

1.0 Executive Summary

Hazmat Removal Services Inc. will design customized waste management applications specifically for the nuclear power industry. HRS plans to initially offer their services initially in the southeastern United States.

1.1 Mission Statement

The mission of HRS is to offer a robotic waste management alternative to the nuclear power industry to protect workers from exposure to nuclear waste in the case of an accident. An HRS waste management solution guarantees their protection by separating the workers from the hazardous material by allowing the user to control a robot to manipulate the waste from a safe location. For added benefit, HRS robotic solutions are also more efficient.

1.2 Keys to Success

- Partnership with Grand Gulf facility for flagship solution.
- Capture 33% of the market by end of year 2
- Capture 100% of market by end of year 4
- 100% customer satisfaction

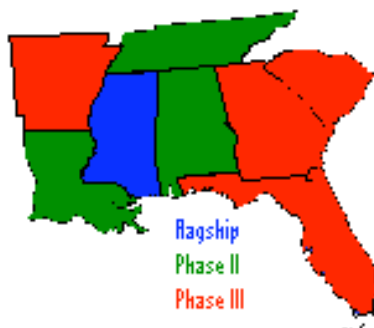


Figure 1.2.a Target Market Map

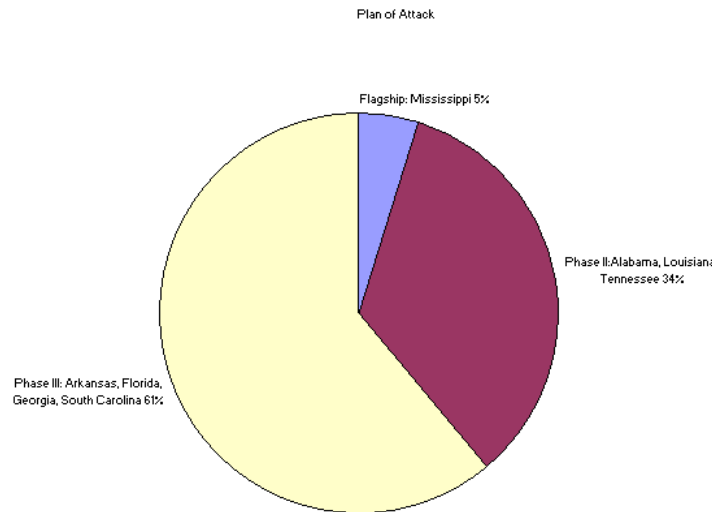


Figure 1.2.b Target Market Chart

5.0 Strategy and Implementation Summary

HRS Inc. plans to achieve a marketable product by creating a flagship solution at the Grand Gulf nuclear power plant to display the potential safety and efficiency benefits offered by an HRS solution. For this approach to be successful, having 100% client satisfaction is vital. The nuclear power industry is a very small and specialized industry with only 17 plants in the southeastern United States. That is the reason HRS solutions are each a custom design for the specific plant. Having a custom design allows the end user to improve employee safety along with efficiency, since the solution is catered to the specific needs of the plant.

5.1 Implementation Strategy

Once the flagship solution is complete, HRS plans shift its sales force to neighboring states including Louisiana, Alabama, and Tennessee. This is to maximize the assistance of communication between administrators at the plants to spread information about the benefits of an HRS solution. Using this methodology, HRS plans to achieve 100% control of the southeastern United States market within the next 4 years. By making use of word of mouth, and focusing on locations closest to current operations, HRS will be able to minimize direct sales costs and travel costs accrued by the sales team.

To guarantee complete customer satisfaction, HRS will make use of the methods listed in Figure 5.0.a. All HRS employees who work at the client site will have a full understanding of how to operate the equipment along with knowledge of how to repair critical components. This allows HRS to offer immediate customer support minimizing the down time due to any system failure. Also, HRS guarantees the client will be completely satisfied by working closely with the client to set clear guidelines which the project will adhere to. By setting and achieving these guidelines, HRS is able to guarantee that each solution meets the client's expectations without any additional surprises.

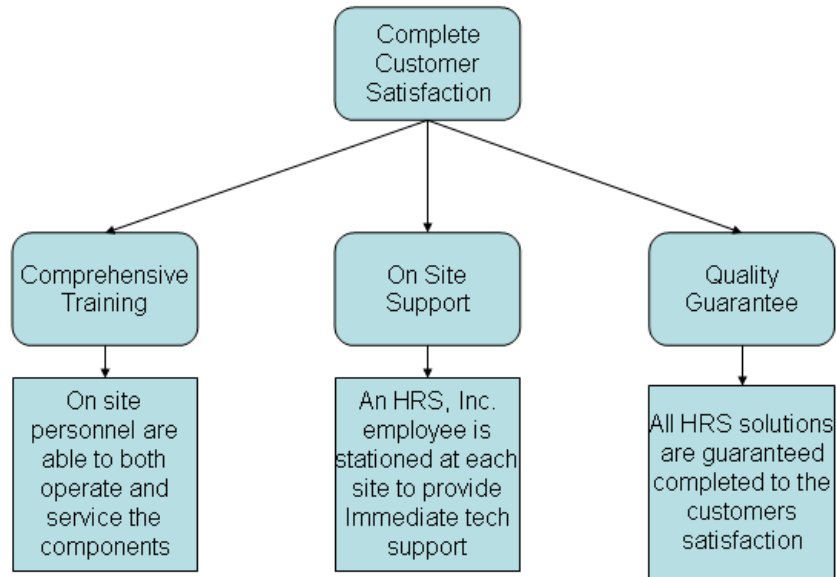


Figure 5.1.a : Strategy Pyramid

5.2 Milestones

- Year 1 Quarter 2 : Complete necessary EPA licensing and approval for MS
Implement Grand Gulf prototype solution
- Quarter 4: Achieve 100% client satisfaction at Grand Gulf site
Complete necessary EPA licensing and approval for Alabama, Tennessee, and Louisiana
- Year 2 Quarter 4: Achieve 100% market control in Alabama, Louisiana, and Tennessee
Achieve 100% client satisfaction across customer base
- Year 3 Quarter 4: Complete necessary EPA licensing and approval for Arkansas, Georgia, Florida, and South Carolina
- Year 4 Quarter 4: Achieve 100% market control in Arkansas, Georgia, Florida, and South Carolina
- Year 5 Quarter 2: Achieve 100% customer satisfaction in Arkansas, Georgia, Florida, and South Carolina

7.0 Financial Plan

7.1 Assumptions

For the purpose of financial analysis, HRS has made the following assumptions:

- HRS will be able to negotiate a deal with the Grand Gulf plant.
- HRS will be able to capture 33% of the target market by EOY 2
- HRS will be able to capture 100% of the target market by EOY 4
- No competition will be present during the analysis period
- HRS will not expand into other geographic regions

The negative cash flow depicted in the following sections beginning with year 5 is due to this last assumption. For the purpose of approximations, any sales outside of the southeastern states are being ignored. For all practicality, HRS will continue their expansion outside of this boundary to further their growth.

7.2 Projected Sales

HRS feels that due to the specialized nature of each solution, that \$1.25 million is a marketable price for the service. To assist with costs of maintaining the site, a maintenance fee of \$100,000 is accessed each year following the installation. This allows HRS to sustain itself completely off of maintenance fees following the close of year 4.

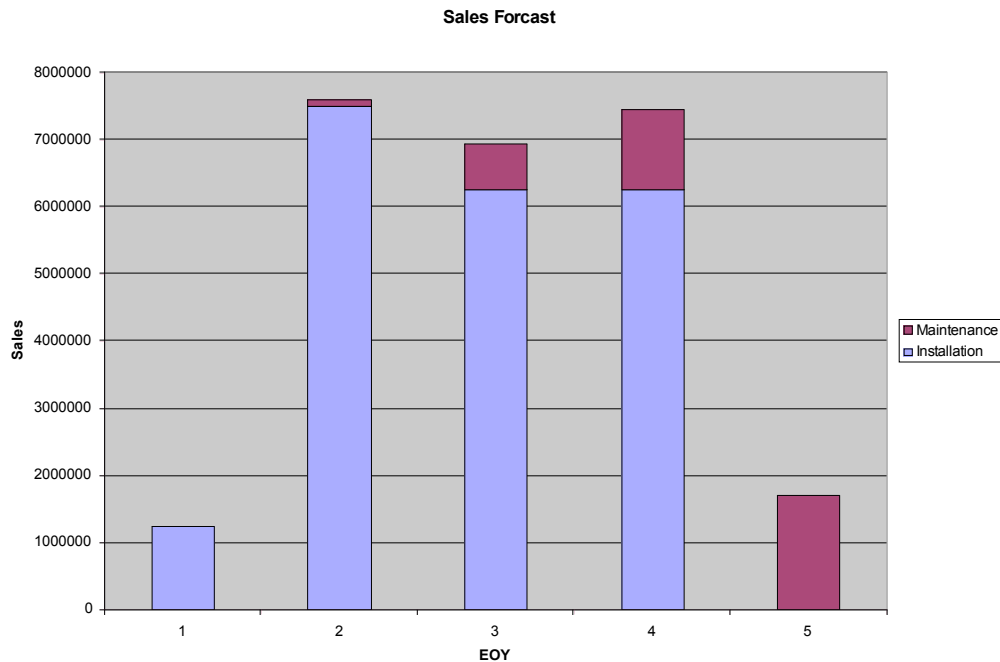


Figure 7.2.a : Breakdown of sales

7.3 Projected Expenses

Due to the specialization of the project, much of the value in the HRS solution is the intellectual property of HRS. This limits the costs to employee salaries, sales expenses, general office expenses, and manufacturing costs.

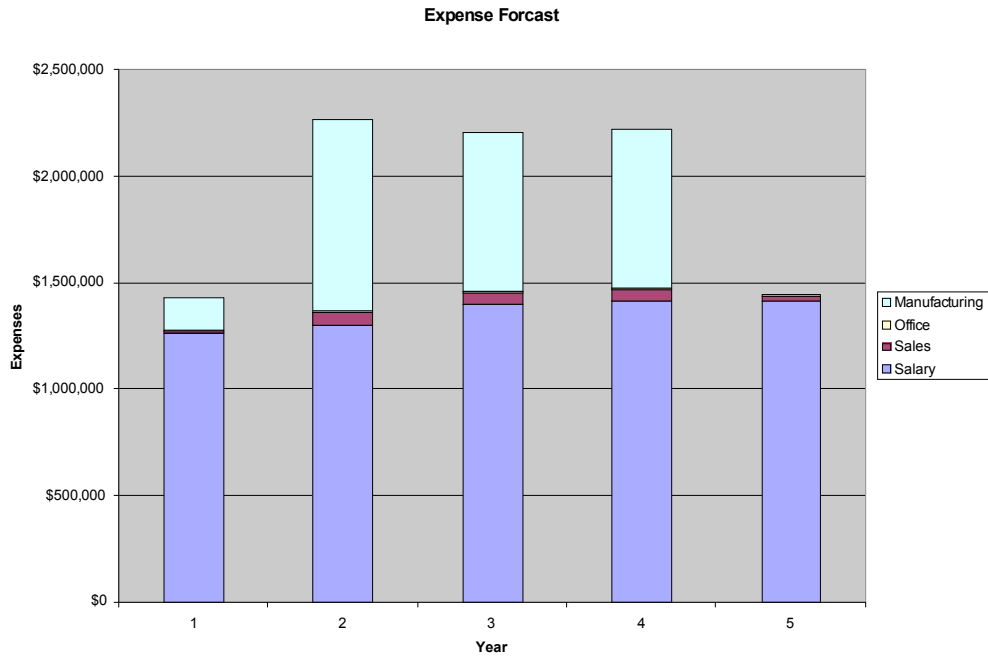


Figure 7.3.a : Breakdown of Expenses

7.4 Salary Breakdown

Table 7.4.a : Salary Distribution

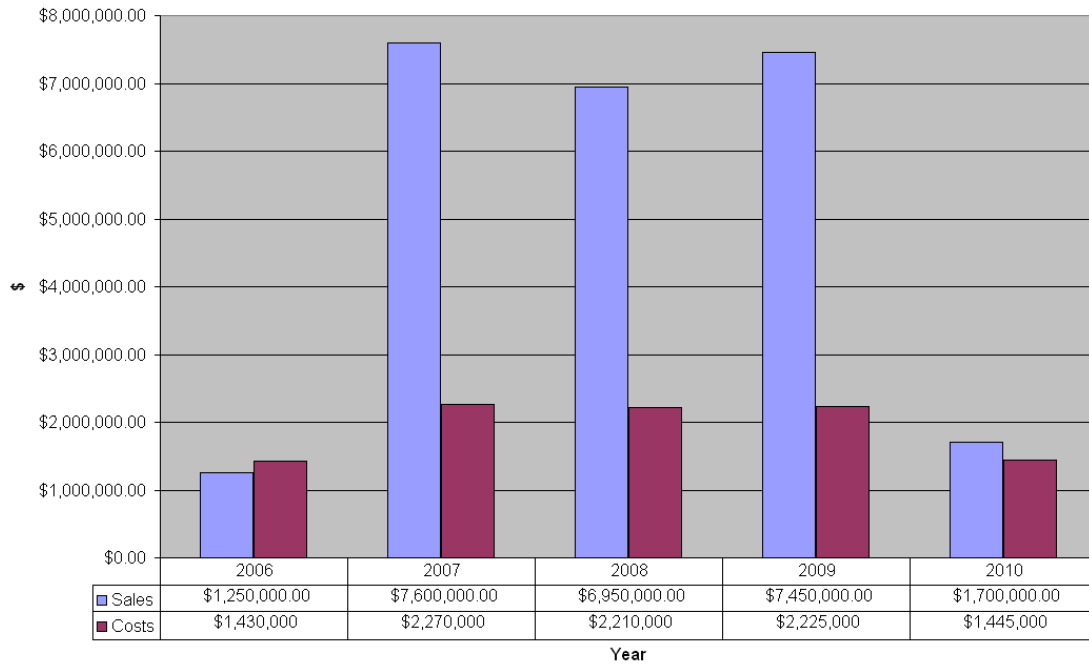
Personnel	Employees	Salary(07)	Salary(08)	Salary(09)	Salary(10)	Salary(2010)
CEO	1	\$100,000	\$110,000	\$115,000	\$120,000	\$120,000
Human Resources Total	1	\$45,000	\$45,000	\$50,000	\$45,000	\$45,000
Division Head	1	\$45,000	\$45,000	\$50,000	\$50,000	\$50,000
Implementation Total	5	\$320,000	\$330,000	\$355,000	\$360,000	\$360,000
VP Client Satisfaction System Implementation Division Head	1	\$100,000	\$110,000	\$115,000	\$120,000	\$120,000
Engineers	1	\$45,000	\$45,000	\$50,000	\$50,000	\$50,000
Engineers	3	\$175,000	\$175,000	\$190,000	\$190,000	\$190,000
Engineers	1	\$75,000	\$75,000	\$80,000	\$80,000	\$80,000
Engineers	2	\$50,000	\$50,000	\$55,000	\$55,000	\$55,000
R&D Total	7	\$460,000	\$470,000	\$505,000	\$510,000	\$510,000
VP Solution Design Division Head	1	\$100,000	\$110,000	\$115,000	\$120,000	\$120,000
Engineers	3	\$175,000	\$175,000	\$190,000	\$190,000	\$190,000
Engineers	1	\$75,000	\$75,000	\$80,000	\$80,000	\$80,000
Engineers	2	\$50,000	\$50,000	\$55,000	\$55,000	\$55,000
R&D Division Head	3	\$185,000	\$185,000	\$200,000	\$200,000	\$200,000
Engineers	1	\$75,000	\$75,000	\$80,000	\$80,000	\$80,000
Engineers	2	\$55,000	\$55,000	\$60,000	\$60,000	\$60,000
Finance Total	6	\$340,000	\$350,000	\$380,000	\$385,000	\$385,000
VP Accounting Division Head	1	\$100,000	\$110,000	\$115,000	\$120,000	\$120,000
CPA	3	\$150,000	\$150,000	\$165,000	\$165,000	\$165,000
CPA	1	\$60,000	\$60,000	\$65,000	\$65,000	\$65,000
CPA	2	\$45,000	\$45,000	\$50,000	\$50,000	\$50,000
Sales Sales Team	2	\$90,000	\$90,000	\$100,000	\$100,000	\$100,000
Sales Team	2	\$45,000	\$45,000	\$50,000	\$50,000	\$50,000
Total	20	\$1,265,000	\$1,305,000	\$1,405,000	\$1,420,000	\$1,420,000

7.5 Sales vs Costs

While the sales outweigh the costs for the first three years, for a steady profit to be guaranteed at year 4, at least 17 plants must be operating with HRS maintained waste management systems.

Table 7.5.a Sales vs Costs

Sales vs Costs



7.6 Income Statement

Table 7.6.a contains the income statement for HRS Inc over the first 5 years.

Table 7.6.a Income Statement

Year	1	2	3	4	5
Sales	1250000	7600000	6950000	7450000	1700000
COGS	250000	1500000	1250000	1250000	170000
Gross Margin	1000000	6100000	5700000	6200000	1700000
GM Percentage	0.8	0.802632	0.820144	0.832215	.99
Administrative Salary	1265000	1305000	1405000	1420000	1420000
General Expenses	360,000	2,145,000	2,005,000	2,180,000	605,000
Rent	5,000	5000	5000	5000	5000
Sales Expense	5000	5000	5000	5000	5000
Taxes	350000	2135000	1995000	2170000	595000
Net Income	-975000	515000	295000	430000	-937000

7.7 Cash Flow Statement

Table 7.7.a contains the quarterly cash flow statement for HRS during the first year of business.

Quarter	1	2	3	4
Beginning Balance	750000	756250	512500	268750
Cash In	500000	250000	250000	250000
Cash Out	493750	493750	493750	493750
Cash Flow	6250	-243750	-243750	-243750
Ending Balance	756250	512500	268750	25000

Table 7.7.b contains the yearly cash flow statement for HRS during the first 5 years of business.

Year	2006	2007	2008	2009	2010
Beginning Balance	750,000	25000	2040000	3585000	5265000
Cash In	1250000	7600000	6950000	7450000	1700000
Cash Out	1,975,000	5,585,000	5,405,000	5,770,000	2,637,000
Cash Flow	-725000	2015000	1545000	1680000	-937000
Ending Balance	25000	2040000	3585000	5265000	4345000

As mentioned previously, starting with year 5, HRS begins showing a loss of nearly 1,000,000 each year. Sales of only 1 system per year outside of the southeastern region will balance this loss and total sales of at least 10 systems outside the southeast will offer enough income from maintenance charges to eliminate this loss permanently.