AMPLIFIED ONLINE: A BUSINESS PLAN

by

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In the
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of
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Abstract

This business plan was constructed to evaluate the plausibility of creating a service oriented IT business in Vancouver that would provide training to business professionals on various aspects of online marketing in a face-to-face manner. The investigation determined that there was an adequate potential market in Vancouver for such a service and that the business could be set up and launched successfully with limited start up capital.
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1: Executive Summary

This business plan was constructed to evaluate the plausibility of creating a service oriented IT business in Vancouver that would provide training to business professionals on various aspects of online marketing in a face-to-face manner. The investigation determined that there was an adequate potential market in Vancouver for such a service and that the business could be set up and launched successfully with limited start up capital. The business will be named Amplified Online. The following executive summary will outline a number of the key concepts that will be further developed later in the business plan.

1.1 Marketplace Needs

Consumers are increasingly spending more of their time online. More than just spending time online however, they are now turning to the internet to interact with friends, interact with brands, and others with similar interests in greater numbers than ever before. Not only are they spending time online, they are viewing the internet as their preferred channel to gain information.

Some businesses have embraced online advertising, in terms of social media marketing and search engine marketing as a means to reach potential consumers. Despite this, many businesses have been slow to move from traditional means of advertising to online forms of advertising. Largely, this is due to a lack of information about what is possible on the internet or what is involved to market effectively online. Now, businesses
are beginning to realize that online marketing is often more cost efficient, has the potential to reach a large number of customers than other mediums, and consequently has been rising in popularity. Online marketing firms generally charge high prices for their services, yet often perform tasks that businesses could effectively execute internally saving a large sum money. These skills however will be better executed if professionals teach them. Consequently, the market is in need of qualified instructors that can educate businesses in how to market online effectively at a reasonable price.

1.2 Services

Amplified Online will offer three main services. The first will be to offer courses in a variety of subjects pertaining to online marketing. The courses will be varied by subject as well as by length with both 3-hour classes and full day intensive classes designed to give participants an in depth understanding on any one aspect of marketing online. Qualified instructors with experience in online marketing and a penchant for instructing will teach the courses in a face-to-face format in a downtown location. Additionally, Amplified will offer an in house training service where Amplified will work to custom tailor a course to the needs of a given business and then deliver a training session to a team of individuals from that specific company.

1.3 Target Market

Amplified will operate in downtown Vancouver. Its target consumers are businesses, entrepreneurs, and interested individuals within the Greater Vancouver Area. Within the GVA, 85657 total businesses fit Amplified’s profile in terms of company size and current web capabilities. From this, four distinct segments are broken down. The first
is businesses that are currently dissatisfied with their current web presence. Amplified believes that 30% of those businesses are potential customers. The next segment is businesses that are currently satisfied with their web presence. Amplified believes 20% of these businesses are potential customers of Amplified. The third segment is businesses that do not advertise online, of which, 25% are potential customers. The last segment is businesses that currently do not advertise online, of which 20% are potential customers.

1.4 Competition

Amplified faces competition from a number of directions, although has little in terms of direct competitors. The direct competition in Vancouver at this time is still rather limited. Beyond having limited options, the current options cannot match the level of professionalism and experience which Amplified will provide to its customers. However, as the field is growing rapidly, Amplified believes that there will be ample room for all firms to prosper in this growing field.

1.5 Financials

Amplified Online will benefit from having little start up costs and little fixed costs. The majority of its costs are variable costs and the majority of this goes towards salaries and commissions. The firm will be profitable in its first year of operation and continuously grow its revenue and net income.

Figure 1- Consolidated Income Statement

<table>
<thead>
<tr>
<th>Year</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td>$206,100</td>
<td>$426,000</td>
<td>$712,750</td>
<td>$766,500</td>
<td>$981,000</td>
</tr>
<tr>
<td>Expenses</td>
<td>$156,482</td>
<td>$351,112</td>
<td>$581,623</td>
<td>$632,426</td>
<td>$769,095</td>
</tr>
<tr>
<td>Net Income</td>
<td>$49,618</td>
<td>$74,888</td>
<td>$131,127</td>
<td>$134,074</td>
<td>$211,905</td>
</tr>
</tbody>
</table>
2: Company Overview

This section will outline the general purpose of Amplified Online and establish a basis for the needs in the marketplace for such a business.

2.1 General Description

Amplified Online is a service oriented IT business specializing in internet marketing training. The core operations of the firm will be in instructing businesses and business professionals in a variety of topics relating to marketing their company and brand online. In addition to the courses offered, Amplified will also create custom training programs for in-house instruction as well as be available for consulting work pertaining to online marketing.

2.2 Marketplace Needs

2.2.1 Traditional Marketing Trends

Traditionally businesses have chosen to focus their advertising in offline channels. Large businesses have often delved into large-scale national advertising campaigns using a variety of mediums including TV, radio, and various forms of print. Due to budgeting constraints, small businesses however have been limited in their ability to reach as large an audience. They have generally been confined to print and radio advertisements. In the past, in addition to word of mouth, these were two of the primary methods in which individuals learned about a brand or service Both of these methods are
suboptimal on their own. The common saying is that 50% of advertisement is wasted, but no one knows which 50%. Specific to these two methods with the exception of offering coupons and such, the ROI is nearly impossible to measure. Furthermore, this form of advertising offers users limited engagement with your brand and does little to convey quality or popularity. For lots of businesses, traditional advertising methods hampered their ability to expand geographically. These methods of advertisement were used because they were what were available. They do not reflect the changes in consumer behaviour.

2.2.2 General Internet Trends

<table>
<thead>
<tr>
<th></th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Internet Users</td>
<td>21.8</td>
<td>22.6</td>
<td>23.3</td>
<td>24</td>
<td>24.7</td>
<td>25.3</td>
</tr>
<tr>
<td>% of population</td>
<td>65.30%</td>
<td>67.10%</td>
<td>68.50%</td>
<td>70.00%</td>
<td>71.60%</td>
<td>72.70%</td>
</tr>
<tr>
<td>Broadband households</td>
<td>8.2</td>
<td>8.8</td>
<td>9.2</td>
<td>9.6</td>
<td>9.9</td>
<td>10.1</td>
</tr>
<tr>
<td>% of population</td>
<td>63.70%</td>
<td>67.30%</td>
<td>69.60%</td>
<td>72.30%</td>
<td>74.10%</td>
<td>75.00%</td>
</tr>
</tbody>
</table>

Not only is the internet being used by an increasing amount of people, it is also changing the way people gather and disseminate information. No longer are people simply relying upon their friends and family to inform them about the quality of products and services and no longer is simple yellow pages listing enough to entice a consumer to trust any given firm. Rather, people are looking to the internet in order to garner information as to which brand to use or what product to buy. People are tapping into the collective knowledge of millions of online users for information, reviews, and recommendations on a wide variety of products. The internet has stripped the concept of
the uninformed consumer. The internet is where decisions are made, whether the
transaction occurs online or offline. The phrase “Google it” has become synonymous
with finding out the answer to any given query including common searches for best
“item” in “city”. On social networking and social media sites, individuals are now
aligning themselves and showing support for the brands they choose and broadcasting
these messages to the world.

This is not just a growing trend of internet use, but also a growing trend
illustrating how individuals are interacting with brands online. Individuals are now doing
things like trusting search engines to deliver the best product for a given query. They are
relying upon the brands their friends align with on social media sites. They are looking to
the internet where before there was nowhere to look.

2.2.3 The Necessity of Online Marketing

Businesses cannot afford to fail to make the jump onto the web or fail to utilize it
to its fullest. By maintaining a strong web presence, every business is maintaining its
future. While currently the internet represents 21% of Canadians weekly media usage, it
only accounts for 6% of the advertising dollars spent. Furthermore, the web represents a
common medium of which all sorts of individuals frequent and explore in varying
capacities. This allows businesses to expand their potential reach as they no longer have
to decide where to advertise to find their demographic, but rather their demographic will
find them (The exception here is with regards to banner advertising on websites, of which
this business plan will not touch upon). The most important reason why businesses need
to have an online presence is simply the fact that this is the way in which consumers and
businesses are finding partners. Canadians are increasingly making purchases on the web
with the size of the ecommerce market expected to have CAGR of 10.6% between 2007 and 2012.

Figure 3- B2C E-Commerce Sales in Canada, 2007-2012 – (adapted from Grau, 2008)

Consumers are using the web to interact with one another and to aide them in making informed decisions. This has created a situation where to many, if a business is not on the web, it as if they do not even exist in that market niche. While some businesses continue to survive and thrive without the use of the web, it is very difficult for a new player to exist without this necessary crutch. Furthermore, merely having a website is insufficient. A website is only as good as the traffic it gets, and in today’s internet, sometimes consumers prefer to interact and get to know a brand first through other means and then possibly visit the website for additional details.

2.2.4 The Ways to Market Online

Businesses have two major options in terms of online marketing. They are each effective on their own, yet the inclusion of both tools into a marketing campaign is ideal.
These two methods can be described as search engine marketing and the other is social media marketing.

Social media and social networking sites (SMNs) have skyrocketed in popularity. One only utilized by the young and hip, social media sites are now visited by a vast array of individuals spanning from all walks of life. As social SMN continues to evolve it has become yet another place where consumers search for product information. In fact, a recent poll suggests that consumers look for information about a company on SMN sites slightly more often than they do on the company’s webpage.

*Figure 4-Where do Consumer's Search for Information- (adapted from DEI Worldwide, 2008)*

<table>
<thead>
<tr>
<th>Social Media Websites</th>
<th>Wiki</th>
<th>Review Sites</th>
<th>Online News Sites</th>
<th>Company Websites</th>
<th>Social Media Websites</th>
</tr>
</thead>
<tbody>
<tr>
<td>Male</td>
<td>23%</td>
<td>21%</td>
<td>29%</td>
<td>33%</td>
<td>34%</td>
</tr>
<tr>
<td>Female</td>
<td>25%</td>
<td>24%</td>
<td>28%</td>
<td>35%</td>
<td>36%</td>
</tr>
</tbody>
</table>

SMNs offer brands the opportunity to interact with their fans and allow their fans to display their brand loyalty to their own friends and extended networks. People who discover information from SMN are more likely to engage in word of mouth advertising.
for the brand, with 1/3 of individuals passing the information along and 60% of those people passing it along using SMN channels.

*Figure 5- What Customers Do With Online Information Found- (adapted from DEI Worldwide, 2008)*

Despite all the promise of social media marketing, it is essential that businesses understand that just as a positive social media presence can benefit a firm, a negative one can as well. This new web culture has raised customer expectations, where customers expect immediacy in their interactions and failure to do so will tarnish the company’s image. For that matter, by opening up social media channels, the business has to assume the inherent risk of those who are dissatisfied with the brand or its services. This can include individuals posting complaints for all to see, bringing to light some of the firms weaknesses, whether that information by accurate or not. Getting involved in social media is a responsibility for any firm to uphold. If a firm gets involved in social media
they need to consistently be active with their accounts and constantly working to engage its customers.

Search engine marketing is term used to describe the various manners in which to market your website using search engines. This includes both search engine optimization as well as pay per click advertising. As mentioned above, individuals naturally turn to search engines to seek answers and find products. While with some brands, the individual will do a search for the specific brand in order to find information about it. However, often times a user will type in keywords regarding what they want to find and the search engine will display what it believes are the relevant matches to the given search query. These searches are split up between organic results and paid search results. Search engine marketing is the science behind informing the search engine that your company’s website is the answer to a pre conceived list of keyword and keyword combinations. In search engine optimization, ones goal is for their website to be one of the first results on a given page, thus indicating it is the most relevant for the given search term. SEO efforts are often concentrated around Google in North America as it is home to around 70% of all searches. This method is free and is highly beneficial. The higher up on the search rankings page, the better chance a website has to be clicked upon as the following chart reveals.
As is illustrated a number one ranked website for a given term receives around 14 times more clicks than that website would if it was ranked 10th on the page. While these rankings may reflect the relevance of a website to a term and thus provide the searcher with the best results for what they really are looking for, they can also represent a website with a solid SEO campaign. Even with an inferior product or brand a well thought out and executed SEO campaign can lead to a substantial increase in visitors to their site leading to more brand knowledge and likely more sales.

The other portion of search engine marketing is with the pay per click advertisements. These are advertisements that advertisers can pay to display alongside organic search results for a fee. In this way, advertisers are able to have their ad displayed to searchers regardless of what their organic results are by bidding on a preselected group of keywords. This method can be highly effective if executed correctly.
2.2.5 The role of the economy

As the economy contracts and reformats itself businesses are making strategic
cost cutting a priority. They are slashing marketing budgets and looking internally to pick
up some of the slack. Business are seeking alternative means of advertising that does not
require large capital outlays such as those found from traditional forms of advertisements.
Popular culture is being bombarded with information and stories surrounding Google,
Twitter, and Facebook. Still, some businesses are unsure as to what these tools are and
how their business can use them effectively to increase sales and customer loyalty.

There is a general conception that experts are needed in order to accomplish
online marketing, specifically with regards to search engine marketing. Many small
business owners or older and did not grow up in the internet generation. Consequently,
when mean hear terms like the Google algorithm for determining search engine rankings,
they naturally assume that the process is overly technical and experts are needed to place
their website at the top of a Google search page. As a result, of this lack of knowledge,
online marketing firms consistently charge their clients a premium for their services.
Often times however, specifically with search engine optimization and marketing, this
work is done once, either in house or outsourced to the developing world where wages
are cheaper, and then minimal upkeep is required to maintain desired outcomes.
Regardless, customers are charged a monthly fee for this service. A popular online
service, Hubspot, offers a basic search engine optimization package at $3500 per year.
Local internet marketing firms charge similar fees depending on the breadth of services
being offered. With regards to social media marketing, the costs are equally as high.
Marketers charge clients fees for signing up for simple services such as Facebook or
Twitter. These services are free and can be used by nearly anyone.
Businesses are being taken advantage of in terms of online marketing when outsourcing the activity to an external consultancy company. There is a large disconnect between the skills required to be effective as an online marketer and the conception of what is required to be successful. Under the right guidance, the basic elements of online marketing can be taught to nearly anyone who is passionate and dedicated to succeeding. Done incorrectly however, and the results can be disastrous, ineffectual, and often counterproductive. The repercussions from the failure to execute a proper campaign can range to being left in oblivion to offending some customers. A badly executed or nonexistent SEO campaign will leave your website off the first page of Google if operating in a competitive environment. A poorly executed pay per click campaign can cost your business plenty of money without offering tangible results. Similarly, a poorly executed SMN campaign can fail to attract a core audience or new customers, and in some cases provide negative publicity for the brand. Consequently, the market is in need of a training service that can effectively communicate these skills to entrepreneurs, business owners, and marketers in an efficient, interactive, and collaborative manner.

2.3 Business Description

Amplified Online seeks to act as an information source in the field of online marketing in the communities that it services. Amplified’s primary business will be to provide a variety of face to face training courses to groups of interested individuals covering multiple aspects of online marketing. Amplified seeks to maintain its competitive advantage by merging classic business strategy concepts with online marketing techniques. In addition to this, the firm will act as consultant working directly
with companies in developing their online marketing capabilities and executing their strategies.
3: Business Features

This section will outline the core of Amplified’s business by outlining the key services and courses Amplified will run to generate revenue.

3.1 Courses Offered

Amplified Online will market itself primarily as a training company offering courses in various aspects of online marketing. These courses will vary in length and, with one exception, will be either 3 hours in length or a full day in length. The reason for this is to attempt to appeal to different demographic swill varying interest in the depth of knowledge they wish to uncover. The firm will offer a host of different courses which are complimentary yet worthwhile on their own. The goal of Amplified will be to have customers engage in a number of courses.

The courses will be taught in a professional environment with two qualified trainers on hand to help teach and assist with customer questions. The goal of Amplified is to provide a nurturing experience with a high instructor to pupil ratio to ensure maximum learning is done in our interactive environments. Amplified believes that the best learning takes place by doing, so a laptop is mandatory for all of our Wi-Fi enabled training sessions¹.

In terms of social media marketing, Amplified’s premier course will be a social media marketing for business course offered in a 3 hour format. The course will provide

¹ For a detailed outline of the courses, see Appendix
an overview of social media and its importance, the different websites and how to decide which ones to get involved with for your purpose, a guided tour through some of the more popular sites, and finally how to create a social media strategy for your brand.

Amplified will also capitalize on the widespread references to Twitter in popular culture as this is creating a host of individuals who are now aware of its existence but are not aware of how it should be used. As a result, Amplified will offer a 2 hour Twitter course designed to be highly interactive in nature that will explain the basics of Twitter, help students set up an account and get started, demonstrate some advanced methods and ways to use the platform, and also explain some of the ways in which Twitter has been used successfully and unsuccessfully by businesses.

In terms of search engine marketing Amplified will be offering SEO courses as well as paid search advertising courses. SEO courses will be offered in a 3 hour format as well as a more encompassing full day format. The 3 hour class will discuss some SEO and keyword basics and beginner strategies for optimizing your website both on page and off page. The full day course will include everything from the 3 hour course and add on how to properly analyze your competition as well as advanced link building strategies and cutting edge concepts in the field of SEO.

The search engine marketing class would also be offered in a 3-hour and full day format. The 3-hour class would cover the basics of pay per click advertising, setting up an account, creating campaigns choosing keywords, and bidding on words. The full day class will teach students how to analyze performance, explain further into the Google AdWord quality score, and advance campaign techniques.
Over time, there will be two further classes added as advanced SEO and advanced pay per click marketing classes. These courses will be smaller in class size and offer users with some experience a chance to develop complex skills and learn cutting edge strategies.

3.2 Services Offered

In addition to our courses, Amplified Online will also offer two specific services to the business community. The first will be an in house training concept where Amplified will create a tailored training program to work with a firm’s marketing staff in order to tackle the issues that most affects them.

The other service can be considered a consultant service where Amplified will perform and of the following four functions:

1. Website Audits – These audits will consist of a thorough analysis of a firm’s website on a number of levels. The audit will point out flaws and areas of improvement
2. Analytics Audit – This audit will consist of a detailed examination of a firm’s analytics data determining the sites main visitors, their location, usage patterns, and traffic sources
3. Adwords Audit – This audit will inform customers as the the efficacy of their campaigns, show what is working, what is not working and where changes can be made
4. Strategy formulation – Given the specific type of business, this formulation session will involve working with th firm to determine the best options online,
develop a strategy for implementation and how the implementation can be completed

Amplified will not engage in actual SEO work. May get involved in social media campaigns and advanced link bait campaigns.

### 3.3 Additional Revenue Generation

Beyond offering the courses, Amplified could also team up with leading academic institutions to create custom made curriculum and courses for their instruction. This could represent a great source of revenue but also has the possibility of cannibalizing its core business. The courses created would have to be sufficiently differentiated in either content or length to make sense for Amplified to offer them to others.
4: Industry Analysis

This section comprises an industry analysis that will examine the competitive landscape that Amplified Online will be entering. The purpose of this analysis is to determine the potential threats and opportunities a business will have to overcome to be successful in this industry.

The competitive analysis will be done using the Five Forces Model developed by Michael Porter. Porter believes that in order to construct a strategy effectively one needs to be aware of the forces that drive competition. From this belief, he developed five distinct forces that shape competition in any industry. The discussion below will apply these forces to the specific industry which Amplified will compete in.

An analysis of each force will yield a number of Key Success Factors (KSF). These factors are the important issues, which a business will have to address adequately in order to remain competitive versus their competition.

4.1 Threat of Entrants

Threat of entry, as described by Porter, is most concerned with the effects of the increased capacity which new entrants bring and the resulting strategic decisions firms make to cope with such changes (Porter, 1979). The threat of entry is heavily dependent on the barriers to entry, which act to deter new entrants from entering the market. In general, if the barriers to entry are strong than there is a lower threat of entry.
Consequently, it is integral for firms in any industry to work to create higher barriers to entry so as to prevent additional firms from entering the market.

The threat of entry into this industry is moderate to high. While the majority of traditional factors that would be touched upon all point to the threat of entry being rather high, however one crucial barrier exists to this.

The low start up costs or capital investments associated with a business of this type means that just about anyone would have the funds to start a business of their own. Once the courses have been created, the costs associated with duplicating it are minimal. In this sense, it is important to understand that there are virtually no economies of scale to be created that would place new entrants at a disadvantage. The only KSF then to prohibit new entrants is the solid reputation of a firm that only a stellar record of accomplishment in the community can create. In this sense, the new entrant would have to truly differentiate their product and prove to their potential students of their credibility and solid programs. Do to the nature of education, this could likely not be done with a low cost strategy as under pricing their services will likely be viewed with suspicions regarding the quality of the courses.

Another factor that will likely add to the threat of new entrants is that access to technology and specifically information regarding online marketing techniques is increasingly available. As individuals continue to enter the workforce with an increased amount of exposure to the web, the concepts that a firm in this industry teaches will increasingly be able to be done intrinsically by others internal to the organization that would have been a candidate to become a customer.
While firms in this industry aspire to teach a multitude of courses to one individual, it is just as likely each individual will only take one course. Given that, the concept of switching costs does not exist in this industry to the extent it does in others and thus, does not serve as a deterrent to new entrants. In the realm of consulting for online marketing, the switching costs are slightly higher. Even then, however, another firm should be reasonably able to follow along and be confident as to what had been done until this point by performing an audit of the firm’s online presence.

The one central deterrent to new entrants however is the lure of operating as a consultant and the inherent advantage of keeping this information away from potential clients. Businesses generally attempt to ensure recurring revenue from clients whenever possible. In acting as an online marketing or SEO consultant, the marketing firm can charge their clients a large initial fee and the subsequent recurring revenue for upkeep. This revenue model is far superior to the training model, as it ensures a constant revenue stream for the business. Therefore, it is safe to assume that current online marketing firms will not cannibalize their own recurring revenue streams in order to also serve the training market. Additionally, the majority of new entrants would likely be enticed by the revenue structure of the consultancy model. Furthermore, the ability to feel confident public speaking and in educating others is not a skill to be taken lightly and is thus unlikely to be present in many online marketing specialists.

From the above analysis, only one true KSF becomes apparent. Clearly, the industry lacks sufficient barriers to entry internally. Rather, the only major barrier to entry is in the form of an internal motive. However, if training firms continue to thrive, many will abandon this desire for a superior revenue model and fill the demand.
Consequently, firms should attempt to create sufficient barriers to entry in an industry that naturally does not have traditional ones.

The largest key success factor then is to create a barrier by developing and entrenching your firm as the most reputable and respectable training firm in the city. The goal here is to deter other firms from believing that they can compete against such a strong brand. Further, simply by becoming known and engrained in the business community as the foremost expert in this type of training, a barrier is being created. This can be expanded if a firm reaches the status of other types of training programs, such as a company like Kaplan, which offer training programs in courses regarding graduate school admission tests. In this sense the firm will be nationally known as an expert in the field and thus leaving newcomers looking unprofessional with a perceived lower quality.

4.2 Threat of Substitute Products

The threat of substitute products, as described by Porter, is that substitutes can severely limit the potential of an industry, unless one can provide a distinct advantage. The potential for the industry is dependent on the price-performance relationship that a substitute provides. The greater the price-performance trade-off there is from a substitute product, the less an industry will be able to profit.

The threat of substitute products in this industry is rather high. Firms that are seeking to gain a presence on the web via online marketing have a multitude of options to choose from, each with a varying price point.

In contrast to learning the skills required to market online successfully, a business can outsource the operation to a specialized online marketing firm. In doing so, the business is not taking steps to have the knowledge from within the firm, but rather feels
that it is better off leaving it up to a professional. While search engine marketing is indeed a difficult task to do well, social media marketing should be conducted in house. In this sense than, a buyer would be more willing to substitute search engine marketing training for a search engine marketing specialist who would be paid in order to conduct search engine marketing on behalf of the business, than for social media marketing training. This practice of outsourcing however is much more expensive than learning the skills. Outsourcing social media marketing will likely lead to an inferior product in the long run with less care, adaptability, and less insight into how customers are perceiving their brand.

Threat of substitutes in terms of other advertising is also high. A business can choose to advertise in a variety of means through a variety of mediums. While online marketing is growing rapidly it is still not used in any capacity by a large portion of businesses. These businesses choose to focus their marketing attention on mediums such as print advertisements, radio advertisements, or television advertisements. These substitutes are similar in the sense that they also have the ability to display a message to potential customers informing them about your products or services. However, in these traditional means of advertising, the business is choosing to place the ad in the hopes its potential customers will find it. With online marketing, it is easier to place the ad where the potential customer is already looking for a similar product or service. Furthermore, on a per impression basis, the cost of advertising on the web is far less than in traditional means of advertising. While the effectiveness of online advertising in terms of banner ads is still being debated, there can be no doubt of the effectiveness on a price-performance basis as to investing in other forms of online marketing. The reason businesses stay
away from the web is generally a lack of knowledge regarding what is possible online or the costs associated with it. For example, a business may not be aware that it is possible to help its website-listing rise up in Google rankings for certain keywords using search engine optimization techniques.

For those versed in the possibilities of online advertising however, there are few alternatives that can match it in terms of level of customer engagement or in terms of creating a space where customers and potential customers can find your brand. Individuals engaged in e-commerce can have no substitute for online marketing as well, even if they do additionally advertise via offline channels.

From the above analysis, the amount of key success factors that a business in this industry has to limit the treat of substitutes is limited. Ultimately, the only thing businesses in this industry can do is to continuously stress and prove the advantages of online marketing and the ease at which one can learn to do it themselves by educating themselves through a course. Beyond this, the obvious advantage that training has is the price advantage it offers both in terms of in the present and continuing business into the future. Furthermore, as with limiting the number of entrants, it will be essential that those who take Amplified’s courses are able to improve their online presence and relate their experiences to others or allow Amplified to feature their success stories online. In this sense, persuasion and results are the only thing a business can rely upon to prevent substitutes.

4.3 Current Rivalry

Current rivalry, as discussed by Porter, is reflective of each firm attempting to gain an advantage against their competitors. Porter believes that intense rivalry is related
to the presence of a number of factors including the size of the firms, the growth rate of the industry, the differentiation of the products or services offered, and the presence of high exit barriers.

The current rivalry can be considered low. As of now, each region and city has its own training firms or online marketing consulting firms. These firms rarely have a presence outside of their immediate geographic boundary.

In the Vancouver market, there are only two firms currently offering training services. This means the market is yet to be saturated and thus, both firms are likely growing, as evidenced by their dual increase in classes provided. As more firms continue to see the benefits of online marketing and the online marketing industry grows, surely the online marketing training will expand as well. Similarly, in other major cities across North America, there only appear to be a small number of course providers. Many of these providers offer courses in nearby cities to fulfil the high demand for their services. The major KSF then is to employ the best staff possible in order to have the best product on the market.

The major growth in competition stems, not from independent course providers, but rather from colleges and universities offering certificate programs in these fields. In Vancouver both BCIT and UBC offer programs touching on various online marketing concepts. However, they do not offer courses that directly compete with one another. Of the two, the BCIT course is more of a direct competitor to the independent training firms operating in the city. While the exit barriers for independent firms is much lower, the exit barriers for these institutions is likely to be much higher due to the cost and time of instituting a new course.
This leads to the next point diminishing the intensity of current rivalry and that is the diversity of the firms operating within this industry. Firms range in scope from training firms, to training and consulting firms, and offer a host of varied courses ranging through the vast number of topics that encompass the essence of online marketing. Due to the small size of these firms however, many can only focus on offering courses on certain topics. Within these power topics, such as search engine optimization, there is an increased amount of competition. There is still enough space in this area though to differentiate based on scope of material covered and the level of depth provided. The truth is that search engine optimization is a large and constantly growing field and it cannot possibly be taught in a 3 hour session or even in one or two days. Thus it is up to the course provider to select what they deem to be the most crucial aspects to teach their students in order to allow them to effectively begin a search engine optimization campaign on their own. Like many other inexact sciences, many individuals in the SEO field have varying views as to what the most important aspects are and what the most effective tools are to learn. Consequently, each course should be quite different in nature.

The best success factor to counter the current rivalry consists of employing a qualified and dynamic staff capable of adequately teaching the tools in manners which translate into a solid track record and reputation for your firm.

4.4 Power of Buyers

The power of buyers, as discussed by Porter, is important to determine the amount of bargaining power a buyer has over the sellers in the industry. If the power of buyers is high, then the buyers will be able to exert influence and extract favourable terms in its dealings with the industry in question. Consequently, if the power of buyers is high, the
profitability of the industry will be lower as margins get reduced by the power of the buyers.

The power of buyers or customers in this industry is rather low. First, the volume of purchases will tend to be rather low per buyer. It is unlikely that any one organization would purchase a large amount of classes for its staff. This is the case because major business corporations or government organizations, with the capacity to purchase large blocks of courses, are unlikely to be students in a face-to-face online marketing training course such as the ones offered in this industry. Additionally the cost of admitting one additional student to a class is minimal and thus the course provider would have little difficulty in offering a reduced rate in exchange for multiple students. Even so, if the course provider chose not to offer a reduced rate, the buyer would currently have little in terms of other options to choose from in any given city. This is especially true if the current providers in each city were sufficiently differentiated as differentiation decreases the power of buyers further. In this case the selection of one firm would likely imply the firm is acknowledging the competitive advantage that particular firm offers.

Another factor diminishing the power of the buyers is the relative cost of training in comparison to the majority of their other costs of doing business. The cost of a given training session likely does not constitute a large part of a firms expenditures. Further, if the firm is currently outsourcing these activities, the cost of training is far less than the cost of outsourcing. Consequently, as long as the potential savings outweigh the cost, a firm would see the training as a major cost savings and thus be less price sensitive. A sales person would realize this and be able to exploit the long-term cost savings involved. Consequently, whatever price discount the buyer is seeking will seem trivial in
comparison to the long-term cost savings these courses aim to provide. This is also true with those who are currently only engaged in advertising through alternative mediums. Given this, the buyer will likely be more interested in quality than in a reduction in price, thus further eroding the power and motive of buyers to seek drastic price decreases.

The power of the buyer is also diminished by the fact that employers will be eager to enrol their employees in such a course, not only in terms of the benefits it will bring to their business, but also for the positive repore it will build between the employer and employee. Such an enrolment will signal to the employee that their employer is committed to their professional development and is willing to commit their resources to the cause.

A key success factor given the above, in addition to the advantages of good reputation as already mentioned, is a qualified sales staff. This sales staff must be both adept at online marketing and also persuasive and informed about the advantages of marketing online. Without a qualified sales staff, many companies and individuals may not realize each firm’s core competencies and competitive advantage or may not be sold on the advantages of learning to market online altogether.

4.5 Power of Suppliers

The power of suppliers, as discussed by Porter, is most relevant when the industry requires specific inputs in order to conduct business. Porter describes that is the power of suppliers is high, the industry will be forced to purchase at unfavourable terms, which will limit their profitability. Contrarily, if the suppliers do not hold a lot of power, the industry will be able to extract favourable terms which will increase their profitability.
There are virtually no suppliers in this industry. The largest suppliers are the people themselves who take the classes. The same people who are essential to create the positive reputation and sales performance consistently mentioned above as key success factors. These individuals likely hold as much power in the job market as any other employee and thus do not constitute a major strategic decision.

4.6 Key Success Factors

The following are KSF’s for any firm operating within the face-to-face online marketing training industry:

1. Quality courses that have the ability to improve the online presence of its customers

2. Quality instructors to convey the material

3. Quality sales staff to sell the appropriate courses and outline the appropriate benefits

4. Pricing the courses competitively against key competitors offering similar types of training programs in similar formats

5. Pricing the courses below substitute products such as the classes offered by universities, outsourcing marketing activities, or hiring a specialist on staff

The above analysis highlights that the nature of the industry does not produce many KSFs that can aide a firm in establishing a strategic advantage. The major KSF that will affect Amplified’s competitiveness will all stem from the quality of its staff. Amplified is a business that is absolutely reliant on having quality courses, sold by qualified sales people that are taught by quality teachers in person. Particularly important is the quality and value of the courses which is both a product of actual course material taught and the quality of the instructor. The courses have to be well liked and perceived
as high value by the students to the extent that it will be essential for them to both return for additional courses and to inform their friends and colleagues of the value of the sources. Consequently, it will be essential for Amplified to hire only the most qualified and engaging individuals to work as instructors and course material developers.
5: Market and Marketing Strategy

This section will outline the size and composition of Amplified target market. It will further go onto explain the manner in which Amplified hopes to reach these potential consumers.

5.1 Target Market

The online advertising market in Canada grew 21% in 2008 compared to 2007 as it reached $1.5 billion dollars. While this growth is impressive, it only represents 8.7% of total Canadian advertising spending in 2008, despite the fact that Canadians spend an estimated 23% of their weekly time online (Gignac, 2009). This trend implies that Canadians will be increasingly turning to online advertising.

Amplified Online seeks to be the leading online marketing training provider in each city in which it operates. Initially, this market will consist of small businesses and entrepreneurs in the Greater Vancouver area. Specifically our market will be, smaller businesses in brick and mortar locations that have less than 19 employees, and likely do not have a full time marketing department. This includes new businesses by individual entrepreneurs that are looking to create an online business. This market will continue to grow along with the growth of online advertising spending. Amongst small businesses, 99% of small business owners claim to be directly involved in marketing, and thus these individuals are a core target for Amplified. If not the business owners themselves, their involvement in directing who conducts the marketing is of paramount importance and thus the business owners will be the core target to be contacted by Amplified.
Additionally these people tend to be older and thus are less likely to be fluent on the web and thus increasingly require the services of Amplified.

The Greater Vancouver area is home to 2.1 million individuals in total with 55.7% of that population falling between our target demographic of 18-54 years old, representing 1.15 million people. From this population, there are 194675 total businesses with 19 employees or less (BC Stats, 2009). Of these, 103,353 businesses do not claim any payroll deduction and thus may consist of just an owner, owners, contracted workers, or family members. These businesses combined form the core of Amplified Online’s target demographic and thus all can be considered potential customers.

Using approximations based upon a survey conducted of American small businesses (WebVisible, 2009) averages, one can assume that only 44% or 85657 businesses in the GVA have a website and of these businesses that have a website, 70% or 59960 businesses advertise their websites or business online using offline or online channels. Of those with websites, 30% or 25697 businesses in the GVA, do no additional internet advertising at all, representing a further demographic for Amplified to tackle. Over half of those with websites are dissatisfied with their online presence signifying that these businesses, about 42829 in the GVA would be open to the idea of increasing their web presence.

Amplified’s customer segments can thus be broken down from the roughly 85657 businesses with websites in the GVA, although Amplified believes this 44% figure for businesses with websites will rise over the coming years thus enlarging the total market in time.

1. Businesses that are dissatisfied with their current web presence
There are about 42829 businesses in the GVA that are dissatisfied with their web presence. Amplified has the ability to contact these businesses or rather be found by these businesses and give them the tools to become satisfied with their web presence. While some of these businesses will continue to be dissatisfied and do nothing about it, others will attempt online marketing themselves or outsource to a third party to increase their presence for them, and still others will look to a service such as Amplified to increase their web presence internally. Of these firms dissatisfied with their web presence, Amplified believes that 30% or 12849 businesses would be receptive to the idea of taking a course with Amplified.

2. *Businesses that are satisfied with their current web presence*

Businesses that are satisfied with their web presence, 42828 in the GVA, likely fall into two categories. The first being businesses that are generally aware of what is possible on the web and consequently accurately assess their web presence as positive. The second, and likely larger group, consists of businesses that are unaware of what is possible on the web and consequently view the simple act of having a webpage and perhaps a small amount of leads or customers as a result as sufficient. Of these businesses, it is likely that a small percentage, 20%, are actually using the web optimally and are content with the manner they are advertising online. The remainder or about 34262 could likely benefit from additional online web assistance. Of this figure, Amplified believes that 20% or 6852 would be receptive to Amplified’s services.

3. *Businesses that do not advertise online*
These 25697 businesses could fall into either of the above categories. Businesses that currently do not advertise likely do not because of the perceived costs involved or the lack of knowledge as to the benefits of marketing online. While some will be resistant and sceptical of advertising online, Amplified hopes that preparing case studies will illustrate the potential benefits of marketing online in their industry. Of these firms, Amplified believes that 25% or 6425 will be receptive to Amplified’s services.

4. **Businesses that are currently advertising online**

Businesses that advertise online are currently either doing so internally or through a third party and are either satisfied or dissatisfied with their online presence. This number, about 70% of businesses, appears to be high. Likely this number includes businesses that have included a listing in yellow pages online or something of the sort. While this advertising is a positive step, it is certainly not sufficient. Amplified believes that of all businesses who are doing something online, 20% or 11992 will be receptive to the concept.

5.2 **Consumer benefits**

The advantages of marking online efficiently and properly are numerous. Below are the core advantages

1. **Cost Savings** – Enrolling as a student with Amplified Online saves customers money in a variety of ways. Firstly, for those who have yet to market online, it is significantly less expensive than advertising using traditional means. As a substitute then, marketing online will require less money than marketing in traditional channels. For those that are currentl using a third party online
marketing firm or considering using such a service, taking a course or courses with Amplified will translate into a significant cost saving. By learning the tools and marketing online efficiently internal to the firm rather than relying upon another firm to do it, customers can expect to save a substantial sum of money.

2. Visibility – Whether it is making your website come up at the top of search engine results or having a page on Facebook, marketing online will bring your business to the consumers you want.

3. Brand Engagement – Using the internet to market allows for the possibility to actively engage with your customers and potential customers. This can be done through a variety of social media channels and can include responding directly to their queries, creating a contest for your customers, or alerting online fans of special sales or promotions.

4. Control – Learning how to market one’s own brand online gives complete control to the business itself. While many SEO firms will engage in ‘black hat’ SEO, doing the work oneself can ensure that all work done is ‘white hat’ and consequently, the brand will never be seen as deceptive. Additionally, when doing the work internally, the firm knows exactly how it wants to be portrayed and can work to accomplish this and make adjustments in real time.

5. ROI - When engaging in online marketing, it is possible to measure ones success. This can be done using free analytics software which overs tacking over a number of metrics. In doing this, the firm can set goals for itself, such as number of online sales, number of visitors from Vancouver, or number of emails and measure how
much it cost to achieve those goals. The firm can also monitor how changes in strategies affect those metrics and make changes accordingly.

5.3 Competitive Analysis

This section will outline the competitive landscape facing Amplified Online and the future trends will affect the industry and demand for our product. This will outline the choices the consumers have in the market when seeking the desired effect that an Amplified training course can offer. Both direct and indirect substitutes will be examined.

5.3.1 Indirect Substitutes

1. Online Internet Marketing Firms (ex. www.hubspot.com)

Online Marketing Firms such as www.hubspot.com offer an alternative to those who see the need to engage in online marketing but who choose to outsource the activity to a third party. Firms like this tend to be large and impersonal. They largely employ a similar strategy regardless of the client, resulting in an impersonal feel to ones marketing efforts. In taking classes with Amplified, a user will be able to attack their online marketing activities with complete control over their destiny. They will be able to customize their strategy as they see fit, and furthermore, will be able to invest as much time and resources as they see fit. Furthermore, they can be assured that their account is constantly monitored and observed. The lessons learned can consistently be implemented throughout the business.

2. Offline Marketing Channels

Offline marketing channels such as print advertising or the radio offer an alternative means to reach customers. For those businesses that are unaware of the power of the web
or that simply overlook the opportunities to advertise on the internet, they will likely turn to one of these options. Additionally, some firms may think that simply having a website is sufficient in terms of advertising on the web and that no additional effort is required past that point. Both of these viewpoints are shortsighted and result from because of a lack of information. Amplified will actively be engaged in educating these firms and helping them make the transition to embracing an online interactive marketing campaign.

3. DIY – Internet message boards, how-to files, etc.

Essentially, the do it yourself method is what Amplified hopes its clients ultimately do. There is a mass of information available on the internet for individuals to learn a large portion of the content which Amplified will teach its clients. This information is extremely fragmented however and a large portion of it is either outdated or wrong. The internet is filled with social media experts and SEO experts, each with their own agenda online, which is not always in the best interest of a reader or someone trying to learn some new skills. Following some of the wrong tips can lead to subpar results and in some cases can do actual harm to a business. Amplified seeks to not only educates its customers so that they can proceed with online marketing the right way, but to also provide a list of valuable and trusted resources, in addition to offering continued support for a limited time following a class. Additionally, Amplified will offer advanced techniques training sessions which may be beyond the initial reach of some novice DIYers.

4. Internet Marketing Consultancy Firms

Rather than internalize the process, a firm may choose to hire one of many internet marketing consultancy firms in the city which they operate. These firms should have an
expertise in marketing online and can provide a one stop shop for those interested in
advertising their business online. These firms will work with their clients to determine the
appropriate course of action and enact it. The cost of such services however are often
very high and thus out of the reach of many. Additionally, these types of services may me
better suited to search engine marketing than for social media. For social media
marketing, it is best to work internal to the firm in order to actively engage with
customers in an honest and productive manner. Additionally, there are inherent
advantages to doing all search engine marketing in house. This includes being able to
adapt the campaign on the fly as analytics data paints a clearer picture of types of
keywords which attract the most viewers. Additionally, this analytics data is useful when
structuring a social media campaign as the knowledge regarding website and
demographic trends can aide in the shaping of a social media campaign. Furthermore, if
one is competing in a competitive industry, it would not want its secrets to be known by
others. This could happen if a firm hires an online marketing consulting firm. If a
competitor hires the same marketing firm, it is inevitable that some the knowledge and
data gained from the first firm would be transferred to the second firm. Taking courses
and doing the work internally eliminates this fear. One firm of particular strength in the
Vancouver market is 6s Marketing which offers a host of online marketing services to
firms both large and small.

5.3.2 Direct Substitutes

1. Other Internet Marketing Training Firms

In most major cities across North America, there exists alternative online marketing
training companies. These firms, like Amplified, run training courses covering roughly
the same topics as Amplified. The Vancouver market has two such firms operating at this point which seek to become Amplified’s direct competition. The first is Reach’d, and the second is Rain Coaster Media. Reach’d is primarily a training firm that also offers consultancy services and Rain Coaster Media is primarily does training about social media, with a focus upon blogging, which Amplified will not cover. Each firm has its strengths, but also has a number of drawbacks. Rain Coaster Media is less of a direct competitor to Amplified as its courses generally focus on blogging, or on extreme basics such as Gmail, the email system from Google. These courses seek to find a different demographic than the one Amplified is targeting. Reach’d on the other hand is a direct competitor, run by two individuals who are well engrained in the Vancouver community, with a focus on the real estate industry. To combat this, Amplified will continue to focus on its core competency, level of professionalism, up to date teaching material, and alignment with business theory and strategy.

2. Marketing Classes from Accredited Institutions

These courses are run by accredited institutions and generally offer courses that span a larger period of time covering an array of topics related to online marketing. These courses often carry a high price tag and require a sizable commitment by the student. They are offered on a limited basis with a limited amount of start times in the year with much time in between them. Consequently, someone may have to wait months in order to get the training they require, which is valuable time that could have been used creating an online presence. These courses also force the student to learn about an array of topics, some of which may not be suitable for their given needs. Additionally, these courses,
such as the one offered by BCIT in Vancouver, remains somewhat dated in its content and is unable to change as the market changes.

3. Hire Someone with Knowledge

If a firm realizes that online marketing is an integral part of their strategy moving forward, they may opt to hire an experienced online marketing guru fully versed and experienced in the content of what Amplified offers in its courses. This alternative has the advantage of having someone that is fully qualified in online marketing and thus will likely hold a greater degree of knowledge than that gleamed immediately from completing a course or set of courses with Amplified. This option however requires a significant financial contribution. Additionally, if there is no need for a full time marketing position, as with many small businesses, this is not a viable option. Rather the firm would rather an employee pick this skill up to add to their portfolio of job duties. Alternatively, if a business has had an employee in place for many years doing traditional marketing, it would make more sense to train them to also do online marketing than hire someone new that had those skills.

5.4 Strategic Analysis

1. Technological Developments

Technological developments with regards to the online marketing industry focus on both the changing nature of search engines and new trends in terms of social media. Both are important factors which affect the nature of the classes taught as well as the need for the courses in the marketplace.

Search engine marketing trends while holding fairly stable, do not represent a science as some want to believe. That being said, there are a number of best practices which stand
out and remain over time. These best practices, while they span across search engines to some degree, also change depending on the algorithm of the search engine in use. Consequently, it is important to monitor which search engines are primarily being used by those in a given geographic region in order to do the best practices that will radiate most within the targeted engine. For example, while Google’s algorithm minimizes the importance of on-page optimization, the Yahoo engine still gives on page optimization more importance. From a teaching point of view then, it will not be necessary to stress on page optimization within a market that mostly uses Google as a search engine.

Two new search engines that have been getting a fair amount of press recently have been Bing, created by Microsoft, and Wolfram Alpha, which was created to compile data in a different way in order to answer questions more efficiently than other search engines. While both of these engines are still in their infancy, with Wolfram still in testing mode, it will be important to track their popularity as time progresses and to understand how to optimize for these engines as well.

In terms of social media, technological developments and changes have been happening rather quickly. New forms of social media spread in popularity and usefulness rather quickly. Examples can be understood looking at the rampant proliferation of the micro blogging site Twitter, as well as the change in social media dominance between Facebook and Myspace. Year over year, Twitter grew an estimated 753% between December of 2007 and December of 2008.
Figure 7 - Unique visitors in millions to Twitter Over One Year (adapted from Ostrow, 2009)

Clearly, it would have been advantageous to be aware of the growth of Twitter at its early stages in order to be ready to be able to engage with customers as they become users of the social media services. Also this growth illustrates that it would have been essential and beneficial to have been running courses about Twitter over this time as consumers became more aware of the service and eager to learn how to use it to their advantage. The Facebook and Myspace competition started with Myspace having twice as many users as Facebook had at the start of 2008.
One year later Facebook had 10M more users than Myspace and was growing at a much faster rate as Myspace’s growth was stagnant. This trend still remains while Facebook grows and Myspace remains set in its user base. However, it is important to note the difference in members is not wholly indicative of each one’s usefulness. This is because in certain geographic regions and amongst certain demographics, one may be more popular than the other. It is important to take demographic usage trends into account when creating a social media marketing campaign not only in terms of the majority, but where are you most likely to find your potential customers. For example, those interested in advertising to those closely aligned with the entertainment and music industry may choose to put more effort into their Myspace account despite the overall lower membership base than Facebook.
One important thing to note is that in advertising in these forms of social media, the playing field is more even between the large companies and the smaller ones. While in traditional forms of media, it is often easy to distinguish between those who spend lots of money on their advertising and those who do not, in social media, even a small company can have a large presence. With the exception of paying for advertisements on the social media site or advertising the social media site presence in other mediums, a small firm is equally able to engage with its customers as large ones. This differs from in traditional advertising mediums, the size difference between the two would often be obvious and act as a detriment to the smaller firm. Social media allows even small firms to appear professional, cutting edge, and engaging while keeping marketing costs extremely low. While firms such as Twitter are considering charging businesses for professional accounts, the playing field at this time is level.

Another crucial technological development with regards to online marketing has been the ease of tracking and analyzing the data and ROI of online activities via analytics software. This software makes advertising online even more attractive as individuals are now able to track the effectiveness of a given campaign and discover relevant trends about its consumer base.

2. Economic Trends

As the economy plummeted last October, many businesses were severely hurt financially. As budgets tightened, available funds were earmarked to ensure the operation could continue, and consequently many advertising and marketing budgets were slashed. The recession also forces all businesses to closely examine the nature of their expenditures and to seek innovative way to cut costs without the business making any
sacrifices. Additionally, as with many recessions, many individuals took to entrepreneurship and created their own businesses or tried to create their own personal brand. Consequently, many individuals are currently seeking alternative means of advertising without a large capital investment. This economic trend will push individuals towards online marketing as it is possible to do so effectively with very little capital, and additionally one can constantly monitor their expenditures and alter accordingly.

The economic downturn will also force some firms who had previously used a third party online marketing firm to attempt to do it in house to save some money. While they had been outsourcing before as they did not have the skills, they will need to learn how to market online effectively. This will push people towards training services such as the ones offered by Amplified Online.

5.5 Marketing Plan

This section will describe the marketing plan for Amplified Online. The entire marketing mix will be explained. Overall, Amplified will have a differentiation strategy in terms of its marketing and operations. A low cost strategy would serve to work against Amplified’s best interest, as it would serve to cheapen the perception of the brand. Furthermore, the business’s is inherently low capital intensive and thus competitors would easily be able to duplicate this strategy. Conversely, a differentiation strategy will seek to place Amplified as a high quality differentiated product that can effectively improve a business’s bottom line.
5.5.1 Price

Amplified will competitively price its courses within the Vancouver market. It is not our intention however to undercut our competitors as it is believed that price will be looked at to some extent to signal quality. The price for a 3 hour course will be $175 while the full day courses will run $450. Amplified will carefully try to push customers towards the full day courses in order to increase the revenue per customer. When it is apparent however that an individual is better suited or more inclined to agree to the 3 hour course, then that is the option that will be sold to them. Amplified also is intent on discovering the clients needs before selling any course to them. Often an individual will be unaware of which course they will benefit from the most or which will provide the skills they are seeking. We believe it is in our best long term financial interest to adequately match a student with the right course.

Amplified will also earn revenue from conducting in house training sessions. These sessions will charge a premium and as a result of customizing its course to the clients industry and to meet the direct needs of the client. A typical full day training seminar conducted for a company will cost between $1500 and $3000 depending on a variety of factors such as level of customization and number of individuals in training.

Finally, Amplified will earn revenue by acting as a consultancy. For consultancy services, Amplified will determine the amount of time required to complete the project and charge on a per hour basis. The basic rate will be $90 per hour for the audit portion of our services and range up to $125 for the strategic formation portion of our consultancy work. The average hours spent on a project is believed to be 5 hours.
5.5.2 Placement

Amplified will offer its courses in rented rooms located in the downtown core. While there are numerous options available, Amplified is seeking a professional environment to conduct its courses. The rooms will be equipped with ergonomically correct chairs, Wi-Fi internet access and projector screen in which to show power point presentations. Among the sites being considered are the Segal Graduate School of Business, the Harbour Centre, or in a hotel. All these locations are conveniently located in downtown Vancouver and are easily accessible by driving or are in close proximity to major modes of public transportation. In the future, Amplified also seeks to offer niche courses via online web conference technology. All consulting and in house training will either be conducted at the clients place of work or alternatively also at the above locations.

5.5.3 Promotion

The promotion of AO will be of utmost importance to our success, particularly in the early stages of our business. AO hopes to achieve a balance of promoting ourselves aggressively through a number of channels, as well as fostering an environment where word of mouth and referral business is common. We want this approach to be consistent with our commitment to ensuring that a client is well suited for the service or course they are to be purchasing. Additionally AO would like to avoid misrepresenting our brand and the benefits that will arise from taking a course. We always want the client to understand where they will be after completion of our courses and remind them that the completion of a course is only the beginning of an online marketing strategy. An outline of the various promotional techniques used will be detailed below.
1. SEO and Web Promotion

AO will create a visually attractive website outlining our business and what can be expected from our courses. An aggressive SEO campaign will place AO’s website within the top results for a variety of online marketing terms with the word Vancouver in it. AO will target the long tail of search and try to be found by customers seeking to learn how to market themselves or their business online.

2. Prospecting

AO will be extremely active in identifying potential customers of our services. We will not simply be calling businesses and attempting to sell them on Amplified, but rather will be conducting preliminary research into the type of business, their current marketing efforts, and online status. From this data, Amplified will be able to contact customers with specific knowledge about what that company is doing, where they are doing it, and how it can be improved. AO hopes to do this on a consistent basis thus building a directory or past contacts to continuously follow up with, hopefully providing a constant stream of new customers to our courses.

3. Low Tech

AO seeks to market actively in the community using a variety of mediums requiring a low level of technology. As an online marketing training program, AO acknowledges that many of our prospective clients will be unaware that they should be advertising online, and many others who simply do not know the terminology to seek us out online. Consequently, AO hope to engage in a flyer campaign targeting many areas throughout the city believed to attract a high amount of our custom demographic. The
flyers will call for direct action and invite people who see it to visit our website or to call for more information.

4. Press Releases

To be seen as experts to a broader population, we will need to reach the critical mass. Due to the fact that ad time and space is very expensive, we will instead write carefully crafted press releases which highlight our business and the positive changes it is making within the Vancouver business community. The hope of the press releases will be for the local media to do a story on our business. If we are unsuccessful in this goal, we will be able to portray ourselves as the people to contact when there is a need to get an expert opinion on all matters small business and online marketing related.

5. Referral Program

While AO hopes that our satisfied customers will naturally refer others to our courses, we wish to provide an extra incentive to do so. This extra incentive is also a means to incentivize taking an additional course with AO. In this system, when someone completes a course and refers up to three other individuals for the courses, the referrer will receive a discount on an additional course. This promotional technique has multiple benefits including getting new leads for AO to pursue as well as providing an incentive for the referrer to take an additional course.

5.6 Entry Strategy

Amplified has to enter into a market where there are already a few options in place for individuals to get training. Beyond this, it is entering a market where it is believed the majority of its potential customers are still unaware of the benefits of marketing online.
Consequently, it will be essential to act as educators within the community. This will involve attempting to write articles for the city’s newspapers on the subject, going to board of trade and small business Vancouver events, and generally networking and prospecting for clients. Our entry into the market will be preceded by one and a half months of sales work in order to have a suitable number of individuals attending each training session.

5.7 Sales Strategy

The strategy employed by our sales forces will have a significant impact on the amount of customers Amplified is able to sign up for courses. The main goal of our sales people is to attempt to accurately understand the issues facing the customer, specific to the industry in which they operate. This will involve a substantial amount of time in researching each firm, however, Amplified will also have industry specific online marketing information in order to quickly adapt ones sales pitch. In discovering the needs of each client, it will be determined as to which course or courses are most beneficial for that particular client. In the event that it is deemed the client requires an SEO course, they will initially be sold the full day course. In the event that they are unresponsive, the 3 hour course will be offered as a suitable alternative. The goal here is not to attempt to force any individual into a course for the purpose of making a sale. The goal is to help provide the necessary tools that an individual needs in order to market their business better online. In this case, Amplified has the best chance of having satisfied customers, which will serve as positive case studies and allow for the courses to spread via word of mouth advertising.
Post sales, our sales staff will periodically check up on our customers by phone in addition to period emails outlining special offers and new courses. Also, our in consulting and in house training services will attempted to be sold. Particularly, it will be offered if it is deemed that the customer is looking for a customized experience, or that multiple individuals within an organization would benefit from such a seminar. AO hopes that following taking a course, some students will hire Amplified to work as a consultant in analyzing their companies web presence in some manner and directing the newly trained student into how to apply the skills they had just learned.

It is also very important that the sales member be knowledgeable about the field of online marketing. It is integral to prove the legitimacy of the organization that the individual making the sale be completely comfortable discussing the varying aspects of online marketing and fully believing in the efficacy of these courses. It will be important to convey that Amplified Online is a professional organization and that we are experts in the field of online marketing.
6: Operation Requirements

This section will discuss the operational requirements that Amplified will face in actually running its business. This will include everything that Amplified will need to succeed in the day-to-day running of the company.

6.1 IT Requirements

As Amplified is a firm specialized in online marketing, it will be essential for AO to have a strong web presence and an easy to navigate webpage. It will be essential for potential customers to be able to select courses, register, and pay online through the website. Payment will be secured using integrated ecommerce software from 1shoppingcart.com.

Amplified will conduct its courses using power point presentations. These presentations will be transferred on the instructor’s laptop computer to the course location. The location will be equipped with a projector that can display a power point presentation. The rooms will also be Wi-Fi compatible for all students.

The business will utilize the MYOB Business Essentials software in order to coordinate all important financial information. It will allow the founders to be able to accurately monitor the financial stability of the firm in order to conduct projections which will aide in the expansion plans of the firm. MYOB was chosen because of its ease of use, the founders experience using the software, online banking integration, and accounts payable and receivable functionality.
6.2 Staffing Requirements

Initially, AO will be staffed primarily by its two founders. The division of labour would have one individual in charge of sales, while the other individual was in charge of course material, teaching, and consulting. Each would assist in all areas however. Over time, an experienced, charismatic online marketing expert would have to be added to the team. This individual would have to be equally adept at teaching the course material as in selling the products. Due to the salary structure, they will have to be entrepreneurial, believe in the concept of AO and be willing to work to expand our brand within the community. Once expansion begins, additional sales people will be required as the founder’s transition more to a managerial role, focusing on the growth of the business and the management of its team.

6.3 Accreditation Requirements

As the phrase SEO expert or social media expert become more prevalent in today’s world, it will be increasingly important to demonstrate the level of professionalism at Amplified Online. This will be garnered through experience and reputation but also by receiving numerous accreditations offered by Google. Specifically, steps will be take to become a Google Authorized Adwords, and Analytics certified consultant. To become an Adwords certified individual, one needs to have managed at least one Adwords Account in an MCC for 90 days and pass an exam. To become a Google Analytics Authorized Consultant one has to explain to Google as to why they should be a consultant and what they have done to deserve it. Additionally, travel to a Google Analytics Authorized Consultant summit in California is also a requirement.
6.4 Funding Requirements

Given the nature of this venture, Amplified will attempt to start operations using a minimal amount of capital. The uses of starting capital will be to go towards the purchase of a domain and starting marketing costs, mostly consisting of offline marketing channels. Website development will be done by the founder, as will the online marketing. The training facility will be booked closer to the date of the first class and will be booked using the funds gained from initial course sales. AO will operate without an office until its second year of operation where an office will be required as the consulting business and expansion plans begin to materialize. AO hopes to continuously fund its growth through organic means and does not seek outside investors or additional partners. Due to the low start-up costs associated with entering into a new market, AO hopes to be able to rapidly expand its operations without the traditional weight of start-up costs.
7: Financial Information

This section will detail the assumptions and resulting financial projections for the first five years of operations.

7.1 Assumptions

Financial projections were created to model the effects of certain assumptions regarding the business model and the growth of Amplified Online. All financial statements rely upon these assumptions. These assumptions were constructed through an evaluation of the market, the industry, and the goals of the business. These include both top down and bottom up realistic expectations arrived at only through a careful analysis of the market.

In Q1 of Year 3, Amplified intends to expand its operation by opening a new location in a new city. As such both revenues see a large jump starting in this quarter while expenses begin their rise in the preceding quarter.
### 7.2 Income Statement

**Figure 9- Income Statement**

<table>
<thead>
<tr>
<th>Amplified Online Income Statement</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
<td>Revenues:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Short Course Revenue</td>
<td>$6.30</td>
<td>$6.30</td>
<td>$18.9</td>
<td>$16.8</td>
<td>$21.0</td>
</tr>
<tr>
<td>Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Full Day Course Revenue</td>
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<td>$16.2</td>
<td>$21.6</td>
<td>$43.2</td>
<td>$54.0</td>
</tr>
<tr>
<td>Revenue</td>
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<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>In house training revenue</td>
<td>$9.00</td>
<td>$9.00</td>
<td>$18.0</td>
<td>$18.0</td>
<td>$18.0</td>
</tr>
<tr>
<td>Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>Consulting Revenue</td>
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<td>$2.00</td>
<td>$4.00</td>
<td>$4.00</td>
<td>$4.00</td>
</tr>
<tr>
<td>Revenue</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td><strong>Total Net Revenues</strong></td>
<td>$28.1</td>
<td>$33.5</td>
<td>$62.5</td>
<td>$82.0</td>
<td>$97.0</td>
</tr>
</tbody>
</table>

| Expenses:                          |        |        |        |        |        |        |        |        |        |        |        |        |
| Production Costs                   |        |        |        |        |        |        |        |        |        |        |        |        |
| Room Rental Costs                  | $3.24  | $3.39  | $5.73  | $7.98  | $7.98  | $9.10  | $9.10  | $12.7  | $12.7  | $13.4  | $14.5  | $14.5  |
| Accreditation                      | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
| Online Hosting and Payment Services| $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  | $65.0  |
| Trainer/Sales Salary               | $9.00  | $9.00  | $9.00  | $9.00  | $9.00  | $18.0  | $27.0  | $27.0  | $27.0  | $27.0  | $27.0  | $27.0  |
| SEO/Sales Commission               | $11.6  | $11.6  | $11.6  | $11.6  | $11.6  | $17.4  | $17.4  | $17.4  | $17.4  | $17.4  | $17.4  | $17.4  |
| Manager Salary                     | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   | 0.00   |
|------------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Manager Commission     | 5     | 5     | 0     | 0     | 8     | 8     | 8     | 8     | 5     | 5     | 0     | 50    | 0     |
| Owner Salary           | $12.0 | $12.0 | $12.0 | $18.0 | $18.0 | $18.0 | $18.0 | $24.0 | $24.0 | $24.0 | $24.0 | $24.0 | $24.0 |
| Administrative         | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Miscellaneous Expenses | $9.00 | $9.00 | $9.00 | $9.00 | $9.00 | $9.00 | $9.00 | $9.00 | $9.00 | $9.00 | $18.0 | $18.0 | $18.0 |
| Office Rental          | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     | 0     |
| Miscellaneous Expenses | $1,17 | $1,21 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 | $1.26 |
| Marketing Costs        | 0     | 0     | 1.56  | 2.05  | 2.42  | 6.63  | 7.29  | 10.2  | 10.2  | 10.8  | 11.4  | 11.4  | 11.5  |
| Total Net Operating    | $16.4 | $17.2 | $42.8 | $56.6 | $63.1 | $66.1 | $88.3 | $98.3 | $127. | $129. | $135. | $135. | $145. |
| Expenses               | 46    | 23    | 15    | 50    | 60    | 0     | 60    | 103   | 819   | 819   | 319   | 385   | 225   |
| Total Operating Income | $11.6 | $16.2 | $19.6 | $25.3 | $33.9 | $30.9 | $22.1 | $23.1 | $43.5 | $43.5 | $50.8 | $54.9 | $54.9 |
| Income                 | 55    | 78    | 85    | 50    | 0     | 0     | 88    | 43    | 03    | 03    | 98    | 31    | 31    |
| Taxes                  | $3.72 | $5.20 | $6.29 | $8.11 | $10.8 | $9.88 | $7.10 | $7.40 | $13.9 | $13.9 | $16.2 | $17.5 | $17.5 |
| Net Income             | 5     | 69    | 86    | 38    | 52    | 12    | 88    | 37    | 82    | 82    | 10    | 53    | 53    |
|                        | $7.92 | $11.0 | $13.3 | $17.2 | $23.0 | $21.0 | $15.0 | $15.7 | $29.5 | $29.5 | $34.6 | $37.3 | $37.3 |
|                        | 5     | 69    | 86    | 38    | 52    | 12    | 88    | 37    | 82    | 82    | 10    | 53    | 53    |
Amplified Online seeks to operate using the minimal amount of fixed costs while allowing the remainder of our costs to be of a variable nature. The growth of our revenue is dependent on the ability of our sales staff to be able to sell our services. While initially our sales will be solely on the basis of our sales staff, Amplified believes that in time this figure will drop to between 65%-70% while the remainder of sales will occur with no sales people interaction. Of this, 50% will be for full day classes and 40% will be for the 3 hour class. The full day classes will generally represent upwards of 50% of Amplified’s total revenue starting at 44% in year 1 and rising every year thereafter. The short courses will initially represent around 24% of total revenues and decline to about just under 18% by year 5. The growth in the number of classes is reflective of the variety of classes offered and marketplace needs. Before the second location gets opened Amplified hopes to offer one 3 hour class per week, during the week and one full day class every weekend. In addition, we will offer one 2 day seminar per month bringing the total number of classes per quarter to 27. Eventually, the second location will open and will eventually push the total number of full day classes to 32 and short classes to 24. As amplified will focus on selling its classes, we estimate that only 5% of all sales will be for consulting, and 5% will be for in house training. In terms of revenue, consulting will make up the smallest percentage of Amplified’s total revenue hovering around 5% over the 5 year period. In house training however represents a crucial aspect of Amplified growth strategy and will generally represent upwards of 20% of revenue over the 5 year period despite falling to 19% in year 3.

As a service and training company, the major expense Amplified will endure is that for our human capital. Initially, Amplified will be run by both owners however, as
the amount of classes offered increases, Amplified will begin to hire additional SEO trainers who will also act as salespeople. These salaries and resulting commissions constitute the majority of Amplified’s expenses at around 30% of total expenses. The commission these individuals will receive will be based upon their sales performance. Amplified has created a structured incentive program that will both create an incentive for the salespeople to sell the products which Amplified is most interested in selling as this will provide for maximum monetary rewards for our salespeople. Each sales person will earn 10% commission from the sale of a 3-hour class, 17% from the sale of a full day class, 15% from the sale of an in house training session, and 20% from a consultancy sale. Additionally, the manager hired in addition to the owners will represent between 20% and 25% of total expenses.

The other major expenses for Amplified are the rental of the room to conduct training lessons and the rent for our offices. The rental price for the training room is based upon the fees charged by Simon Fraser University for a Hi-Fi equipped boardroom in the Harbour Centre located in downtown Vancouver. In total, this variable cost will initially represent around 15% of total expenses and then decline to around 10% The office price rental is based on a suitable 750 sq. foot office space in Vancouver’s Gastown district. In total this fixed cost that only increases as Amplified expands into a new market remains below 10%.

Overall, Amplified seeks to be profitable from its first quarter. While on a yearly basis, net income will rise every year, certain quarters will see a decline in net income as additional staff members are brought on, but before they are able to work to produce an increase in revenue.
## 7.3 Balance Sheet

### Figure 10- Balance Sheet

<table>
<thead>
<tr>
<th>Amplified Online</th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance Sheet</strong></td>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
</tr>
<tr>
<td><strong>Assets</strong></td>
<td>$8.7</td>
<td>$18.3</td>
<td>$37.1</td>
<td>$51.1</td>
<td>$60.6</td>
</tr>
<tr>
<td>Cash</td>
<td>55</td>
<td>177</td>
<td>522</td>
<td>120</td>
<td>088</td>
</tr>
<tr>
<td><strong>Accounts Receivable</strong></td>
<td>$4.2</td>
<td>$5.0</td>
<td>$9.3</td>
<td>$12.1</td>
<td>$14.1</td>
</tr>
<tr>
<td>less allowance for doubtful accounts</td>
<td>15</td>
<td>25</td>
<td>75</td>
<td>300</td>
<td>550</td>
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<tr>
<td>Total Assets</td>
<td>$12.9</td>
<td>$23.2</td>
<td>$36.4</td>
<td>$49.4</td>
<td>$65.6</td>
</tr>
</tbody>
</table>

| **Liabilities**  | $82    | $86    | $21.8  | $2.8   | $3.1   |
| Accounts Payable | 2      | 41     | 33     | 55     | 05     |
| Dividends Payable| $84    | $1.0   | $1.8   | $2.4   | $2.9   |
| Unearned Revenue | 3      | 05     | 75     | 60     | 10     |
| Income Taxes Payable | 80 | 27    | 31     | 01     | 14     |
| Total Liabilities| $4.6   | $6.0   | $1.6   | $2.1   | $2.2   |

| **Shareholders Equity** | 30 | 07 | 039 | 913 | 605 |

60
<table>
<thead>
<tr>
<th></th>
<th>$2,000</th>
<th>$2,000</th>
<th>$2,000</th>
<th>$2,000</th>
<th>$2,000</th>
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<th>$2,000</th>
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<tr>
<td>Common Stock and</td>
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<td>$15,195</td>
<td>$21,888</td>
<td>$30,507</td>
<td>$42,033</td>
<td>$52,539</td>
<td>$60,083</td>
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<td>$82,742</td>
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<td>$112,838</td>
<td>$133,515</td>
<td>$152,191</td>
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<tr>
<td>Additional Paid in</td>
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<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Capital</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
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<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
<td>0 0 0 0</td>
</tr>
<tr>
<td>Retained Earnings</td>
<td>6,3 15</td>
<td>21,30</td>
<td>42,52</td>
<td>60,67</td>
<td>82,97</td>
<td>114,133</td>
<td>152,170</td>
<td>186,200</td>
<td>223,249</td>
<td>278,297</td>
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<tr>
<td>Total Shareholders Equity</td>
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<td>84,99</td>
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</tr>
<tr>
<td>Equity</td>
<td>40 195</td>
<td>888 507</td>
<td>033</td>
<td>539</td>
<td>083</td>
<td>951</td>
<td>742</td>
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<td>838</td>
<td>515</td>
<td>191</td>
<td>868</td>
<td>912</td>
</tr>
<tr>
<td>Total Liabilities and</td>
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<td>334,362</td>
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<tr>
<td>Shareholders Equity</td>
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<td>927 420</td>
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<td>979</td>
<td>204</td>
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<td>885</td>
<td>562</td>
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<tr>
<td>Retained Earnings</td>
<td>6,3 15</td>
<td>21,30</td>
<td>42,52</td>
<td>60,67</td>
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<td>Start of Quarter</td>
<td>0 40</td>
<td>195</td>
<td>888</td>
<td>507</td>
<td>033</td>
<td>539</td>
<td>083</td>
<td>951</td>
<td>742</td>
<td>533</td>
<td>838</td>
<td>515</td>
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</tr>
<tr>
<td>Net Income</td>
<td>25 069</td>
<td>386</td>
<td>238</td>
<td>052</td>
<td>012</td>
<td>088</td>
<td>737</td>
<td>582</td>
<td>582</td>
<td>610</td>
<td>353</td>
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</tr>
<tr>
<td>End of Quarter</td>
<td>40 195</td>
<td>888</td>
<td>507</td>
<td>033</td>
<td>539</td>
<td>083</td>
<td>951</td>
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<td>533</td>
<td>838</td>
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# 7.4 Cash Flow Statement

Figure 11- Cash Flow Statement

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<tr>
<th>Amplified Online Cash Flow Statement Sheet</th>
<th>Year 1</th>
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<th>Year 3</th>
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<th>Year 5</th>
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<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
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<td><strong>Cash flows from operating activities:</strong></td>
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<tr>
<td>Net income</td>
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<td>$23</td>
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<td>Changes in operating assets and liabilities:</td>
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<td>Trade and other receivables</td>
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<td>$4,2</td>
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<td>Investing activities:</td>
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<td>Acquisitions of property and equipment</td>
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<td>Cash flows from investing activities</td>
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<td>$0</td>
<td>$0</td>
<td>$0</td>
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<tr>
<td>Financing activities:</td>
<td></td>
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<td></td>
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</tbody>
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62
<table>
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<td>Issue of common stock</td>
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<tr>
<td>Dividends for the previous year</td>
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<td>2.2</td>
<td>6.6</td>
<td>8.6</td>
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<td>7.5</td>
<td>7.8</td>
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<td>14.0</td>
<td>17.0</td>
<td>18.0</td>
<td>18.0</td>
<td>16.0</td>
<td>13.0</td>
<td>23.0</td>
</tr>
<tr>
<td>Cash flows from financing activities</td>
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<td>2.2</td>
<td>6.6</td>
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<td>10.0</td>
<td>7.5</td>
<td>7.8</td>
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<td>14.0</td>
<td>17.0</td>
<td>18.0</td>
<td>18.0</td>
<td>16.0</td>
<td>13.0</td>
<td>23.0</td>
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<tr>
<td>Increase/(decrease) in cash and equivalents</td>
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<td>9.4</td>
<td>9.3</td>
<td>9.5</td>
<td>13.0</td>
<td>9.2</td>
<td>3.0</td>
<td>7.4</td>
<td>19.0</td>
<td>14.0</td>
<td>19.0</td>
<td>18.0</td>
<td>18.0</td>
<td>12.0</td>
<td>10.0</td>
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<tr>
<td>Cash and equivalents, beginning</td>
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<td>96.8</td>
<td>81.0</td>
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<td>Cash and equivalents, end of the year</td>
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<td>552.0</td>
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<td>096.0</td>
<td>273.0</td>
<td>949.0</td>
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</tr>
</tbody>
</table>

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8: Risk Evaluation

This section will outline the potential risks Amplified will face. The risks and the manner in which they can be mitigated will be discussed.

8.1 Market Risks

Amplified Online is seeking market entry into a city that is already fairly progressive in high tech uptake. As such it is possible that the perceived market of individuals requiring such a service has been overstated. Additionally, Vancouver currently has two firms providing similar services in terms of training, training classes offered by some of the larger schools, and host of other firms offering online marketing services to businesses. While the motive of Amplified is to differentiate itself in terms of merging of business strategy and online strategy, there does exist the possibility that Amplified will fail to accurately portray this and will not be able to differentiate its product. While Amplified is confident that there will be a large scale acknowledgement of the benefits of learning with Amplified, there is an inherent possibility that uptake and adoption of this will be slow. This slow uptake will place financial strains on Amplified and limit its ability to stay in business.

It is unknown how Amplified’s competition will react at its entry into the market. There could be a backlash in the form of reducing rates, creating extra incentives for current students to spread the word and thus limit Amplified’s customer base. Alternatively, other online marketing firms can begin to create their own courses and transition into the training arena. As they are established and have a large customer base,
this would limit Amplified’s opportunity to lure people over who are looking for a cost savings, as they would just as soon stick with their current provider to ensure continuity. Amplified should recognize this as a risk, however, and continue to stress our core competencies to mitigate and overcome this threat.

8.1.1 Market Risk Mitigation

Amplified hopes to differentiate itself as the premier online marketing training firm in each city which it enters into. By focusing on Amplified’s core competencies and on the benefits of learning online marketing from a business strategy viewpoint, Amplified hopes to be able to convince its target clients of its superiority. The low start up and operating costs will allow Amplified time to educate the community and reduce the financial pressures associated with a slow opening.

Amplified will not get drawn into any form of drastic cost slicing to keep pace if others attempt this strategy to keep Amplified at bay. Amplified believes that existing firms will be hesitant to offer courses, even at the expense of losing some clients. These courses, which bring in less revenue than a reoccurring consulting and marketing fee, would cannibalize their core business. Further, Amplified believes that the market is currently being underserved in a variety of respects. As more businesses begin to engage in online marketing the pool of overall customers should allow multiple businesses in this realm to continue to survive.

8.2 Financial Risks

In the event of failure, Amplified only faces limited financial risks. As the business model calls for largely variable costs which rise with volume, a business failure
could only result in the lost time and limited amount of money invested. The largest risk resulting from failure would be the lost time invested into the creation of course material and the opportunity cost of not working elsewhere.
9: Exit strategy

Amplified believes there are two plausible exit strategies for this company. This section will discuss both options.

9.1 Merger or Acquisition

The first exit strategy option can be considered as a merger or acquisition. The issue is, there are no naturally apparent potential suitors for a firm such as Amplified. In general, internet marketing firms are firstly, relatively small and likely have the internal competencies to create their own training courses. If they choose not to create internally, then a purchase of Amplified may be in question. However, it is unlikely any of these firms would be interested in acquiring an asset that will effectively cannibalize and erode their current core business. This is also true with regards to firms that specialize in providing web solutions for business in terms of both hardware and software. These firms generally also offer online marketing services.

In that case the only merger situation would be from a similar type of training company. Ideally Amplified would purchase another firm and incorporate it into its own. However, a purchase in an industry such as this is rather risky. Generally these firms do not have a steady stream of customers and little recurring revenue. Amplified would be purchasing a set of course material, the rights to the other firms employees and hopefully a good reputation. Again however, there are no large players in this industry that span across vast geographic distances that can look at Amplified as a potential target.
9.2 Franchise

The second exit strategy would be to continue to expand Amplified Online and apply the working concept to other cities. In doing this, Amplified would sell Amplified Online Franchises to entrepreneurs to start up in cities across North America. The original locations would also be sold as franchises or alternatively remain centrally owned in order to adequately test out new marketing campaigns, courses, and services.

This option would allow the Amplified Online brand to spread across North America while allowing its owners to shift gears and place them in a fundamentally different position. No longer would they be concerned about the day to day operations as they would for the overall strength of profitability of the franchises and the spread of Amplified locations across North America.
Appendix – Course Description

1. 3 hour Social Media for Business

   This 3 hour course aims to provide interested students with the necessary tools to begin to market their brands effectively using social media. To begin with, students will be informed on the importance of using social media and what market segments can be found on the various websites and how this influences brand engagement. Also discussed will be the importance of trust and honesty in social media dealings. Next, an overview of the different websites will be given, while explaining the features and capabilities of each. This will include a demonstration of successful cases of how other businesses have effectively used each medium. While successful cases are important to monitor, these courses will also discuss the common pitfalls and failures that businesses fall into when using social media. Students will be given the opportunity to follow along and explore online. Also they will be guided through the set up process and will be allowed to toy around with the features while asking questions. Next, benchmarking strategies and goal setting for social media will be discussed. Finally, our instructors will lead a discussion and provide tips on how to create a social media strategy for your business.

2. 2 hour Twitter Course

   This 2 hour course aims to provide interested students with the necessary tools to begin using Twitter effectively and productively. This course, aimed at beginners, will cover everything a person needs to get up and running on the social media site.
This will include an overview of what Twitter is and why it has become so popular. The positive and negative ways that businesses have used Twitter will be discussed giving examples of each. Students will set up accounts during the tutorial and will begin learning and demonstrating the basic skills necessary to get involved in the Twitter community. Also, advanced Twitter techniques and third party applications will be demonstrated and the students will have an opportunity to use each while being instructed by our professional staff.

3. SEO Courses

The 3 hour SEO course will begin with an overview of what SEO is and what it can do for you. Next an overview of the key factors that affect search engine rankings will be discussed. First on-page optimization will be discussed, followed by a more in depth discussion of off page optimization techniques. Students will be taught how to select and research appropriate keywords and will be encouraged to chase the long tail. Finally, the concept and beginner link building strategies will be outlined. The full day course will include everything from the 3 hour course. In addition, strategies to audit your competitors will be covered in order as an advanced link building strategy. Link baiting strategies will also be covered with examples from different types of businesses. Other cutting edge SEO tactics will be covered including page rank sculpting. Finally, the manner in which one can manage an SEO campaign will be covered in depth teaching the students how to properly plan and execute a strategy that will translate into top search engine rankings.
4. Search Engine Marketing

The 3 hour course will provide businesses with the tools needed to begin marketing online using Google Adwords. This course will begin with an overview of that search engine marketing is and its importance. Keywords will be explained in detail including the ways in which to research keywords, to understanding Adword’s formula for bidding on words, and how to effectively include negative keywords. Students will further learn how to create compelling advertisements for Google Adwords and how to test and monitor different ads for different keywords. Finally, tips on how to increase conversion rates and on optimizing PPC traffic will be discussed. The full day course will cover everything from the 3 hour course. In addition, the concept of quality score and the factors that influence it will be outlined. The course will delve into the other possibilities with Google Adwords. In addition to text ads, other advertising mediums such as image ads will be discussed and explained in detail. The content network will also be explained, as will concepts such as demographic targeting and placement targeting. Following this, a brief overview of the analytical capabilities the program allows and how to translate that into more efficient advertising will be covered.
Bibliography


http://www.iabcanada.com/newsletters/110608.shtml


http://www.emarketer.com/Reports/All/Emarketer_2000503.aspx
