>
<th>Start Date</th>
<th>End Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website development complete</td>
<td>t=0</td>
<td>t=6 months</td>
</tr>
<tr>
<td>Database development complete</td>
<td>t=0</td>
<td>t=6 months</td>
</tr>
<tr>
<td>500 profiles uploaded</td>
<td>t=0 months</td>
<td>t=6 months</td>
</tr>
<tr>
<td>130 subscription fees paid</td>
<td>t=6 months</td>
<td>t=15 months</td>
</tr>
<tr>
<td>1250 total profiles uploaded</td>
<td>t=6 months</td>
<td>t=15 months</td>
</tr>
</tbody>
</table>
V. Marketing

Research and Analysis

HooplaRecruiting.com appeals to women’s collegiate basket ball coaches from around the country as they deal with the headaches of recruiting. This website streamlines the process of discovering talented recruits by utilizing a database full of uploaded player profiles and game film. Instead of spending countless hours tracking down these recruits, the information is available at the click of a mouse. HooplaRecruiting.com is the only service dedicated to providing college coaches with unbiased, complete high school student athlete profiles and full length game film.

On the flip side, it appeals to high school student athletes who are looking for ways to get their information in front of collegiate coaches. It makes their information more readily available, increasing their exposure to colleges from around the country. The geographic limitations disappear as coaches are able to view them play, via game film, from anywhere in the world (with internet access). It is also FREE! It will cost student athletes absolutely nothing to upload and update their profile which will enhance their ability to be recruited and ultimately their chances at receiving a college scholarship. These student athletes are often very anxious to find new ways to promote themselves to colleges. The biggest challenge is to make them all aware of the opportunity that HooplaRecruiting.com is offering them.

HooplaRecruiting.com hopes to revolutionize the current recruiting system by connecting college coaches and student athletes like never before. In the future, it will look to expand on the basic framework of this online platform by moving into men’s basketball. Other opportunities exist in connecting overseas high school student athletes with coaches in the United States, connecting overseas professional teams with a database of collegiate prospects, and other collegiate sports such as football, volleyball, etc.
Market Size

HooplaRecruiting.com feels it will be most effective by subdividing the women’s collegiate basketball market into primary and secondary markets.

The primary market will consist of the DI and DII women’s basketball coaching staffs. There are currently 325 NCAA Division I affiliated schools and 279 NCAA Division II affiliated schools with women’s basketball teams\(^{11}\). Access to HooplaRecruiting.com is sold to coaching staffs and not individual coaches; thus, the total primary market is composed of 604 NCAA DI and DII coaching staffs.

The secondary market will contain all DIII, NAIA, and NJCAA women’s basketball coaches. There are currently 425 NCAA Division III affiliated schools\(^{12}\), 261 NAIA affiliated schools with women’s basketball programs\(^{13}\), and 379 NJCAA affiliated schools with women’s basketball programs\(^{14}\). Thus, the total secondary market is comprised of these 1,065 coaching staffs.

HooplaRecruiting.com has surveyed over 180 collegiate coaches from various divisions across the country, including 45 Division I, 44 Division II, 29 Division III, 41 NAIA, and 24 NJCAA schools. From the compiled data, a set of key statistics was developed and used to build market share and sales projections.

Survey results revealed that 74.5% of all respondents were either "very likely" or "likely" to use this service:

- 81.8% of DI respondents were either "very likely" or "likely" to use this service.
- 76.2% of DII respondents were either "very likely" or "likely" to use this service.
- 79.3% of DIII respondents were either "very likely" or "likely" to use this service.
- 58.3% of NAIA respondents were either "very likely" or "likely" to use this service.
- 78.3% of NJCAA respondents were either "very likely" or "likely" to use this service.

\(^{11}\) www.ncaa.org
\(^{12}\) www.ncaa.org
\(^{13}\) www.naia.org/basketball/coachescorner/manual/2005/wbb/app/S.doc
\(^{14}\) www.njcaa.org
Trends

While the amount of collegiate women’s basketball coaching staffs is fairly stagnant, there is an increase in the amount of college coaches that are utilizing technology to recruit prospects. This is evident in the new technological means coaches are using during the recruiting process. Text messaging, instant messaging, and emails have become the norm in women’s collegiate basketball recruiting\textsuperscript{15}. HooplaRecruiting.com feels it can take advantage of this trend to move effectively into the market.

Coaching Staff Sales Projections

Through competition, clinics, and past-colleagues, the women’s collegiate coaching segment is extremely interconnected. Networking is a part of the job, and many coaches from different schools even go on recruiting trips together\textsuperscript{16}. This environment will help HooplaRecruiting.com obtain market share quicker as the word of mouth campaign spreads. Due to the nature of the industry and through extensive research, Management is assuming 90% of the "very likely" market will subscribe and 66% of the "likely" market will subscribe in the first four fiscal years of operation.

<table>
<thead>
<tr>
<th>Based on assumptions listed above, 55.6% of the market (928 of the 1,669) coaching staffs will subscribe to HooplaRecruiting.com in the first four fiscal years of operation.</th>
</tr>
</thead>
<tbody>
<tr>
<td>• 63.2% of the D1 market will subscribe.</td>
</tr>
<tr>
<td>• 57.7% of the DII market will subscribe.</td>
</tr>
<tr>
<td>• 55.6% of the DIII market will subscribe.</td>
</tr>
<tr>
<td>• 43.2% of the NAIA market will subscribe.</td>
</tr>
<tr>
<td>• 55.8% of the NJCAA market will subscribe.</td>
</tr>
</tbody>
</table>

HooplaRecruiting.com realizes that this is the reachable market, and it will take several years to get subscriptions from the assumed 55.6% of the total women’s collegiate basketball market. Table 5.1 shows how sales projections are further broken down.

\textsuperscript{15} Personal interview with Tracy Roller, Head women’s basketball coach at Ball State University: October 12, 2004
\textsuperscript{16} Personal interview with Lisa McDonald, assistant women’s basketball coach at Ball State University: November 20, 2004
Table 5.1 Coaching Subscription Sales Projections Yrs 1-4

<table>
<thead>
<tr>
<th>Year</th>
<th>Number of Subscriptions Sold</th>
<th>Number of Subscriptions Renewed</th>
<th>Total Subscriptions</th>
<th>% Reachable Market Obtained</th>
<th>% Total Market Obtained</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>130</td>
<td>0</td>
<td>130</td>
<td>14%</td>
<td>7.8%</td>
</tr>
<tr>
<td>2</td>
<td>202</td>
<td>104</td>
<td>306</td>
<td>32.9%</td>
<td>18.3%</td>
</tr>
<tr>
<td>3</td>
<td>301</td>
<td>256</td>
<td>557</td>
<td>60.0%</td>
<td>33.4%</td>
</tr>
<tr>
<td>4</td>
<td>456</td>
<td>472</td>
<td>928</td>
<td>100%</td>
<td>55.6%</td>
</tr>
</tbody>
</table>

The first year on the market, HooplaRecruiting.com predicts it can reach 14% of this reachable market, or 130 teams. HooplaRecruiting.com will utilize a penetration pricing strategy (half price discounts for the first year of subscriptions) to initially draw interest from the coaching staffs at the same time that the database of high school prospects is rapidly expanding. It will also contact the 47 survey respondents who responded they were “very likely” to use HooplaRecruiting.com. This is equivalent to 36% of the clientele for its first year sales. While probably not all of these respondents will subscribe in Year 1, it is a great head start to have already identified a large portion of interested customers.

In year 2, marketing efforts are ramped up adding a full-time Assistant Marketing Director to HooplaRecruiting.com team. More student athletes will upload their profiles to the database, coaches will get more exposure to the service, and credibility will be established. HooplaRecruiting.com predicts it can reach 32.9% of the reachable market, resulting in a total of 306 subscriptions.

In Year 3, HooplaRecruiting.com will begin its Marketing Internship program, which will bring in two marketing interns during the summer months. With this additional summer help, Management predicts it can capture an additional 27.1% of the reachable market, bringing the total up to 60% of the reachable market by Year 3. This is the equivalent of 301 new subscriptions, or 557 subscriptions overall. By Year 4, HooplaRecruiting.com feels that the database of high school prospects will be comprehensive, and HooplaRecruiting.com will be seen as a credible solution to the recruiting dilemmas. This will result acquiring roughly 22% of the overall market share in Year 4, bringing the total reachable market share up to 100%. This is

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the equivalent to 456 new subscriptions, bringing the total subscriber up to 928 subscribers by the end of Year 4.

**High School Student Athlete Uploaded Profile Projections**

The “other side” of HooplaRecruiting.com is the high school student athletes who must upload their profile to the website (and submit a game film) to be viewed by collegiate coaches. Based on conversations with high school student athletes and first hand experience from CEO, Kate Endress, HooplaRecruiting.com finds this market anxious to get their information in front of collegiate coaches. The fact this service is absolutely free for these prospects, makes HooplaRecruiting.com a great alternative to existing online recruiting services that are paid for my student athlete fees. HooplaRecruiting.com will look to obtain upload projections through strategic marketing at AAU events and incentive-based marketing to AAU and high school coaches. Table 5.2 further breaks down projections as follows:

**Table 5.2 Student Athlete Uploaded Profile Projections Yr 1-4**

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>New Uploads/Year</th>
<th>Renewed Uploads/Year</th>
<th>Total Uploads / Year</th>
<th>% of Total AAU Participants (28,000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>1,250</td>
<td>127(^\text{18})</td>
<td>1,377</td>
<td>4.9%</td>
</tr>
<tr>
<td>2</td>
<td>2,044</td>
<td>845</td>
<td>2,889</td>
<td>10.3%</td>
</tr>
<tr>
<td>3</td>
<td>3,018</td>
<td>2,022</td>
<td>5,040</td>
<td>18%</td>
</tr>
<tr>
<td>4</td>
<td>4,872</td>
<td>3,528</td>
<td>8,400</td>
<td>30%</td>
</tr>
</tbody>
</table>

**Competitive Analysis**

HooplaRecruiting.com’s competition is divided into two segments. The first segment contains all tools collegiate basketball coach use to find and scout prospects. The second segment contains all tools high-school prospects use to promote themselves to colleges.

\(^{18}\) HooplaRecruiting.com’s fiscal year is Oct. to Sept. However, there will be uploads during the designated “Start-Up” period, which reflect in renewed uploads during the first fiscal year of operations.
Currently, women’s basketball collegiate coaches use a wide variety of tools to scout prospects. They typically fall into two main categories: scouting reports sold to collegiate coaches on the best players available for a given area and regional websites that promote local players.

**National Scouting Reports**

These are the two most popular national scouting reports.

**The Blue Star (Nike) Report**

**Cost to coaches: $495/ year**

The Blue Star Report is a bi-annual Newsletter reflecting the recruiting classes, college signings, high school rankings and commentary on women's basketball. The Blue Star Report is mailed to all Blue Star Index subscribers and an extremely abbreviated version is available to all media, colleges and fans of the game at the Blue Star website. Blue Star Index is owned by Mike Flynn. Nike is the keynote sponsor for this report.¹⁹

**Michael T. White's All-Star Girls (Adidas) Report**

**Cost to coaches: $1000/year**

The All-Star Girls Report is an annual scouting report on the best players nationally. Michael T. White is very respected within the industry. This report is used by most of the top Division I teams in the country. Adidas is the keynote sponsor for this report.²⁰

**Regional Scouting Reports**

Nearly every state has a report on the best players from that area. Here are a few:

**Hoosier Girls Basketball Report**

**Cost to coaches: $250/year**

The Hoosier Basketball Report is run by Bryan Alexander out of Indianapolis, IN. This report compiles a list of the top players around the state of Indiana. It strives to promote girl’s basketball in Indiana, to provide college recruiters with pertinent information and insights to maximize efficiency and effectiveness when recruiting Indiana, and to aid in finding every potential women’s college basketball player in

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Indiana an opportunity to play. This report gives names, stats, and high school information for each prospect listed.

**OGBR- Ohio Girls Basketball Report**

**Cost to coaches: $250/year**

The Ohio Girls Basketball Report is run by Tom Jenkins. He usually only promotes Ohio prospects, but every now and then he will include some West Virginia and Kentucky prospects. This report is one of the best regional scouting reports because of the depth of information he provides on the prospect, including contact information and a brief write up on his evaluation of each player.

**Regional Promotional Tools**

There are also many regional organizations that promote players on a more local basis, often statewide. Here are a few examples of regional promotional tools:

**Region Roundball**

**Cost to coaches: $0/year**

Regional Roundball is a website whose mission is to promote Northwest Indiana girls basketball teams and players, as well as teams and players from all around the Hoosier state, for statewide recognition and college scholarships. The website has about 25,000 visitors a month. High school coaches from around Indiana give input to form All-area teams and most of the news comes from online newspapers. The founders, Jackie and Cory Webster, say the website is “most definitely a labor of love”\(^{22}\). They have tried to raise revenue through advertising and selling apparel but both have fallen flat. It is completely free for all visitors, including college coaches. It is all subjective and is just a source for coaches to get some names of talented girls from around Indiana, especially in the Northwest.

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\(^{22}\) Email response from Jackie Webster on March 5, 2005
Hoosier Basketball Magazine  
Cost: $6.95/magazine, $500/ half page ad of prospect  
Hoosier Basketball Magazine is first and foremost an in-depth probe of Indiana high school basketball. Many of the state's top sportswriters and sportscasters contribute to 16 detailed semi-state roundups which feature each semi-state's top team and top players, plus profiles of all boys' and girls' prep teams. It is financially supported by magazine sales as well as advertisements for various prep prospects within the magazine (often paid for by parents or high school athletic departments.)

HooplaRecruiting.com's Competitive Advantage over Scouting Reports  
HooplaRecruiting.com is unlike the national and regional scouting reports that evaluate and rank prospects for collegiate coaches. These scouting reports are only as good as the reputation of the evaluator. HooplaRecruiting.com does not evaluate and rank players; it provides coaches with a comprehensive informational database of potential scholarship recipients so they can make better informed decisions about recruits more efficiently. While HooplaRecruiting.com and scouting reports are not direct competitors, HooplaRecruiting.com will vie for many of the same recruiting dollars as these reports. There is opportunity down the road to even partner with various scouting reports to give coaches access to the evaluations and rankings of players in addition to the database of player profiles.

Recruiting Services  
The second segment of competition for HooplaRecruiting.com is any tools student athletes use to market themselves to college programs. Many are online tools to help student athletes promote themselves to colleges. Here are some of the most popular recruiting services:

National Scouting Report  
Cost to student athletes: $1195 to $2495  
The National Scouting Report is a wide-ranging recruiting service that will help build a student-athlete brochure, resume, personal videotape, and/or personal internet site and promote that brochure, resume, videotape, and/or internet site to various college coaches. They also have an internet database of high-school prospects that is free for college
coaches that currently has 170 uploaded profiles\textsuperscript{23}. Its site averaged 2,170,802 hits/month in 2004.\textsuperscript{24}

**College Prospects of America, or CPOA**

**Cost to student athletes: $500 one time fee**

College Prospects of America is a recruiting service that will mail and/or email personalized profiles and reports on high school prospects to college coaches. They offer student athletes personal guidance throughout the recruiting process as well as financial aid counseling. They have partnered with a professional video tape service that will come professionally tape the high school prospect’s game. In addition, they have an internet database of uploaded high school athletes’ profiles that includes athletic and academic information. It is financially supported by these student athletes paying a fee to upload their profile on the internet.

**National Collegiate Scouting Association, or NCSA**

**Cost to student athletes: $1,495 one time fee (financing available)**

National Collegiate Scouting Association is a scouting organization that uses critical scout assessments coupled with internet technology to accurately match student-athletes to college coaches in all major sports, including women’s basketball. They have over 42,000 registered college coaches at over 1,700 colleges. According to their website, NCSA has invested almost $1 million in developing its Fast Track proprietary database system of matching college coaches with the right student-athletes. After they find a match, NCSA sends the coaches the athlete profiles they feel qualify for that school’s program, athletically and academically, through permission-based email. Profiles of student-athletes are distributed based on coaches’ wants and needs discovered through phone conversations, surveys and emails with college coaches at every level. The NCSA has 309 girl’s basketball profiles in their database.\textsuperscript{25}

\textsuperscript{23} Personal Interview with Management: April 4, 2005
\textsuperscript{24} http://www.nr-s-inc.com/index.htm
\textsuperscript{25} Personal Interview with Luke Adrian, President of NSCA, April 4, 2005
MVPRecruits.com

Cost to student athletes: $30.00 per year, per athlete for teams, schools or organizations to have a profile listing only, to $1295.00 for a full service Personal Website Profile, including "College Coach Finder" and video services

Athletic Recruiters and MVPRecruits.com have recently merged. Their website notes they plan on offering “high schools, sports organizations and Jr./Community colleges, a college coach searchable National Internet Database and Web Page, affording all high schools, sports organizations and Jr./Community colleges and their participating athletes the opportunity of being recognized, evaluated and recruited by the college coaches from coast to coast.” It is free for student athletes to get evaluated. After evaluation, the student athlete pay to get their profile uploaded onto the database. It is an additional fee if they want to add a full personal website profile, including “College Coach Finder” and a five-minute video. They currently have 2700 athletes ranging all sports, and roughly 270 girl’s basketball players.26

American College Connection, ACC

Cost to student athletes: $1595 one time fee

American College Connection is a recruiting service that connects collegiate coaches and high school student athletes. It is for all collegiate sports, not just women’s basketball. It was developed by ex-collegiate coaches, which makes it one of the better services available. It collects student athlete profiles and 7-10 clips of them playing basketball. They then email this player profile with a link to the video clips to various coaches around the country. They are currently promoting roughly 100-150 girls basketball players.27

Athletic Scholarship Connection, or ASC

Cost to student athletes: $20 registration fee

Athletic Scholarship Connection is a recruiting support service for student athletes that helps them build their own academic and athletic resume, see "coaches postings" from

26 Personal Interview with MVPRecruit representative, April 12, 2005
27 Personal Interview with Rick Paine, President of ACCrecruits, April 13, 2005
across the country from coaches looking for athletes, and gives contact information of collegiate programs and coaches across the country so the student athlete can send their resume to as many athletic programs/coaches as they choose. ASC does not promote any student athletes. It is mainly an informational site for student athletes to learn about the recruiting process and gives advice on how to build a player profile.

**Collegiate Sports of America- PrepStar**

**Cost to student athletes: $595**

Collegiate Sports of America is a recruiting service that allows coaches to view prospect profiles and a five-minute streaming game film. Student athletes must first fill out the csaQualifier, a questionnaire (which oddly enough contains no athletic statistics). Then, it matches those criteria against university admission requirements through its csaMatcher. Prospects can upload a player profile to the CSA-Prepstar Database to be viewed by collegiate coaches. They can also attach a five-minute video to their profile. College coaches can log on for free to view these profiles.

**College Athletic Placement Service**

**Cost to student athletes: $500 and 20% of the first year scholarship value (if placed)**

College Athletic Placement Service is a recruiting service that will conduct a personal interview of each student athlete and their parents to obtain information regarding the student athlete’s athletic abilities, academic interests and grades, geographic preferences, as well as your career goals. Upon completion of the interview, CAPS will then be able to determine the student athlete’s college options. They claim on their website that if they don't feel the student athlete is a prospect for an athletic scholarship, they will be honest and straightforward and tell that student athlete they are not interested. CAPS will then match the student athlete to specifically targeted schools (usually 20-30) by accessing scholarship information on every college and university in the United States catalogued in their computer database. They after the student athlete approval, CAPS will submit the student athlete profile to specific athletic departments and college coaches on behalf of the student athlete.
AthleticScholarships.net

Cost to student athletes: $275 one time fee

AthleticScholarships.net is a recruiting service that will prepare the student athlete resume of athletic and academic information and have it individually addressed and delivered to the head coach of your sport at every college in the NCAA and NAIA system (over 500 coaches.) They pride themselves on being one-on-one advisors during the recruiting process.28

Recruitzone.com

Cost to student athletes: $395- $1995

Recruitzone.com is an online recruiting service that offers prospects a variety of packages to promote themselves to collegiate coaches. In addition to sending the prospects profile to coaches various times a year, student athletes can upload a profile and a highlight video. Here are the packages: Basic Program, $395, offers 2 emails contacts per season to college coaches, sports profile on www.recruitathletes.com, and unlimited Profile updates. The Premium Package, $895, in the same as the Basic Program but includes an additional email to coaches and a highlight video attached to the sport profile. The Premium Duo Package includes all benefits of the Premium Package but is for two people from the same family or high school.

College Coaches online.com

Cost to student athletes: $19.95 (one year subscription), $29.95 for the CD

College Coaches online.com gives student athletes the full contact information of all collegiate coaches in the designated sport, division, and region. The student athlete can order a one year subscription to the database which will have a complete list of all schools/coaches. Student athletes can also enter detailed academic (grades, SAT/ACT, class rank) and college (size, location, cost) information. The College Coaches OnlineSM CD version is also available for purchase.

28 Personal Interview with Mike and Ken Lancaster, co-Presidents of AthleticScholarships.net: April 4, 2005
Multimedia Sports.com

Cost to student athletes: $99 for the Local Marketing Plan, $249 for the Regional Marketing Plan, and $495 for the National Marketing Plan

Multimedia Sports.com is an online tool for student athletes that will help them develop their own personal profile with personal, academic and athletic information. This profile will be included on the MultimediaSports.com website. For various pricing ranges, this profile can be updated various amounts of time and promoted to increasing numbers of collegiate coaches. The Local Marketing Plan ($99) submits the student athlete profile to 15 college coaches. The Regional Plan ($249) submits the profile to 45 college coaches. The National Marketing Plan ($495) submits the student athlete profile to 100 coaches nationwide. It also allows the student athlete to include a one-minute introductory video.

National Recruits

Cost to student athletes: $995 (one-time fee regardless of year)

National Recruits is an online service that helps the student athlete create a personal profile complete with academic and athletic information. National Recruits will then fax the student athlete profile to up to 50 schools. The student athlete is then given a list of schools and coaches who received the profile, including the coach's name and phone number. In addition to receiving the follow-up list by E-Mail, all of the contacted coaches will be loaded into the College Contact Manager, which the student athlete can use to know who they have contacted.

Athletes for Better Education, or AFBE

Cost to student athletes: $100 to $500

Athletes for Better Education is a recruiting service that promotes high school prospects to college coaches. They offer a variety of packages the high school student athlete can choose from with varying levels of personal marketing (and ranging in price from $100 to $500). The $500 “MVP” package allows student athletes to upload their name and high school to the AFBE online database with a link from the database to the personal profile page including athletic and academic accomplishments. In addition, AFBE will mail the
student athlete report and CD-ROM to college coaches. It is financially supported by these student athletes paying a fee to get promoted by AFBE.

**Competitive Advantages over existing Recruiting Services**

The main competitive advantage has over all existing recruiting services is HooplaRecruiting.com’s unique business model. HooplaRecruiting.com is unlike the online tools that promote and/or match student athletes to colleges, because it is financially supported by collegiate coaches as opposed to student athletes. It is free for student athletes, allowing it to be completely unbiased. This adds significant amounts of credibility, because HooplaRecruiting.com is not being paid to promote any players.

**Marketing Strategy**

HooplaRecruiting.com’s marketing strategy is composed of specific ways to market to the two different segments: the high school student-athletes, whose uploaded profiles made the website valuable and the collegiate coaches, whose subscription fees keep the business running.

**High School Student-Athlete Segment**

The high school student athletes will be marketed to first, because their uploaded profiles are the selling point for which to obtain coaches subscriptions. HooplaRecruiting.com is interested in focusing on the high school student athletes that are most likely to play at the collegiate level...AAU participants. In discussions with Ms. Kristy Sampson, Sports Manager for AAU Girls Basketball, roughly 50% of all AAU girls’ basketball participants go on to play basketball in college\(^{29}\). Compare that with the 3.1% of all high school girls’ basketball participants who go on to play basketball in college.\(^{30}\) HooplaRecruiting.com estimates there are roughly 28,000 AAU participants/year (456,900 high school student athletes X 3.1% play at the collegiate level X 2, since half off AAU participants go on to play college basketball.)

\(^{29}\) Email reply to inquiry. Mon 3/28/2005 4:10 PM

\(^{30}\) http://www.ncaa.org/research/prob_of_competing/
HooplaRecruiting.com Business Plan

The primary method of marketing to these student-athletes will therefore be through AAU coaches, tournament, and events as well as other camps and showcases.

The main objective of the student-athlete marketing campaign will be to emphasize two important points:

1. HooplaRecruiting.com is a credible, secure new way to get recruited by top collegiate coaches!
2. HooplaRecruiting.com is FREE! What do you have to lose?

It will be very important to get AAU and high school coaches informed about the service and so they are able to speak of the service’s value to players. A word of mouth campaign will be supported by Duffy Burn’s hundreds of contacts within the women’s basketball industry. This word of mouth campaign will target Midwestern AAU girl’s basketball players. Through contacts with AAU and high school coaches across the Midwest, the HooplaRecruiting.com marketing team will make direct calls and send out mailings to these AAU and high school coaches to spread the word about the service.

During the registration process via the website, student athletes have the opportunity to say who referred them to the service. Each AAU and high school coach that is listed as a referral will receive a check for $10 for each player referred. This should add extra incentive to spread the word about HooplaRecruiting.com. This will continue until there are 500 student athletes in the database, thus costing HooplaRecruiting.com a maximum of $5,000 (500 student athletes X $10/ referral).

Informational tables will be set up at various AAU events, camps, and showcases to initially engage the prospect market segment. It is crucial that the first twelve months of operations, hundreds of high school prospects upload their profile.

After collecting 500 uploaded profiles from student athletes, HooplaRecruiting.com will start marketing towards the coaching segment.
HooplaRecruiting.com Business Plan

**The Coaching Segment**

HooplaRecruiting.com will focus its efforts on several specific methods to effectively and efficiently attract the attention of the 1,699 women's basketball collegiate coaching staffs across the United States and across all divisions including DI, DII, DIII, NAIA, and NJCAA.

HooplaRecruiting.com will utilize three main marketing tactics:

1. Market to collegiate coaches at AAU events and tournaments and camps and showcases. There is a high concentration of active recruiting coaches at these events. Because of NCAA restrictions regarding the period of time coaches can recruit, July will a crucial month for a successful marketing campaign.

2. Market to collegiate coaches at coaches clinics.

3. Market to collegiate coaches directly, starting in the Midwest and gradually expanding outward until there is a national base. Utilize contacts in the industry as well as interested survey respondents.

HooplaRecruiting.com will focus its marketing efforts on its primary market, the 604 women’s collegiate coaching staffs from Division I and II, for a variety of reasons. First, these coaches have larger recruiting budgets and will be more willing to try a new service. Second, these coaches can establish credibility in the marketplace. Once credibility is established, it will much easier to get more and more prospects to upload their profiles, resulting in a larger database that will appeal to a wide variety of coaches from all levels.

**Market Penetration**

HooplaRecruiting.com will actively engage in a variety of marketing tactics to effectively enter the market. Because the service caters to both student athlete and collegiate coaching staffs, the sales team will eventually conduct a duel marketing campaign to simultaneously develop both the prospect database and the collegiate coaching subscriptions.

Initially, since no subscriptions can be sold until the database contains beneficial information, the sales team will first go after the high school student athlete market. The sales team will directly
contact all AAU coaches to inform them of the benefits of telling their players about
HooplaRecruiting.com. Initially, the sales team will target AAU and high school coaches from
the Midwest. As mentioned above, during the registration process via the website, student
athletes have the opportunity to say who referred them to the service. Each high school and
AAU coach that is listed as a referral will receive a check for $10 for each player referred. This
should add extra incentive to spread the word about HooplaRecruiting.com. This will continue
until there are 500 student athletes in the database, thus costing HooplaRecruiting.com a
maximum of $5,000 (500 student athletes X $10/ referral).

After HooplaRecruiting.com has obtained 500 high school student athletes, it will begin to go
after the collegiate coach segment through a direct selling approach. Management feels it can
utilize its many contacts within the industry to meet first year sales projections. From there,
sales will be dependent on the direct marketing efforts of the HooplaRecruiting.com staff. Many
collegiate coaches have many ties within the industry allowing for quicker, successful word of
mouth campaign to take place.

Starting out, each coaching staff (up to four members) will pay one subscription fee of $500 per
year. The main penetration strategy for the coaching sector is to offer all first year subscription
fees half off. So, instead of paying $500/year for access to the website, coaches can now get the
exact same service for $250/year. This will drum up interest and encourage coaching staffs to
sign up immediately to take advantage of this offer. It will also give HooplaRecruiting.com a
chance to further develop its database of players before it charges full price to coaches.
HooplaRecruiting.com is also working with the NCAA to get the rules changed regarding
different fees for different divisions so that HooplaRecruiting.com can be more affordable to all
divisions, especially DIII and NJCAA who have limited budgets.

By utilizing these strategies, HooplaRecruiting.com feels it can effectively enter the market.
Collegiate coaches will be more willing to pay $250/year for an unproven service. In addition,
this will allow the client base to grow and spread knowledge about this new online recruiting
solution. It will cut into profits due to a lesser subscription fee, however, Management feels it
the best way to penetrate the market and capture market share.
Sales strategy

Sales efforts will be a critical part of HooplaRecruiting.com’s success. This is one reason Kate Endress, CEO, decided to hire Duffy Burns as Marketing Director. His expertise and contacts within the industry will be a large part of HooplaRecruiting.com hitting its sales projections.

In May 2007, HooplaRecruiting.com will be looking to hire another member to the marketing team. This Assistant Marketing Director will be responsible for helping in all marketing efforts including mailings to coaches, direct calling, marketing at AAU events, etc. This job will also entail going to main AAU events, coaching clinics, and conventions. Due to a limited start-up budget, HooplaRecruiting.com will look to hire a highly motivated recently college graduate, preferably a marketing major, with a background in sports.

HooplaRecruiting.com will also look to hire two marketing interns to help out with the selling effort during the summer months of 2008 and beyond, which will be the most critical.

Sales Cycle

After discussion with several collegiate coaches, it has been determined that subscription sales will spike during the summer months, namely May through August. The main recruiting season for women’s basketball is during the summer months, thus increasing demand for HooplaRecruiting.com. During this time period, coaches interact at many recruiting events aiding the word of mouth campaign. In addition, it is a great opportunity to market to these coaches since they will be at various central locations. Another main reason for a spike during summer sales is because that is when almost all coaches renew their budgets.31

This is also the best season to get student athletes to upload their profile, because it is their main season to be recruited by colleges. They, too, will be gathered at various central locations such as major AAU tournaments, showcases, Jr. National events, etc.

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31 Interview with Tracy Roller, head women’s basketball coach at Ball State University, March 21, 2005
HooplaRecruiting.com Business Plan

**Distribution strategy**

HooplaRecruiting.com will be available to all women’s basketball collegiate coaches in the United States. Since HooplaRecruiting.com is internet based, all actual subscriptions will be acquired through registration on the website. Marketing will be conducted to attract interest in HooplaRecruiting.com, thus driving traffic to the website and getting coaches registered/subscribed. The marketing team will initially target all survey respondents who showed interest in the service. In addition to that, they will focus their initial marketing efforts towards coaches in the Midwest, which was chosen due to the many contacts the HooplaRecruiting.com management team has in that region. After credibility is established and word about this service spreads, HooplaRecruiting.com will become a service operating nationally.

**Promotional strategy**

HooplaRecruiting.com will promote itself in a variety of ways:

1) Send information and make calls directly to high school coaches and AAU coaches to make them aware of the new recruiting solution available for their players. Let them know about the $10/ referral promotional deal for the first 500 uploads.

2) Set up booths and directly market at summer girl’s basketball recruiting events (AAU, Jr. Nationals, etc), focusing initially on the Midwest. These certified lists are posted on the NCAA website, and will be used to determine which events to attend. Appendix B gives a listing of NCAA certified event for Fall 2005.

3) Send emails and mailings to collegiate coaches regarding HooplaRecruiting.com’s services. Coaches emails are usually available on their website. In addition, Duffy Burns has a list of addresses, emails, and contact numbers for literally thousands of collegiate coaches around the country and in various divisions. The initial mailing list and Duffy Burn’s contact list are both included in Appendix B.

4) Make direct calls to collegiate coaches regarding HooplaRecruiting.com’s services, utilizing existing contacts and initially focusing on schools in the Midwest. Again, Duffy Burns’ list of coaches’ information will be used.
5) Sponsor various women’s basketball events, including high school and collegiate coaching clinics, Women’s NCAA Final events, WCBA clinics and functions, and major recruiting events, showcases, All-Star games, etc.

The name, HooplaRecruiting.com, and logo automatically imply to the public that it is an online basketball recruiting company. Hoopla, by definition, means “Extravagant publicity”\(^{32}\). This name will aid in market identification and be branded as HooplaRecruiting.com moves into other markets.

Each promotional strategy will be evaluated on its effectiveness. HooplaRecruiting.com will purchase Mailbots, Inc. software to fully evaluate the effectiveness of each email sent. This will allow Management to know exactly who is opening the emails, who is deleting them, and any other email behavior that will help HooplaRecruiting.com market more effectively. This will strengthen relationships with coaches and players alike while controlling email throughout the enterprise.

**Pricing strategy**

HooplaRecruiting.com has surveyed over 180 collegiate women’s basketball coaches to determine a pricing strategy that will maximize both interest and profits. After interviewing several collegiate coaches, it was recommended that they purchase one subscription for the whole staff rather than a subscription per coach since it all comes from the same budget. HooplaRecruiting.com was initially looking to scale prices to various divisions, charging more to Division I teams who have larger budgets. However, after discussions with Vanessa Fuches, Assistant Director of Membership Services at the NCAA headquarters, it has been established that Bylaw 11.3.2.5, stating that all recruiting services must charge the same fee to all colleges, will indeed apply to HooplaRecruiting.com.\(^{33}\) While this rule is often broken by other recruiting services and is not enforced by the NCAA, HooplaRecruiting.com strives to maintain legality and will not scale its pricing. It will, however, urge the NCAA to look into this ruling to

\(^{32}\) www.dictionary.com

\(^{33}\) Personal Interview with Vanessa Fuches, NCAA Assistant Director of Membership Services: 2/25/05
persuade them it is more beneficial for the smaller schools if HooplaRecruiting.com is allowed to scale prices.

HooplaRecruiting.com will charge all women's basketball collegiate coaches $500 per year for subscriptions for up to four staff members at each university or college. They will pay this lump sum fee at the point of registration.

Survey results revealed that the average price coaching staffs would pay for a service like HooplaRecruiting.com's was $651.01/year. As expected Division I coaching staffs were willing to pay more for the service due to larger budgets and responded they that, on average, they would be willing to pay $906.98/year. This number is slightly skewed, because there were a few coaches willing to up to $2,500/year for this service. 46.5% of the Division I coaching staffs noted they would pay $500/year.

According to survey results on non-Division I coaching staffs with more limited budgets, 89.6% would be willing to pay $500. Also, the survey left room for comments and 30 of the 180 respondents, 28 of whom were non-Division I coaches, noted that price would be a major concern for them. Many stated they would pay no more than $500/year for such a service. Others, mainly smaller DII, DIII, and NAIA teams said they could only afford this service if it was $300-$350/year. For this reason, HooplaRecruiting.com has decided to set the price of an annual subscription fee per coaching staff at $500. While this might eliminate some subscriptions from smaller non-DI schools, it is the best way to maximize both subscription fees and profits.

HooplaRecruiting.com will urge the NCAA to reconsider Rule 11.3.2.5, stating that all recruiting services must charge the same fee to all colleges, so it can better serve the smaller markets. One reason HooplaRecruiting.com feels the NCAA will consider revising this rule is because HooplaRecruiting.com is purely informational. Although it is considered a recruiting service

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34 Survey results and analysis
35 Survey results and analysis
36 Survey results and analysis
37 Survey results and analysis
under NCAA bylaws, which define a recruiting service as “any service that provides colleges with information on a prospect”, HooplaRecruiting.com does not promote players to collegiate coaches like other recruiting services.38

At the start of Year 5, once credibility for the service has been established, the database of student athletes contains over 30% of AAU participants, and many coaching staffs have purchased subscriptions, HooplaRecruiting.com will look restructure its pricing model to maximize profit. Hopefully, by Year 4, the NCAA will have revised Rule 11.3.2.5, forbidding recruiting services to charge various rates to coaches, and HooplaRecruiting.com will be able to scale pricing depending on division, charging more to Division I teams and less for the DIII, NAIA, and NJCAA schools, whose women’s basketball budgets are pressing to afford the $500/year subscription fee.

One of the marketing team’s strategies for penetrating the coaching sector market is to offer all first year subscription fee half off. So, instead of paying $500/year for access to the website, coaches can now get the exact same service for $250/year. This will drum up interest and encourage coaching staffs to sign up immediately to take advantage of this offer. The half-off-first-year-subscription policy will be in effect for the first two years, after which management will decide whether to continue the half off discount, offer a lesser version of the discount, or eliminate the discount all together.

**Competitive Responses**

HooplaRecruiting.com will be the first recruiting service with a business model supported by collegiate coaches’ subscription fees and video streaming revenue. However, there is potential for some of the other recruiting services that are currently financially supported by student athlete fees to convert their business model into one supported by college coaches, thus becoming direct competitors with HooplaRecruiting.com.

38 Interview with Vanessa Fuches, NCAA compliance
Management also feels that the scouting reports, such as Blue Star and All-Star Girls Report, will be good candidates for a partnership down the road. They serve a different function in the recruiting process, evaluating and ranking players, and would be a nice supplement to HooplaRecruiting.com’s services. These partnerships would add value to the website’s capabilities thus raising the price of each subscription. If presented with such an offer, management would evaluate the added benefits of partnering with such a service with the cost to do so.

It is also possible that these well-known scouting reports will try to be comprehensive in the information they offer to better compete with HooplaRecruiting.com. They could start providing not only evaluations and rankings, but full contact information and player stats for the individuals profiled.

**Potential Advertisers**

HooplaRecruiting.com is a website whose customer base fits specific demographics. There will be two main segments of customers visiting the HooplaRecruiting.com website: high school girl’s basketball/ Junior College prospects and women’s collegiate basketball coaches.

Since these are fairly specific demographics, HooplaRecruiting.com will be able to attract additional revenue from advertisers wanting to reach this defined market. HooplaRecruiting.com will be able to offer advertisers specific reports on the demographics and internet behavior of their customers through SyncCast’s XStream Logger Plugin (See Appendix A: DRM Products/Services). In addition, HooplaRecruiting.com will purchase Mailbots software to better identify the effectiveness of its email marketing which will help better define its customer base. A list of potential advertisers is included in Appendix B.
VI. Operations

The technological aspects of the website, database, and video streaming capabilities are critical to the success of HooplaRecruiting.com. Understanding the importance of technology to HooplaRecruiting.com’s success and realizing the complexity of the video streaming portion of the database, Management has decided to outsource the video streaming to a company specializing in webcasting solutions. After research and recommendations by several top audio/visual experts, HooplaRecruiting.com has chosen SyncCast, a full service webhosting and video streaming company.

High school prospects will mail their game film (in VHS or DVD format) directly to:

HooplaRecruiting.com
P.O. Box XX
Indianapolis, IN 46204 USA

After careful consideration of the options, all game films will be streamed directly from storage to the subscribing coach’s computer. This will prevent coaches from downloading the game film directly onto their hard drive and sharing it with other non-subscribing coaches. It also prevents any misuse of a student athlete’s game film, ensuring added protection to each prospect. Digital Rights was also a major security concern for HooplaRecruiting.com. Through Digital Rights Management agreements and video encryption techniques, each prospect can rest assured her film is only being viewed by eligible collegiate coaches.

HooplaRecruiting.com will confirm each tape is actually game film, convert each game film into webcasting format through Windows Media Encoder, encrypt each file using SyncCast’s software, and upload the encoded, compressed game film file directly to the server. SyncCast will then lay the game film link into the respective uploaded profile on HooplaRecruiting.com database to be viewed by collegiate coaches around the country.

Once received by HooplaRecruiting.com, each game film will be linked to the appropriate uploaded profile within five business days. Once online, it may be viewed by any subscribing coach at any time. They can watch each film as many times as they wish (at $1.99/viewing).
The coaches must have Windows Media Player streaming server, which can be downloaded for free. A link will placed on HooplaRecruiting.com’s website, enabling any coach without an updated version of Window Media Player to link directly to the download site. Windows Media was chosen as opposed to Real Player or any other media streaming software due to its superior Digital Rights Management capabilities.

After an interested coach double-clicks on the video link on a prospect’s profile page, the game film will immediately begin streaming onto the coach’s computer with virtually no download time. This benefit gives coaches immediate access to view prospects at any time!

HooplaRecruiting.com will also purchase storage space and webcasting bandwidth directly from SyncCast on a buy-as-you-need basis. Bandwidth can be purchased at any time and instantly added to the bandwidth account.

HooplaRecruiting.com will get a streaming client account on SyncCast’s website, allowing Management to track exactly how much bandwidth and storage space are used/unused, how many profiles have been submitted and uploaded, who is looking at the videos, how long each coach watched the videos, and any other important details pertaining the HooplaRecruiting.com account. This gives Management a means to track and control costs as well as a great way to understand exactly who is logging on. This will help when HooplaRecruiting.com attempts to attract advertisers in Year 3.

**Specific Uploading Objectives**

HooplaRecruiting.com understands the importance having quality and quantity in terms of its player profiles in the database. After speaking with high school coaches, AAU coaches, and high school/ Jr. College prospects, HooplaRecruiting.com has projected profile and video uploads for the first four fiscal years of operation, as shown in Chart 6.1.
Table 6.1 shows the outsourcing costs associated with the previous upload projections.

<table>
<thead>
<tr>
<th>Year</th>
<th>Setup Fee</th>
<th>Storage Costs</th>
<th>Bandwidth Costs</th>
<th>DRM Costs</th>
<th>Total Web Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>500</td>
<td>1,446</td>
<td>1,874</td>
<td>6,000</td>
<td>9,820</td>
</tr>
<tr>
<td>2</td>
<td>3,033</td>
<td>10,074</td>
<td>6,000</td>
<td></td>
<td>19,107</td>
</tr>
<tr>
<td>3</td>
<td>5,292</td>
<td>33,262</td>
<td>6,000</td>
<td></td>
<td>44,554</td>
</tr>
<tr>
<td>4</td>
<td>8,820</td>
<td>57,011</td>
<td>6,000</td>
<td></td>
<td>71,831</td>
</tr>
</tbody>
</table>

Video streaming costs are HooplaRecruiting.com’s largest expense. And although HooplaRecruiting.com has a general idea about the number of high school student athletes who will upload their profile in the first four years, there is the possibility words spreads faster than assumed and more prospects are uploading profiles and submitting game film than expected. To counter these fluctuating costs, coaches will pay an additional $1.99 each time they view a game film. While uploading videos is a major expense, the revenue generated from coaching viewing these game films results in a significant revenue stream by Years 3 and 4, bringing in $204,293.40 and $350,160.40 respectively.

There are several streaming companies on the market that will be able to handle the large storage and streaming needs of HooplaRecruiting.com. These streaming companies have similar services and comparable prices. Most offer monthly packages with varying GB of storage and bandwidth. Some even require they do all video encoding. And Management has chosen the best
outsourcer for its hosting and video streaming needs, the fact remains that there are multiple companies capable of hosting and streaming HooplaRecruiting.com’s content, thus reducing an overdependence on one company. A few of the best alternate outsourcing companies are:

- VitalStream
- Video Streaming Services
- MPEGNation
- MarCom: Interactive
- E-scape Media

**Location, Facilities, and Equipment**

HooplaRecruiting.com will begin as a home-based company. CEO/President, Kate Endress will work from her home office. During July 2006, she and one roommate will rent a three bedroom apartment at Riley Towers, located at 650 N. Alabama Street, Indianapolis, IN 46204. The third bedroom (12’ x 13’) will be used as Ms. Endress’ office. This will greatly reduce start-up costs, allowing HooplaRecruiting.com to become profitable earlier.

The Indianapolis area is a prime location for HooplaRecruiting.com headquarters for a few reasons:

1. NCAA headquarters are located in downtown Indianapolis, allowing for a better relationship with executive members.
2. Indianapolis is a major center for women’s basketball. They just hosted the 2005 Women’s Final Four NCAA tournament.
3. Indianapolis is centrally located within the Midwest, allowing for shorter travel times to various recruiting events.

During April 2006 when Ms. Endress hires two more employees, HooplaRecruiting.com will move into office space rented just north of Indianapolis, at:

CMC Carmel Office Center
13295 Meridian Corners Blvd.
Site 116, Carmel, IN 46032
CMC Properties specializes in providing premiere small office space. They offer many extra benefits that will help HooplaRecruiting.com transition into a thriving company, including:

- On-site management
- Administrative support
- Conference facilities
- High-Speed Internet access
- Photocopying/Faxing Service
- Package acceptance
- Furniture Rental
- Individually Controlled HVAC
- Simple, short term leases
- Custom designed office space (that is easily expandable)

HooplaRecruiting.com will start off renting a “Double Suite” office space (956 sq. ft. for $990/month.) This office space will house three main offices for the three main employees and have room for all business equipment. During May of Year 3 (2008), HooplaRecruiting.com will expand its office space into a “Triple Suite” (1500 sq. ft. for $1520/month.) This larger workspace will house all employees, including two Marketing Interns, who will share a larger office.
VII. Critical Risks

HooplaRecruiting.com has carefully evaluated the potential risks and challenges involved in starting up this new venture. The following are the most pertinent risks and challenges:

1) Online recruiting services currently have a negative connotation associated with them in the minds of collegiate coaches. Coaches don’t feel these services are credible, because the recruiting services charge the student athlete in exchange for promoting them to colleges. This evident by the number of college coaches who don’t even look at the profiles sent to them by online recruiting services.39

**Counter:** HooplaRecruiting.com must make coaches understand the difference between their unbiased database of prospect uploads and other online recruiting services that promote anyone for a fee. They will accomplish this by emphasizing this difference throughout the marketing process.

2) Competitors might try to copy HooplaRecruiting.com’s business model and provide information on high school student athletes for free. This would create direct competition for the same market and leave college coaches to decide which service is a better value. HooplaRecruiting.com’s concept has already revealed to the public in various news articles, so the potential of someone stepping in creating a very similar venture is definitely a possibility, either in women’s basketball or in other sports.

**Counter:** HooplaRecruiting.com feels it is critical they are the first to market. By being the first product with its business model, HooplaRecruiting.com feels it can capture a large portion of market share in the first few years of operation creating a large barrier to entry.

3) While college coaches recruit players year round, there is a defined recruiting season in NCAA women’s basketball. June and July, the heart of the recruiting season, will the

39 Interview with Tracy Roller, Head women’s basketball coach at Ball State University, October 12, 2004
most important for HooplaRecruiting.com in terms of getting prospect uploads and getting college coaches to subscribe to the service. The HooplaRecruiting.com website must be able to handle and support this high traffic season.

**Counter:** After thoroughly researching the video streaming industry, HooplaRecruiting.com has chosen SyncCast, Inc. to handle its video streaming needs. SyncCast is also a leading CDN, a globally load balanced network, utilizing tier-1 Internet backbones. SyncCast™ is also a partner with leading technology companies such as Microsoft, Dell, and FotoKem. Management has sent SyncCast’s management team all uploaded profile projectionss and storage space required, and they have ensured the video files, although large, will be very manageable through their network. They have confirmed that high traffic patterns (probably during the summer months) will not be a problem.

4) It is difficult to estimate the rate at which AAU participants and other high school prospects will buy into the HooplaRecruiting.com concept and upload their profile to the website. It is also difficult to estimate how many of these prospects will actually submit their game film to be linked to their profile. If uploaded profile estimates are too low, it will take longer than expected to get enough uploaded profiles to make the website valuable to subscribing coaches, reducing the chances of reaching subscription sales projections. On the other hand, if estimates are too high, costs could be higher than expected, cutting into returns.

**Counter:** HooplaRecruiting.com has spoken with many AAU and high school coaches as well as dozens of high school student athletes to generate upload assumptions. Marketing efforts will also play a major part of achieving upload projections, as they can be tailored to adjust to demand.

5) NCAA Bylaw 11.3.2.5 states that all recruiting services must charge the same fee to all colleges regardless of division. Since HooplaRecruiting.com can not charge a lower fee to schools with smaller budgets, it is forced to charge the same fee to every college
coach. They will price their service at a level that is in supported by market research and will still make it a profitable company.

Counter: HooplaRecruiting.com will follow all NCAA Bylaws, including 11.3.2.5, which will ensure it charges the same fee to all coaches. However, it will also make a case directly to NCAA headquarters to reexamine this rule. According to Vanessa Fuches, an NCAA membership services and compliance associate, the rule was initially put in place to prevent college coaches from getting an unfair recruiting advantage (i.e. receiving a scouting report for free) over a competing college by establishing favorable relationships with various recruiting services. HooplaRecruiting.com is instead looking to level the playing field and allow a valuable service be available and affordable for all coaches regardless of division. If the NCAA votes to change that rule, HooplaRecruiting.com can charge a lesser fee to small-budget schools and a larger fee to larger-budget schools, maximizing market share and profit. If the NCAA refuses to change the rule, HooplaRecruiting.com will continue to charge a single fee to all coaches and will just lose out on the additional market share that could be gained from a staggered pricing strategy.
VIII. Exit Strategies

HooplaRecruiting.com is looking for a $120,000 investment from an Angel investor in exchange for 120,000 preferred units of HooplaRecruiting.com stock. The Angel Investor will be fully repaid for his/her initial $120,000 investment along with a redemption premium (11% if paid back at the end of Year 1, 23.2% if paid back at the end of Year 2, 40.5% if paid back at the end of Year 3, and 63% if paid back by the end of Year 4., and so on.) This gives HooplaRecruiting.com’s Management team incentive to pay back investors in a timely manner. These preferred units will be paid back in full before any common stock units are paid. In addition to the investment reimbursement and the redemption premium, the investor will also receive 15% of the company. Assuming a cash multiplier of 3, the investor will receive a 34% IRR. Assuming a cash multiplier of 4, the investor will receive a 39% IRR. Assuming a cash multiplier of 5, the investor will receive a 43% IRR.

Additional rounds of financing may be necessary after Year 4, as HooplaRecruiting.com looks to expand into new markets. It is reasonable to project that HooplaRecruiting.com will be correctly positioned to sell the business to a larger company in Year 6 through 8. After Year 4, HooplaRecruiting.com will look to expand its service beyond women’s basketball and into men’s basketball, professional men’s and women’s basketball abroad, and even other collegiate sports altogether, such as football, swimming and diving, track and field, baseball, field hockey, gymnastics, golf, volleyball, tennis, and soccer. By expanding the service, HooplaRecruiting.com will make itself more attractive to larger companies wanting to move into recruiting service industry or by other recruiting services who are looking to move into various sports.
IX. Milestones

HooplaRecruiting.com's goal-oriented attitude will ensure the company is constantly on a successful track. Figure 9.1 shows the major milestones during the first fiscal year.

Figure 9.1 Timeline of Event- Fiscal Year 1

Year 1 Milestones

1) Get Funding

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO</td>
<td>05/3/05</td>
<td>7/01/05</td>
<td>$0</td>
</tr>
</tbody>
</table>

2) Website (and database) fully operational

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO</td>
<td>07/1/05</td>
<td>12/31/05</td>
<td>$4,000 and 4% of the company</td>
</tr>
<tr>
<td>Outsourced to: Sarah Endress</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
3) 500 Prospect Profiles Uploaded

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO</td>
<td>07/1/05</td>
<td>12/31/05</td>
<td>$6,138</td>
</tr>
</tbody>
</table>

4) Move into New Office Space

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO</td>
<td>04/1/06</td>
<td>05/1/06</td>
<td>$8550 + $990/mo.</td>
</tr>
</tbody>
</table>

5) Hire Full-time VP/ Marketing Director & Technology Director

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO</td>
<td>4/1/06</td>
<td>5/01/07</td>
<td>$100</td>
</tr>
</tbody>
</table>

6) Obtaining 130 first year subscription sales

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>1/1/06</td>
<td>10/01/05</td>
<td>Result of $16,842 Marketing Effort</td>
</tr>
</tbody>
</table>

Year 2 Milestones

5) Hire Full-time Assistant Marketing Director

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>5/1/07</td>
<td>6/01/07</td>
<td>$50</td>
</tr>
</tbody>
</table>

6) 2889 Total Prospect Profile Uploads- (2044 New)

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>7/1/05</td>
<td>9/30/07</td>
<td>$19,107</td>
</tr>
</tbody>
</table>
7) Obtaining Second Year Subscription Sales Projections- 202 New, 306 Total

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>10/1/06</td>
<td>9/30/07</td>
<td>Result of $20,000 Marketing Effort</td>
</tr>
</tbody>
</table>

Year 3 Milestones

8) Hire Two Summer Marketing Interns

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duffy Burns, Vice President/Marketing Director</td>
<td>3/1/07</td>
<td>5/01/07</td>
<td>$100</td>
</tr>
</tbody>
</table>

9) Move into Larger Office Space

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO</td>
<td>05/1/07</td>
<td>06/1/07</td>
<td>$1250/mo.</td>
</tr>
</tbody>
</table>

10) Obtaining third year subscription sales 301 New, 507 Total

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>10/1/07</td>
<td>9/30/08</td>
<td>Result of $25,800 Marketing Effort</td>
</tr>
</tbody>
</table>

11) 5040 Total Prospect Profile Uploads- (3018 New)

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>10/1/07</td>
<td>9/30/08</td>
<td>$44,554</td>
</tr>
</tbody>
</table>
### Year 4 Milestones

12) Hire Two Summer Marketing Interns

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duffy Burns, Vice President/Marketing Director</td>
<td>3/1/09</td>
<td>5/01/09</td>
<td>$100</td>
</tr>
</tbody>
</table>

12) Obtaining fourth year subscription sales 456 New, 928 Total

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Duffy Burns, Vice President/Marketing Director</td>
<td>10/1/08</td>
<td>9/30/09</td>
<td>Result of 35,100 Marketing Effort</td>
</tr>
</tbody>
</table>

13) 8,400 Total Prospect Profile Uploads- (4827 New)

<table>
<thead>
<tr>
<th>Personnel Responsible</th>
<th>Date Started</th>
<th>Date Ended</th>
<th>Costs</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kate Endress, President/CEO &amp; Duffy Burns, Vice President/Marketing Director</td>
<td>10/1/08</td>
<td>9/30/09</td>
<td>$71,831</td>
</tr>
</tbody>
</table>
X. Financial Data and Projections

Current Financial Status

HooplaRecruiting.com is currently in start-up mode. Management will look to raise a total of $205,000, all financed with equity. Specific financing needs are further broken down as follows:

- $5,000 contributed by President, CEO, Kate Endress
- $80,000 contributed by Friends and Family
- $120,000 investment from an Angel investor

This amount of capital will allow HooplaRecruiting.com to effectively enter the women’s basketball recruiting scene. Additional rounds of financing may be necessary after Year 4, as Management will look to expand HooplaRecruiting.com into other markets, namely men’s basketball and other collegiate sports.

Intended Use of Funds

Management will use the $205,000 for a number of specific purposes, including:

1. Website Design and Development ($4,000)
2. Business Equipment ($14,814)
3. Legal Expense ($11,500 in first year for trademark, LLC set up, etc.)
4. Marketing Campaign ($16,842 in the first fiscal year)
5. Salaries and Wages ($81,250 in first year, including hiring two key management members)
6. Webhosting/Video Streaming Fees ($9,820 in the first year)
7. Additional Miscellaneous Start-up Expenses

Terms of Investment

HooplaRecruiting.com will offer an Angel Investor 120,000 preferred units of HooplaRecruiting.com stock for $120,000. These preferred units ensure the Angel Investor will receive their investment reimbursement ($120,000) and a 63.10% redemption premium at the end of Year 4, before any other common units are paid. In addition, the Angel Investor will receive 15% ownership of the company, resulting in over $195,000 paid out (assuming a cash multiplier of 3) at the end of Year 4. Under these circumstances, the Angel Investor would receive a 34% Internal Rate of Return.
For other investment information, refer to “The Deal” Worksheet in Appendix E.

Financial Assumptions

Subscription Sales- Includes all revenue from new coaching staff subscriptions, 80% of previous year’s subscriptions, and 90% of subscriptions held for two years or more.

Click Sales- Includes all revenue from coaches viewing prospects’ streaming video. The price per “click” is $1.99. For Years 1 and 2, it is assumed that each coaching staff will view 12 streaming videos per month. For Years 3 and 4, it is assumed each coaching staff will view 20 streaming videos per month. Each coach will watch an average of 18 minutes of game film.

Advertising Sales- Starting January 2006 (Year 2), advertising will result in 5% of Subscription Sales + Click Sales.

Total Sales= Subscription Sales + Click Sales + Advertising Sales

Payment to Web Host- Includes Storage Fee, Bandwidth Fee, Digital Rights Management Fee, and an initial Set up Fee.

Gross Margin= Total Sales - Payment to Web Host

Salaries and Wages- President/CEO, Kate Endress, will make $35,000 for the first three fiscal years and $55,000 during Year 4. Vice President/Marketing Director, Duffy Burns, will make $50,000 for his first year of work and receive a 16% pay raise every May for satisfactory performance marks. The Technology Director will start with an annual base salary of $40,000 with a 12% pay raise every year for satisfactory performance marks. The Assistant Marketing Director will start with an annual base salary of $35,000 with a 16% pay increase every year for satisfactory performance marks. The Marketing Interns will receive $9/hour plus school credit.

Benefits- All employees will receive healthcare benefits, including dental and vision, until May 2007, at which point all full-time employees will receive full benefits including healthcare
benefits, including dental and vision, 401 k, two weeks time off per year, Social Security, Disability, and Pension.

*Payroll Taxes*- Includes Social Security Tax (7.65% of first $90,000 per employee), State Unemployment Tax (2.7% of first $7,000 per employee), and Federal Unemployment Tax (.8% of first $7,000 per employee.)

*Rent*- Includes $400/month payment when HooplaRecruiting.com is being ran out of President/CEO, Kate Endress’ apartment in Indianapolis. Upon moving into an office building during April 2006, rent will go up to $990/month. During May 2008, HooplaRecruiting.com will move into a larger office space and pay $1520/month.

*Insurance*- All insurance estimates were developed using a quote from Torian, Hofmann, Dillow & Flittner, a full service insurance agency out of Evansville, IN. Please refer Appendix D for further information.

*Marketing*- Includes letterhead, envelopes, business cards, mailings to high school coaches, AAU coaches, company shirts, promotional referral expense, sponsorships, booths, flyers, and traveling expenses for key sales personnel. This total expense will equal $16,842 in the first fiscal year, $20,000 in Year 2, $25,800 in Year 3, and $35,100 in Year 4.

*Office Expenses*- Includes Blackberry bill, Lingo phone bill, furniture rental, ISP, Mailbots bill, and a PO Box Rental for the first nine months of operation.

*Professional Services*- Includes a $4,000 Website Design & Development expense, a $2,000 annual accounting expense, a $10,500 first year legal expense ($5,000 for Years 2 and 3, and $7,500 for Year 4), and a $19 per-employee per-pay-period (two weeks) payroll expense.

*Depreciation*- Straight-line depreciation method is used. Typical Asset lives are as follows:

- Computers, video cards, Blackberries, and software- 4 years
- Other Office equipment- 5 years
- Home Office Furniture- 7 years
Total G&A Expense- The summation of all general and administrative expenses.

EBIT = Gross Margin – G&A Expenses

Earnings Before Taxes = EBIT, since there is no interest expense

Tax Distributions to Shareholders- Includes State Tax (5%) and Federal Income Tax (25%), not starting until Retained Earnings > 0.

Net Income = EBT – Tax Distributions to Shareholders

Beginning Cash Balance = Previous Month’s Ending Cash Balance

Net Sales = Total Revenue from respective Income Statements

Total Cash Available = Beginning Cash Balance + Net Sales

Total Current Assets = Cash Balance

Total Non-current Assets = Equipment – Cumulative Depreciation

Total Assets = Total Current Assets + Total Non-Current Assets

Retained Earnings = Cumulative Net Income

Common/Preferred Stock = Initial Investment

Total Equity = Retained Earnings + Common/Preferred Stock

Total Liabilities and Equity = Total Liabilities + Total Equity