

MC LAWN SERVICES

BUSINESS PLAN

Cody Meglio and Vivian Cline, Partners

80 Browns Lane, Newport, Ohio

Telephone: 740-555-0123

Fax: 740-555-0124

13 November 2006

TABLE OF CONTENTS

1	Cover Page
2	Table of Contents
3	Executive Summary
6	Purpose, Management, and Structure
8	Services and Pricing
10	Competition
13	Competitive Advantage
15	Marketing and Advertising
17	Risks
21	Financials
24	Appendix
24	Part I: Job Descriptions, Work and Time Schedules, Organizational Chart
26	Part II: Partnership Agreement
28	Part III: Standard Customer Contract
32	Part IV: Licenses and Permits
33	Part V: Advertising and Marketing Materials

EXECUTIVE SUMMARY

MC Lawn Services will be a partnership between Vivian Cline and Cody Meglio, whose purpose is to earn a profit from continuing operations. The business plans to start operations in August of 2007. The Company will not hire employees in order to keep costs down and avoid the litany of government regulations. This decision will also result in increased sales due to fewer costs. Each partner will be compensated with an equal share of the venture's end profit. Cline and Meglio are both to be given the title of "Partner" in this business and will take an equal share of the workload involved in running it. The ultimate goal of the business is to remain small and local, but to provide enough income for each of the partners to live comfortably.

MC Lawn Services (MCLS) plans to offer a wide array of services relating to the external personal property of its customers in order to maintain the integrity of and to beautify the lawn. The principal service that MCLS plans to offer is commercial and residential lawn trimming and maintenance. MCLS will also provide the customer with other services that aid in the growth of grass and other foliage on the property, and degenerate the growth of weeds, which will include the distribution of weed, insect, and pest control solution, fertilizer, and mulch. Lastly, the company will offer seasonal services, including snow and leaf removal, to its customers.

The top three companies involved in the lawn care maintenance business in the Marietta, Ohio area are Spring-Green Lawn and Tree Care, Green Care, and Ground Works. All three companies offer mowing and lawn trimming services, fertilization, mulching, and lawn maintenance to its customers. In addition, each company specializes and offers its own unique blend of lawn-related services. None of the three competitors buy advertising. All three proprietors possessed knowledge about lawn care in order to get the job done. The quality of the service they provide is at least adequate.

MC Lawn Services will offer better prices, a better location, and better customer service than the competition. On all of its services, MCLS will offer its customers a price-match guarantee. In addition, MCLS will promise to match the estimated price of any major competitor AND beat that price by twenty percent. MC Lawn Service's headquarter building is located conveniently between Marietta, Ohio and St. Mary's, West Virginia, allowing MCLS to easily service both Washington County, Ohio and Pleasants County West Virginia. Lastly, although nearly every small business claims to offer its customers excellent service, MCLS will actually honor that pledge. MCLS will achieve this by providing customers fast, friendly, and convenient service with a smile. MCLS will make all of its services customizable and include a money-back guarantee.

The marketing objective is to position MCLS as the premier source for lawn care in Washington and Pleasants County. In addition, advertising will focus on the competitive advantage that MCLS has to offer its customers. The marketing strategy will first create customer awareness regarding services offered by MCLS.

The greatest insurable risks that MCLS faces are the risks of damaging property and injuring people. MCLS must also be concerned about theft, vandalism, and fire. Therefore, MCLS will pay for general liability and business automobile insurance. The cost of basic business automobile insurance coverage on MCLS's two vehicles is \$592 per year, while general liability business insurance will cost \$350 per year. The largest uninsurable risk that MCLS will face is the possible change in weather conditions. In addition, the business faces risk from the weakening economy in the area and from the advent of new lawn care technology. Fortunately, however, MCLS has in-depth plans to prevent these risks from severely damaging the normal operations of the business.

Fiscally, MCLS Lawn Services will not use external financing sources to fund the business. Instead, each partner will contribute some equipment, and Meglio will also contribute a working capital amount totaling \$10,904 to the MCLS bank accounts. The total projected monthly income for MCLS will consist of 35 clients each averaging of revenue of \$175/month and one Government client, the Willow Island Locks and Dam, paying \$3,750/month.

PURPOSE, MANAGEMENT, AND STRUCTURE

The primary purpose of the business partnership formed between Cody Meglio and Vivian Cline, which shall be called MC Lawn Services, is to make a profit from continuing operations. MC Lawn Services will NOT hire ANY employees. This decision allows the business to avoid paying wages, buying worker's compensation insurance, and fretting over complicated employment laws and regulations. In addition, the partners will not receive fringe benefits from the partnership, such as insurance, because those benefits would only increase costs. By keeping costs low, MC Lawn Services (MCLS) can offer its customers the services they demand for the smallest price possible. This will dramatically increase sales and profitability of the company. In addition, neither partner will be paid a salary or earn wages. Instead, every month, Meglio and Cline will each take a forty-five percent share of the profits of the company – allowing ten percent of MCLS's income to be reinvested in the company. This withdrawal amount is payable to both partner on the last day of each month. The partners will take a total of twelve regular, capital withdrawals in any given year.

The partners will take an equal share of the work involved in owning and operating a lawn care/ snow removal business. Cline's official title is "Partner" and Meglio's official title is also "Partner." Both will go out to job sites and use the company's equipment to earn revenue. In addition, both partners will also equally partake in the management activities and paperwork necessary to run the business. Both will prepare invoices, write checks, and do the accounting needed to maintain the business. In essence, MCLS will be a completely EQUAL partnership between Cline and Meglio, in which both share all necessary duties.

Vacations and leave time are to be kept to a minimum at MC Lawn Services. Since there are only two workers to complete jobs, it is important that both partners be present at all times

when MCLS is carrying out jobs. It is for this reason that the partners have decided to take their vacations concurrently. At the beginning of the year, the partners will both agree to a time in which both will take a two week (fourteen day) vacation. The chosen time is to be taken when the partners believe that the level of business activity is lowest. When the partners are on vacation, the business will be temporarily shut down, to be reopened upon their return. In addition to two weeks of vacation time, the partners will also be given five days of sick leave time and three days of personal leave. Funeral leave for each partner is to be included in their personal leave time. On these days, the business will stay open and the other partner will work alone to complete the jobs.

These leave days are effectively unpaid because the partners receive no wages or salaries. Instead, neither partner is penalized in terms of profit sharing for taking those days. If the partner takes more than three personal days and five sick days in a given calendar year, they forfeit one and a half percent of the profit they would normally receive in that given month to the other partner. For example, if Meglio has already taken three personal days in the year 2006 and finds that he needs to take two more days off in the month of December, then he forfeits three percent of the company's December profit to Cline. So, on December 31, Cline will now receive forty-eight percent of the profits of MCLS and Meglio will only get forty-two percent of the business's proceeds.

In addition to leave time, the partnership will also recognize three company holidays – Independence Day (July 4th), Thanksgiving (last Thursday in November), and Christmas (December 25th). On these days, the business will be closed, no services will be performed, and neither partner is expected to partake in ANY work related activities. As with the leave and

vacation policy, these holidays are not paid. However, neither partner will be penalized for taking them because the business will be closed on those days.

SERVICES AND PRICING

The principal service that MC Lawn Services plans to offer is commercial and residential lawn trimming and maintenance. For a small fee, the partnership will use its zero-turn mower, riding mower, and/or push mowers to trim the customer's lawns in order to reduce the length of the individual blades of grass. In addition, the partners will use an edger to trim the outside edges of the lawn, once again, reducing the length of the individual blades of grass along the edge of the lawn. At the end of the service, MCLS will collect the chopped blades of grass, bag them, and dispose of them offsite, leaving a clean and freshly cut lawn for the customer. MCLS will also provide the customer with other services that aid in the growth of grass and other foliage on the property and degenerate the growth of weeds, which will include the distribution of weed, insect, and pest control solution, fertilizer, and mulch. MCLS will purchase each of these materials and then apply them to customers' lawns as necessary, on-demand. MCLS will also offer brush and debris removal. Using a chipper, the partners will condense the debris, then bag it and dispose of it.

The company will also offer seasonal services to its customers. In the fall, in addition to lawn maintenance, MCLS will offer a fallen leaf removal service. Using traditional rakes, leaf blowers, as well as what is known as a "lawn sweeper" attached to the rear of a riding lawn mower, MCLS will rid the fallen leaves from the lawns, sidewalks, and driveways of its customers. It will then bag the leaves and dispose of them offsite. During the winter, MCLS will primarily focus on snow removal. MCLS will invest in a snow blade for the company truck and two snow blowers to remove snow from residential driveways and sidewalks, in addition to commercial parking lots. MCLS is willing to customize any or all of its services to fit customer needs. MCLS will perform an analysis of the lawn of each and every customer, free of charge, in

order to discover how to best meet the needs of the customer. Additionally, upon customer request, MCLS will use the fertilizer, mulch, or pest control solution of the customer's choice in order to satisfy the customer and cater to his or her needs.

Like the other main competitors, MCLS will price its services on a per job basis. The price is based upon the number and frequency of services ordered, the distance from the business location to location of the customer, the terms of the contract and method of payment, etc. In general, a customer looking for a package of basic services, including a mowing, fertilization, and general lawn consultation on a small to medium sized lawn will be charged between twenty and forty-five dollars per visit. MCLS plans to undercut the competition by at least 10%. If we at any time fail to be cheaper than the competition, MCLS will match the estimated price of any major competitor and undercut that price by 20%. MC Lawn Services will also offer bundle pricing; the more services the customer purchases and the more often they purchase those services, the cheaper each service will become.

There will be no materials inventory for MCLS because necessary materials will be purchased on an "as needed" basis from local suppliers. Apex True Value and Tractor Supply, both located in Marietta, Ohio, will be the two main suppliers with which MCLS will be dealing. The terms set up with these suppliers will include a 15% discount with cash sales.

COMPETITION

The top three companies involved in the lawn care maintenance business in the Marietta, Ohio area are Spring-Green Lawn and Tree Care, Green Care, and Ground Works. Each of the three main, named competitors is located in and around the city of Marietta, making each approximately six to fifteen miles from the location of MCLS headquarters. By road, Spring-Green Lawn and Tree Care are 7.7 miles from headquarters, Green Care is 8.0 miles from headquarters, and Ground Works is 14.5 miles from headquarters. These competitors each primarily serve customers living in the Washington County, Ohio and Wood County, West Virginia area, whereas MC Lawn Services also plans to serve Washington County, Ohio, but will focus on Pleasants County, West Virginia rather than Wood County. Each competitor offers a broad and varying selection of services, focusing primarily on the dealing of services, only selling products like fertilizer, grass seed, or mulch, only when they are the ones that install and/or apply the products to customers' properties. Spring-Green, Green Care, and Ground Works all offer mowing and lawn trimming services, fertilization, mulching, and lawn maintenance to its customers. In addition, each specializes and offers its own unique blend of lawn-related services. Spring-Green offers its customers core cultivation and aeration, weed, insect, and disease control, silt seeding, and tree and shrub root feeding. Ground Works offers gutter cleaning and snow and debris removal. Green Care offers hydro-seeding.

Each of the three competitors does comparably little advertising. All three companies have taken out ads in the local Yellow Pages; however, that is about the only advertising that any of the three companies seem to be using. Though one of the three companies may occasionally advertise in the local newspaper or run a seasonal radio advertisement, this sort of advertising is rare. Advertising is a large expense for a lawn maintenance company and adds a lot of overhead

to the business, not only making it more difficult for the company to break even, but also almost forcing the business to raise prices. These companies have already figured out that the majority of their customers come searching for their company via the Yellow Pages and do not simply wander upon a lawn services business through repeated television and radio ads. Only seasonal advertisements or those showcasing special deals are effective when advertised through the conventional media outlets.

After meeting with the proprietors from Green Care, Spring-Green, and Ground Works, it became clear that all three possessed knowledge about lawn care in order to get the job done. In turn, they have taught their employees everything that is necessary to adequately perform on the job. After all, it doesn't take a higher education to cut grass. The key point is that all of the main competitors know what they are doing.

It is extremely difficult to determine the quality of service of the three businesses in question. Without personally paying for a service or hearing someone either praise or criticize the service, it is difficult to make a comment. Since all three are service businesses in a small town, there are no review websites or magazines to consult like there may be in a large city, such as New York or Los Angeles. In addition, one cannot determine the quality of service of a business by asking its proprietor because the proprietor would give the business an unfairly positive review. Lastly, none of the businesses have complaints filed against them with the Better Business Bureau. However, since all three businesses continue to remain operational, one must assume that the quality of the service they provide is at least adequate. If it was not, customers would not continue to support that business, causing it to fail. Therefore, one must conclude that all three businesses are of adequate quality.

COMPETITIVE ADVANTAGE

MC Lawn Services offers better prices, a better location, and better customer service than the competition. On all of its services, MCLS will offer its customers a price-match guarantee. MCLS will promise to match the estimated price of any major competitor AND beat that price by twenty percent. But, MCLS plans to never have to go through with that guarantee because it plans to set prices low from the very beginning – pricing its services at least ten percent below that of the competition. As many merchandising businesses have found, most infamously Wal-Mart, volume selling is the best way to turn a profit. Because MCLS doesn't have employees, it has little overhead and can offer its customers a lower price. The more services that MCLS performs the more that it is able to spread its fixed costs, like the rent on storage or the lease on its equipment. It is vital that MCLS get enough residential customers and at least one or two medium to large commercial contracts. Without enough customers, MCLS is certain to fail.

Secondly, MC Lawn Service's headquarters building, located at 80 Browns Lane in Newport, Ohio, the residence of Cline. This location is conveniently between Marietta, Ohio and St. Mary's, West Virginia, allowing MCLS to easily service both Washington County, Ohio and Pleasants County West Virginia. It is perfect for a business of this nature because it is located on an access road just off of Ohio State Route 7, a main highway that connects many of the cities in Washington County. In addition, two unrelated businesses are located near headquarters. The Willow Island Locks and Dam are located directly across the street and a local saw mill is also nearby. MCLS's main competitors are all located in Marietta, making it cost prohibitive for them to serve Pleasants County residents because of the distance between their headquarters and potential customers. MCLS must focus mostly on customers located along Ohio State Route 7

between Marietta and Newport and residents of Pleasants County. MCLS will use its location to its advantage and serve customers in its area not currently with another lawn services company.

Lastly, MC Lawn Services will offer its customers better service than that offered by its competitors. Although nearly every small business claims to offer its customers excellent service, MCLS actually will honor that pledge. MCLS will achieve this by providing customers fast, friendly, and convenient service with a smile. In addition, MCLS will make all of its services customizable with a money-back guarantee. Whether it's using a special brand of fertilizer on the customer's lawn or trimming a customer's lawn at a particular time of day, MCLS is willing to work with its customers. Customers can depend on MCLS because both partners (and any future employees) will be drug tested and background checked, and MCLS will allow customers to view the results. In addition, if and when MCLS hires employees, all will be CITIZENS of the United States of America. MCLS knows that customers only want people that they can TRUST on their property maintaining their lawns.

MARKETING AND ADVERTISING

The lawn care industry in the United States continues to grow rapidly due to the strong demand for residential and commercial property development. The lawn care services generated \$19.8 billion in output and 295,840 jobs. Ohio ranked fourth out of ten states in terms of employment, according to the IFAS Extension Service. The lawn care industry is a well-established industry with little failure. There is and always will be a need for lawn care. There are about 13,000 new start ups each year, about 50% of lawn care businesses fail within the first 2 years unless they know the “business end of the business”. This leaves the industry with approximately 6,000 new businesses each year.

The profile of an MC Lawn Service customer consists of the following geographic, demographic, and economic factors:

Geographic

- Our immediate geographic market is the Washington County area, with population of 62,210.
- A 635 square mile geographic area is available for our business. With 99.6 persons per square mile.
- The total targeted area population is estimated at 62,210.

Demographic

- Businesses
- Housing Units
- Working Homeowners with limited time.
- Elderly- who are unable to care for their lawn.
- Government

Profile of the typical resident of Washington County:

- 64.3% have lived in the same house for at least 11 years or more.
- 60.0% are over the age of 35.
- 26% are over 65.
- 62.5% are management, professionals and/ or business owners.
- 76.3% own their own homes.

Economic Outlook

- In 2005 manufacturing was the largest of 20 major sectors. It had an average wage per job of \$46,881. Per capita income grew by 13.1% between 1994 and 2004 (adjusted for inflation).
- Unemployment is at 5.7%. National rate is 4.7%.
- Employment rate is expected to increase 9.7% over the 10-year period from 2002-2012. Projected gain of 562 thousand jobs.
- Washington County and Pleasants County have over 2500 active businesses including factories and Government facilities.
- Approximately 175 new businesses starting in Washington County and Pleasants County WV.

The advertising and marketing objective of MCLS is to position itself as the premier source for lawn care maintenance in Washington and Pleasants County. MCLS will do so by focusing its advertising on the average consumer and therefore, commanding a majority of the market within 3 years of operation. The marketing strategy will first create customer awareness regarding services offered by MCLS. MCLS will then develop customer base with special discounts for customer referrals and special promotions, along with exceptional customer service and personal support. MCLS will advertise in The Marietta Times, Parkersburg News and the Bulletin Board, and on WTAP since these will all reach customers in the area. MCLS will also rely on “word-of-mouth” advertising from satisfied customers of the business. Lastly, MCLS will erect a large sign outside of headquarters in order to attract new customers. By using these forms of advertising, MCLS will be able to announce the company’s grand opening and increase the awareness of business by reaching a majority of all potential clients. MCLS will donate time and services to charitable organizations such as Kiwanis and EVE, Inc. as a way of increasing the awareness of MCLS for free. In addition, MCLS will participate in the Ohio Lawn Care Association (OCLA), an association for lawn care specialists in the state of Ohio to establish MCLS as a professional lawn care business.

RISKS

Insurance provides an effective but expensive way of managing risks. The business model upon which MCLS operates provides that the key to success is to keep costs as low as possible. Therefore, it is imperative that MCLS insure only what is absolutely necessary and/or what is required by law. Another way of keeping the cost of insurance low is to buy insurance with very high deductibles. Combining the two methods is the best way to keep insurance costs to a minimum. The greatest insurable risks that MCLS faces are the risks of damaging property, and injuring people. Theft, vandalism, and fire are also major concerns of MCLS. While using the pickup truck, the trailer, or one of the pieces of lawn equipment, it is possible that the operator could injure a person or damage property. For example, while in operation, the riding tractor/lawn mower could catch a rock on the ground and fling it, causing damage to a window or to a human. Lastly, the property or equipment of MCLS could be damaged by fire or by vandalism, or the equipment could be stolen.

To insure against these risks, MCLS could purchase a general liability policy, a business automobile policy, and property insurance. In addition, MCLS might want to consider protecting against the death or permanent disability of one of the partners by purchasing disability and life insurance or by purchasing what is known as “key person” insurance. However, as previously discussed, it is essential to the business model that costs are kept to a minimum. Only the most important insurance should be acquired. Therefore, initially, MCLS will only purchase general liability and business automobile insurance. As for property insurance, the value of the property that is being insured is not worth enough to merit the monthly premiums that MCLS would be paying. If one of the partners dies or for some reason becomes unable to perform the duties, the

partnership will dissolve and liquidate. Any dispute will, as per the partnership agreement, go into arbitration. Thus, “key person” insurance is not required.

After consulting Jane Schwendeman, an insurance agent at Dennison & Associates Insurance, a Nationwide Insurance affiliate, partner Cody Meglio was given an insurance quote for business automobile and business general liability insurance coverage. The cost of basic business automobile insurance coverage on MCLS’s 1995 Dodge Ram 1500 and on its 2001 Tandem service and utility trailer is \$592 per year. This amount provides comprehensive, collision, and liability coverage on all accidents occurring during the official use of the truck and/or the trailer. If an accident occurs with either one of the vehicles, Nationwide will agree to pay each victim up to \$100,000 per accident. In addition, Nationwide agrees to provide up to \$25,000 of uninsured motorists’ protection and up to \$5,000 of auto medical payments per person per accident. However, MCLS agrees to pay a \$500 deductible on any accident before the insurance will come in to effect.

Ms. Schwendeman also provided Meglio a quote of \$350 per year for general liability business insurance. This policy provides \$100,000 in fire damage coverage, \$5,000 in medical expenses per person per incident, \$300,000 in coverage on completed operations, and \$600,000 in coverage on everything excluding fire damage and completed operations. Though both insurance policies are basic and may seem limited, the policies are more than enough to cover the needs of the business. Additionally, both policies are extremely affordable, together costing the business only \$78.50 per month. This means that MCLS must only perform two to three jobs in order to make its monthly insurance payments.

Though MCLS has covered itself from the most basic of insurable risks, it has still been left vulnerable to many other risks, some insurable and some not. The largest uninsurable risk

that MCLS faces is the possible change in weather conditions. In addition, the business faces risks from the weakening economy in the area and from the advent of new lawn care technology. The business is most susceptible to changes in weather patterns that will negatively affect business. If, for example, the weather turns mild in the winter, there will be no snowfall, eliminating the need for snow removal services provided by MCLS. Another weather related situation that could damage business occurs when the cool temperatures of winter extend longer than normal. Though snowfalls may cease in mid-March, cool temperatures extend into May, inhibiting the growth of grass and reducing the need for mowing services. The best way to protect against changes in the weather is to diversify the number of services offered by MCLS. By diversifying, MCLS is not forced to count on only one or two streams of income and can earn money performing several types of services, some of which may be seasonal or weather-related.

Another big risk that MCLS must face is the possibility of a downturn in the economy caused by outsourcing manufacturing jobs. The residents of this area depend on good paying jobs, and so does MCLS. The people who hire mowing services, like MCLS, are those with excess, disposable cash. When good-paying manufacturing jobs disappear from the area, residents are forced to change jobs and go into the service industry, taking major pay cuts. When manufacturing plants move out of the area, they also take with them valuable five-figure commercial grass maintenance contracts. This is a major risk that MCLS faces when it chooses to serve the Marietta, Ohio – Saint Mary's, West Virginia area, and unfortunately it can do little to hedge this possibility.

Lastly, MCLS's clientele base will be affected by the introduction of new personal, high-tech lawn equipment. For example, an electronic smart-mower that automatically cuts the owner's lawn without the need of the owner to operate it is currently on the market. However, as

of present, the device is expensive – costing almost \$1000 – and cuts only small lawns because it runs on battery power. Currently, because of the cost and limitations of this new technology, it is not something that need worry the partners. Though, in the future, as the technology gets better and less expensive, MCLS must figure out a way to maintain competitive. The best way that MCLS can protect itself from the arrival of new technology into the lawn care market is to emphasize that MCLS offers what technology cannot – service, knowledge, experience, and reliability. Technology still breaks down and also cannot provide the service, knowledge, and experience that the partners at MCLS have to offer. With a somewhat aggressive marketing campaign stressing these points, MCLS can stay competitive.

FINANCIALS

MCLS Lawn Services will not use any external financing sources to fund the business. MCLS will have not take out any loans or attempt to attract investors to support the business. Each partner will contribute some equipment, and Meglio will also contribute a working capital amount totaling \$10,904 to the MCLS bank accounts. The partners believe that this is more than sufficient to start and keep the business running. The total projected monthly income for MCLS will consist of 35 clients each averaging of revenue of \$175/month and one Government client, the Willow Island Locks and Dam, paying \$3,750/month.

Start-Up Costs and Forecasted Break-Even

Prepaid expenses will include:

Insurance for the business (3months)	\$235.50
Rent and deposit for storage of equipment (3months)	350.00
Check Verification Service	789.00
Total Prepaid Expenses	\$1,374.50

The start-up costs for MCLS Lawn Service will include:

Advertising Grand Opening	2,000.00
Miscellaneous Expenses	200.00
Service Vendor licenses	25.00
For a Total Prepaid/Startup cost of:	\$3,599.50

Contributed Capital

Cline's contribution consists of:

<u>Item</u>	<u>Value</u>
1. 1995 Dodge Ram 1500 Pickup	\$6,255
2. 2003 6 ft. tandem axle trailer	15,109
3. 2003 Massey Tractor, 4WD	11,000
4. Lawn Sweeper	350
5. Lawn vac/chipper	600
6. Weed-eater	150
7. Leaf Blower	<u>100</u>
<hr/>	
Total Equipment contributed	<u>\$33,564</u>

Meglio's Contribution consists of:

<u>Item</u>	<u>Value</u>
1. 2004 Zero turn mower	\$5,000
2. Push mower	400
3. Lawn edger	1,050
4. Snow blower	8,000
5. Rakes (2)	20
6. Shovel (2)	40
7. Weed eater	150
Meglio will purchase sign for business location.	8,000
Meglio will also contribute working capital in the amount	10,904

Total Equipment/Working Capital Contributed \$33,564

Because MC Lawn Services will not hire employees, it will not be forced to pay wages and will, therefore, have nearly no variable costs. As a result, the breakeven point of MC Lawn Services will be pegged at its fixed costs, which include the cost of insurance, advertising, equipment maintenance, and depreciation. The fixed costs of MC Lawn Services total approximately \$800 per month. Consequently, in order to break even, MCLS must only service 5 customers per month and earn \$175 per customer in order to break even. MCLS could also serve 15 customers per month, earning just \$60 per customer AND would still be able to pay all of its expenses. However, since the partners rely on the income generated from the operations of MCLS, it is vital that the business make an acceptable level of profit. If MCLS is unable to do so, the partners will be forced to shut down the business. At current projection, MCLS will be a profitable service business to start.

APPENIX

This appendix contains many of the necessary documents and forms necessary in forming the partnership between Meglio and Cline, including the partnership agreement,

Part I: Job Descriptions, Work and Time Schedules, Organizational Chart

Work Schedule and Detailed Job Descriptions

A work schedule has been drafted by both partners that propose that each partner work ten hours a day for five days each week (Monday through Friday). Cline is to arrive at the place of residence of Meglio at eight AM daily. Cline is to be the primary driver of the truck, which she will use to transport the partners to the locations of their clients. However, on days in which Cline is ill or takes a personal day, Meglio is to use his personal vehicle to transport himself to Cline's place of residence (where the truck will be stored) to pick up the truck and begin the workday on his own. At the end of the workday, he is to return to Cline's residence to drop-off the truck and pick up his personal vehicle.

Once the two have arrived on site, Cline is to operate a zero-turn riding lawn mower to trim the majority of the client's lawn. At the same time, Meglio is to use the edger to trim the outside edges of the lawn and use the push mower to trim those places that the zero-turn mower cannot reach. Then, the two will, together, do the landscaping activities necessary in order to complete the current job, such as spreading grass seed or removing brush. In the fall, both will use rakes to remove leaves, but, when applicable, Cline will use what is known as a "lawn sweeper" carried behind a truck to remove the leaves from the affected customers' areas. In the winter, Cline will operate the snowblade while Meglio uses the partnership's snow blower. Once

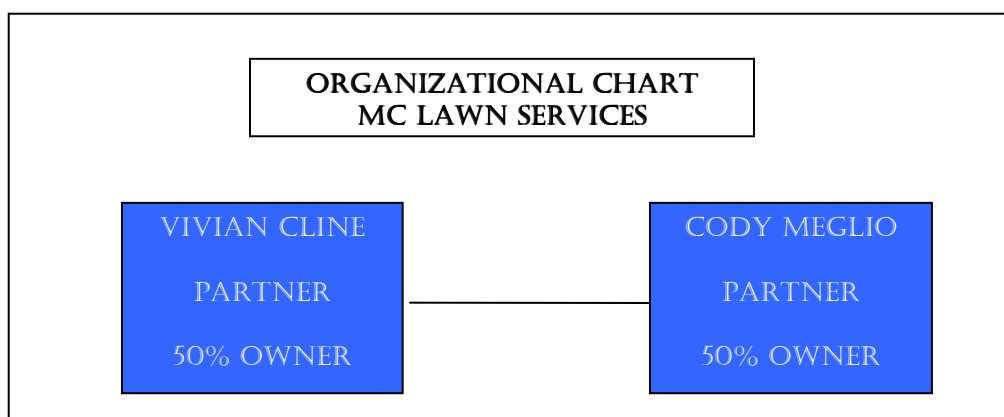
each job is completed, Cline and Meglio will fill out a job cost sheet that details how much time each partner spent on each activity and an approximation of the materials used (i.e. gas, grass seed, etc.). The two will then pack up their equipment, Cline will drive them to the next client's location, and they will repeat the process for each client.

At the end of the day, the two will meet up at Meglio's place of residence to fill out invoices to customers, pay any bills that the business owes, make any deposits received, and make all of the necessary accounting entries to record the day's activities. Cline will make the necessary errands to the bank and the post office before going home to her place of residence.

Time Schedule

7:30 AM	Cline leaves place of residence to travel Meglio's place of residence
8:00 AM	Cline arrives at Meglio's house; work begins
12:00 PM	Partners eat lunch
12:30 PM	Partners resume work
5:00 PM	Work day ends; partners go to Meglio's house to take care of paperwork
5:30 PM	Cline goes to post office, bank, and other necessary locations before going home

Organizational Chart



Part II: Partnership Agreement

This PARTNERSHIP AGREEMENT is made on October 19, 2006 between Vivian Cline and Cody Meglio.

1. **NAME AND BUSINESS.** The parties hereby form a partnership under the name of MC Lawn Services to conduct a business that will include, but is not limited to, lawn care. The principal office of the business shall be in Newport, Ohio.
2. **TERM.** The partnership shall begin on August 1, 2007, and shall continue until terminated as herein provided.
3. **CAPITAL.** The capital of the partnership shall be contributed in cash and equipment by the partners as follows: A separate capital account shall be maintained for each partner. Neither partner shall withdraw any part of his capital account. Upon the demand of either partner, the capital accounts of the partners shall be maintained at all times in the proportions in which the partners share in the profits and losses of the partnership. The equipment contributed by either partner must be approved by the other partner and will be valued at the fair market value of the equipment at the time of the contribution.
4. **PROFIT AND LOSS.** The net profits of the partnership shall be divided equally between the partners and the net losses shall be borne equally by them. A separate income account shall be maintained for each partner. Partnership profits and losses shall be charged or credited to the separate income account of each partner. If a partner has no credit balance in his income account, losses shall be charged to his capital account.
5. **SALARIES AND DRAWINGS.** Neither partner shall receive any salary for services rendered to the partnership. Each partner may, from time to time, withdraw the credit balance in his income account.
6. **INTEREST.** No interest shall be paid on the initial contributions to the capital of the partnership or on any subsequent contributions of capital.
7. **JOB DUTIES.** The partners shall equally share all duties necessary in the completion of normal operating activities resulting from the partnership.
8. **MANAGEMENT DUTIES AND RESTRICTIONS.** The partners shall have equal rights in the management of the partnership business, and each partner shall devote his entire time to the conduct of the business. Without the consent of the other partner neither partner shall on behalf of the partnership borrow or lend money, or make, deliver, or accept any commercial paper, or execute any mortgage, security agreement, bond, or lease, or purchase or contract to purchase, or sell or contract to sell any property for or of the partnership other than the type of property bought and sold in the regular course of its business.
9. **BANKING.** All funds of the partnership shall be deposited in its name in such checking account or accounts as shall be designated by the partners. All withdrawals are to be made upon checks signed by either partner.
10. **BOOKS.** The partnership books shall be maintained at the principal office of the partnership, and each partner shall at all times have access thereto. The books shall be kept on a fiscal year basis, commencing August 1 and ending July 31, and shall be closed and balanced at the end of each fiscal year. An audit shall be made as of the closing date.
11. **VOLUNTARY TERMINATION.** The partnership may be dissolved at any time by agreement of the partners, in which event the partners shall proceed with reasonable promptness to liquidate the business of the partnership. The partnership name shall be sold with the other assets of the business. The assets of the partnership business shall be used and

distributed in the following order: (a) to pay or provide for the payment of all partnership liabilities and liquidating expenses and obligations; (b) to equalize the income accounts of the partners; (c) to discharge the balance of the income accounts of the partners; (d) to equalize the capital accounts of the partners; and (e) to discharge the balance of the capital accounts of the partners.

12. **DEATH.** Upon the death of either partner, the surviving partner shall terminate and liquidate the partnership business. Except as herein otherwise stated, the procedure as to liquidation and distribution of the assets of the partnership business shall be the same as stated in paragraph 11 with reference to voluntary termination.
13. **ARBITRATION.** Any controversy or claim arising out of or relating to this Agreement, or the breach hereof, shall be settled by arbitration in accordance with the rules, then obtaining, of the American Arbitration Association, and judgment upon the award rendered may be entered in any court having jurisdiction thereof.

Executed this 20th day of October 2006 in Marietta, Ohio

Signed:

X *Vivian Cline* Vivian Cline

X *Cody Meglio* Cody Meglio

Part III: Standard Customer Contract

This contract is an agreement between MC Lawn Services, hereinafter referred to as the contractor, and [NAME OF CUSTOMER], hereinafter referred to as the client. Contractor and client hereby promise and agree to the following: The contractor agrees to provide the services detailed in the following specifications and attached Technical Addendum. A maintenance worksheet will be supplied to the client each time work is done. The client agrees to pay the charges specified herein.

Part I: Lawn Maintenance Consideration

A. Mowing, Edging and Trimming: Mowing shall be with a (reel/rotary/or mulching) mower. Mower blades will be sharp at all times to provide a quality cut. Mowing height will be according to grass type and variety. Clippings will be left on the lawn as long as no readily visible clumps remain on the grass surface 36 hours after mowing. Otherwise, large clumps of clippings will be distributed by mechanical blowing or collected and removed by the contractor. In the case of fungal disease outbreaks, clippings will be collected until the disease is undetectable.

Tree rings and plant beds and all buildings, sidewalks, fences, driveways, parking lots and other surfaced areas bordered by grass will be edged every other mowing. Turf around sprinkler heads will be trimmed or treated with a non-selective herbicide so as to not interfere with or intercept water output. Isolated trees and shrubs growing in lawn areas will require mulched areas around them (minimum 2-foot diameter) to avoid bark injury from mowers and filament line trimmers and to reduce root competition from grass. Such mulched areas will be charged to the customer. Contractor will clean all clippings from sidewalks, curbs and roadways immediately after mowing and/or edging. Clippings will not be swept, blown, or otherwise disposed of in sewer drains.

All of these services will be performed _____ times per annum. The charge to the client to mow, edge, and trim the client's lawn of _____ sq. feet will be \$_____ per visit inclusive of the cost of materials.

B. Fertilization: All turf areas shall be fertilized as per the maintenance specifications attached. Complete fertilizers shall be granular in composition and contain 30% to 50% of the nitrogen in a slow or controlled release form. The ratio of nitrogen to potash will be 1:1 or 2:1 for complete fertilizer formulations. Phosphorus shall be no more than ____% of the nitrogen level. They shall also contain magnesium and micronutrients (i.e. manganese, iron, zinc, copper, etc.). Fertilizer will be swept off of walks and drives onto lawns or beds. After fertilization, a minimum of ____ inch (es) of water will be applied by the client. The client's lawn will be fertilized a minimum of _____ times and a maximum of _____ times per annum. The charge to fertilize the client's lawn of _____ sq. feet will be \$_____ per visit plus the cost of materials.

C. Pest Control: The contractor will inspect lawn areas each visit for indications of pest problems and advise the client or representative of such problems.

Upon confirmation of a specific problem requiring treatment, pesticides will be applied as needed on a spot treatment basis, whenever possible, using the least toxic, effective pesticide. All spraying of pesticides and fertilizer applications will be performed when temperatures are below 90° F and wind drift negligible. No pesticide will be applied to turf areas without the express approval of the client. This includes weed and feed formulations. Records will be kept on pests identified and treatment(s) rendered for control.

All pest control service is in addition to the basic contract charges. The amount charged will be on a per job basis based on materials cost plus labor. The cost will be agreed on by client and contractor before such service is rendered.

Pesticide applications will be made in accordance with the rules and regulations governing use of pesticides in Ohio. Posting and notification of pesticide sensitive persons will be done. The pest control applicator will be operating under License # _____. Expiration Date: _____.

The contractor will apply pesticides to the client's lawn on an as needed basis throughout the year after acquiring the express written consent of the client. The charge to apply pesticide to the client's lawn of _____ sq. feet will be \$_____ each application plus the cost of materials.

Part II: Landscape Plant Maintenance Considerations: Trees, Shrubs, Ground Covers

A. Fertilization: Ornamental shrubs, trees and ground covers planted less than three (3) years shall be fertilized four (4) times per year. Applications shall be made during the months of February, April, June and October. Shrubs, trees and ground covers more than three (3) years old in the landscape shall be fertilized two (2) times a year in March and September. Rate will be one (1) pound of nitrogen per 1,000 square feet of application.

All fertilizers should contain equal amounts of nitrogen and potassium and at least 30% of both elements should be available in slow release form. The fertilizer should also contain magnesium and a complete micronutrient amendment. The fertilizer analysis shall be similar to 8-2-8, 10-5-10 and 12-4-12.

Established shrubs and trees in lawn areas exposed to lawn fertilizations will not be fertilized supplemental. Fertilizer applied to shrubs and trees planted in beds shall be broadcasted over the entire plant bed. The total charge to the client for all of these services will be \$_____ per year, split and billed to the client in the months services are rendered

B. Pest Control: Contractor shall practice Integrated Pest Management (IPM) to control insects, diseases, and weeds on and around perennials, ground covers, shrubs, vines and trees. This will include frequent monitoring and spot treatment as necessary using least toxic methods. All spraying will be performed when temperatures are below 90° F and when wind drift is negligible. First choice will be insecticidal soaps, horticultural oils and biological controls such as *Bacillus thuringiensis* (BT) formulations. Weeds in beds or mulched areas will usually be

removed mechanically or by hand. Upon client approval, herbicides may be employed for heavy weed infestations.

C. Mulching: All mulched areas will be replenished once a year during the winter months (Nov Feb). "Alternative" mulches (pine bark, pine needles, melaleuca, recycled, etc.) should be considered. Mulch should be maintained at a depth of three (3) inches. All curb, roadway and bed line edges will be trenched to help contain the applied mulch. Mulch will not be placed against the trunks of plants. The customer will be charged \$_____ for the dispersal of mulch plus the cost of materials of \$_____/pound.

Part III: Considerations for Optional Services

A. Annual Flowers: Replacement of existing annuals will be done _____ times per year. Major renovation of annual beds shall be accomplished once per year in _____. Replacement of dead or injured plants due to pests or contractor negligence will be done without cost to client. Annuals and perennial bedding plants shall be fertilized monthly, at a rate of ___ pounds of nitrogen per 1,000 square feet of area every 3-4 weeks. An optional fertilizer schedule would use a slow-release fertilizer such as Osmocote or Nuticote (3-4 month release) incorporated in the bed at planting. Contractor will be responsible for weed control. Pest control will follow IPM principles.

B. Irrigation Systems: The contractor shall inspect and test all components and zones in the irrigation system monthly and shall reset zone times according to seasonal evaporation changes. Minor adjustments and repairs such as head-emitter cleaning or replacement, filter cleaning, small leaks, and minor timer adjustments shall be made by the contractor, with the client paying for parts. Once a year, the contractor will recalibrate each zone following Cooperative Extension Service recommendations. Repairs or system beyond the above scope will be charged to the client at an hourly rate per person plus parts. The contractor will notify the client or client's agent, of the nature of the problem before repairs are made.

Part IV: Considerations for Insurance, Licenses, Permits and Liability

The contractor will carry liability amounts and workers' compensation coverage required by law on his operators and employees. All operators and employees of the contractor have been drug-tested and background-checked and meet at least the minimum standards set by the contractor. The contractor is also responsible for obtaining any licenses and/or permits required by law for activities on client's property.

Situations which the Contractor may deem are his/her responsibility:

- * Damage due to operation of equipment in performing the contract.
- * Complying with all laws pertaining to protected plant species such as the mangrove.
- * Damage to plant material due to improper horticultural practices.
- * Improper replacement or retrofitting of irrigation system components.
- * Injury to non-target organisms in application of pesticides.

Situations which the Contractor may deem are not his/her responsibility:

- * Death or decline of plant materials due to improper selection, placement, planting, or maintenance done before the time of this contract.
- * Damage due to improper irrigation components existing at the time of contract execution.
- * Exposed cables/wires or sprinkler components/lines normally found below the lawn's surface.
- * Flooding, storm, wind or cold damages.
- * Disease or damage to lawns or landscape plants caused by excessive irrigation or lack of water due to inoperative irrigation components provided these were reported to the client, or irrigation restrictions imposed by the Southwest Ohio Management District or civil authorities.
- * Damage caused by or to any item hidden in the landscape and not clearly guarded or marked.
- * Damage due to vandalism.

Part V: Property Description, Services Provided, Terms, Conditions and Charges

the location at which the above services have services will be rendered is:

the term of the contract shall be for a period of one year. Either party may cancel and nullify the contract if that party gives the other a period of fourteen (14) days notice. In addition, if the client decides to cancel the contract, he/she will agree to pay a cancellation fee equaling the greater amount of either (a) the sum of one (1) regular visit, or (b) \$50.00. The contractor will visit the client to perform services _____ times per annum for a total charge of \$_____ per visit on the following dates: _____

The following services will be rendered each visit: _____.

Payment is due in full thirty days after each visit, with a five (5) percent discount for full payment within ten (10) days after the visit. A late fee of ten (10) percent will be charged to the client if the bill is not paid in full by the due date of the payment. If payment is not received thirty (30) days after it is due, the contractor reserves the right to immediately cancel the contract.

I HAVE READ FULLY THE ABOVE TERMS AND CONDITIONS AND AGREE TO BE BOUND BY THEM. In witness, whereof, the parties to this contract have signed and executed it as indicated.

Client _____ Contractor: MC Lawn Services

by _____ by _____

Date _____ Date _____

Part IV: Licenses and Permits

Permit for State Vendor's License



FOR STATE USE ONLY	
Account Number Assigned	
Effective Date	Filing Frequency

ST 1S
Rev. 11/04
Check Digit

Application for Service Vendor's License

Federal employer identification no. Social security no. Ohio corporate charter no.

Please print.

If you are a foreign corporation, give Ohio certificate number.

1. Check type of ownership: (10) Sole owner (20) Partnership (30) Corporation (40) Association
 (50) LLC (60) Fiduciary (70) LLP (80) LTD (100) Business trust

2. When did you or will you begin providing the taxable service in the state of Ohio? (mm/dd/yy)

3. Provide NAICS code and state nature of business activity. (For the most current NAICS listings, visit us at tax.ohio.gov.)

4. Legal name _____

5. Trade name or DBA _____
(If partnership, list names)

6. Primary address _____
(Home/office address of corporation, sole owner or partnership) City State ZIP

(Home/office phone no.) (Home/office fax no.)

7. Mailing address _____
(If different from above) City State ZIP

8. List location of all permanent places of business in Ohio, if applicable, and provide vendor's license numbers.

Name Street City State ZIP Vendor's license no.

Name Street City State ZIP Vendor's license no.

9. How much sales tax do you expect to collect each month? (06) Less than \$200 (01) \$200 or greater

10. If this application is for a new registration due to change in ownership, please list the old account number.

11. If you operate as a corporation or partnership, list appropriate names, addresses and social security numbers below. Social security number

President/Partner _____
Name Street City State ZIP Social security number

Vice-Pres/Partner _____
Name Street City State ZIP Social security number

Secy/Treas/Partner _____
Name Street City State ZIP

I hereby declare the above to be true and correct to the best of my knowledge and belief.

Date _____ Signature of owner or officer of company _____

Fee for this license – \$25 (made payable to Ohio Treasurer of State). Send the original application and \$25 fee to: Ohio Department of Taxation, Registration Unit, P.O. Box 182215, Columbus, OH 43218-2215. Retain a copy for your records.

Part V: Advertising and Marketing Materials

Business Card

**MC Lawn Services**

Mowing, trimming, and debris removal. Call for free estimates. We'll BEAT the competition!!!

*Cody Meglio and Vivian Cline,
Owners/Operators, License #M98765
80 Browns Lane, Newport, Ohio 45768
Phone (740) 555-0112 Fax (740) 555-0114*

Sample Advertisement

MC LAWN SERVICES

FREE ESTIMATES

- Mowing/Trimming
- Grass and leaf removal
- Fertilizing and seeding
- Snow Removal



WE WILL **BEAT** THE COMPETITION!

Call (740)555-0112 Fax (740)555-0114

- Cody Meglio and Vivian Cline
- Owners and Operators. Lic. # M98765

MCS Lawn Services
80 Browns Lane
Newport, Ohio 45768

On State Route 7, just north of
Marietta and south of Newport, Across
from Willow Island Locks and Dam.