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Getting Hooked on Gnarly Rods

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Getting Hooked on Gnarly Rods

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An Honors Thesis in partial fulfillment of the requirements for the degree Bachelor of Science in Business Administration in Marketing and Supply Chain Management

Sam M. Walton College of Business

University of Arkansas

Fayetteville, Arkansas

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Executive Summary:

At Gnarly Rods, our objective is to supply builders and fishermen alike with the quality gear, components, and service necessary to catch everything life has to offer. From providing rod building parts, to repairs, to fully customized fishing rods, we are the destination for all things in custom fishing. Conceptualized in 2015, Gnarly Rods will be based out of Springdale, AR, and started by Robert and Cody Nelson, a father and son pair as passionate for fishing as they are family and the influence the outdoors can have in life. As of now, we will be the only two employees in the company, and plan to remain as such until the business requires more employees. Robert will be responsible for maintaining finances and being the head builder, while Cody will be focused on driving marketing and sales, while also building rods as necessary for the company. It is at this time we believe we must now convert our passions into a profitable business opportunity.

We will offer many different product and service options to satisfy our customers. The company is built upon the idea of a custom fishing rod designed by the fisherman, for the fisherman. This includes the blank the rod is built on, grips, the guides, and perhaps the most customized portion of the rod in the thread wrap and decals on the rods. We also offer services for rod repairs, including new handles and guide replacement and/or reattachment. Lastly, we want to be a local dealer for custom rod builders in the area who may only be looking to build a rod or two. Through our wholesale accounts, we will be able to obtain parts at a better value, and pass these savings onto other small rod building shops. We will begin this company on the backbone of our custom built rods and repairs. Ultimately, we plan to grow the company through our distribution business, as growth from this segment appears to be far less limited and constrained due to requiring less human capital expenditure than that necessary to produce or repair fishing rods.

We plan to take this company, in the next three to five years, and expand our available rod parts. With the custom business, we plan to grow our geographical reach to take over more of the central United States market. There are multiple trade organizations we will gain share within as we experience growth to have our product

showcased around the United States. One of the major manufacturers we plan to become affiliated with is North Fork Composites, who make top of the line blanks. North Fork was founded by acclaimed Gary Loomis, original founder of G-Loomis rods, and he is still a pillar of the rod making world. Through organic growth based upon our reputation for quality product and service, we can introduce our brand name into households across the central United States in the next few years.

Company Description:

Gnarly Rods exists to satisfy the enthusiastic fisherman and rod builders alike. There are currently no major distributors located in the area, with the largest being based out of Mountain Home, AR. Our primary physical marketplace will be in Northwest Arkansas and the surrounding areas, with the intention of opening an online store to access customers around the country. The store will offer online rod orders, as well as an order system for rod components. We live in a country now where people are wanting more personalized service, and are wanting to purchase products that exemplify who they are as a person. Gnarly Rods offers these fisherman a knowledgeable staff with a shared passion. This passion will allow Gnarly Rods to connect with the customer in a way no other competitors in the area do today.

Many people do not realize how specialized a rod can be for a specific purpose. For many bass fisherman, it is essential to use a rod designed for the kind of fishing they plan to do. Off the rack rods from Walmart, Academy, and Cabelas do not offer this specialized approach. People are always looking for a way to improve their craft, fishing is no different. The only two activities more popular in outdoor activities than fishing are running and biking. In the United States, 20-25% of the population participates in fishing, with a lot of this located in the southern states (Williamson, 2013). Gnarly Rods will capitalize on this trend as we capture a niche market of fishermen wanting the best equipment possible, while also capturing the everyday fisherman through our rod repair services. We exist to serve not only the professional anglers, but every angler, regardless of skill or income level. Custom rods are only the tip of our iceberg, we can help every fisherman with rod repairs, which is something not currently offered extensively in the market. A gap exists in a profitable and growing market that we intend to fill, as we build a company as unique as the product we sell.

Products and Services:

Our company is divided up into three main product/service offerings. These three categories include: custom made rods, fishing rod repairs, and wholesale selling of fishing rod components. As such, they will be broken out similarly below.

Custom Made Rods

This is the crux for the business and where the entire idea started. This is also where the company will begin. We offer personalized products, not offered anywhere in the local market. This alone is a major advantage over many competitors. People need rods to fish, there is not a way around this statement. Just like with golf clubs or fashion accessories, people want their product to be an extension of themselves. We offer this in a fishing rod, in a way no other local competitor can possibly offer. Gone are the days of picking a rod that doesn't meet your needs, solely because you "wanted the green rod." Now you can have both worlds. People have always been willing to pay for quality, as long as the product stands up to their expectations. We want our customers to expect nothing less of us.

Our rods are sold with a one year warranty free from defects. If the rod breaks due to normal use, we will replace the rod free of charge. With this in mind, we will repair/reuse the rods or components accordingly. After such a time, if damage occurs, we will charge for labor to repair the rod, but components will only be charged if they are deemed in need of replacement. One of our major rod blank brands is MHX, owned by Mudhole, who offer a lifetime warranty. When replacing rods after the 1 year warranty offered by Gnarly Rods, the customer will be responsible for shipping costs, but we will order and receive the blank to make the repair. No other local dealer for rods offers customers any kind of warranty on their product. The rod manufacturers that still offer warranties often have loopholes that are hard to understand, and often are not fulfilled as well. We offer a much more simplified process designed around a customer wanting their product as soon as possible.

We also have plans in place to work with local sporting goods shops to develop a stock lineup of rods. These rods will not be custom to a specific customer right off the

rack, but services will be offered to add more design to the rod in an effort to meet more custom needs. With a stock rod, the price will be lower, due to less complex thread designs. This leads to less time investment into the rod. Our primary initial sales vehicle will be through consignment sales. This has been the preferred method agreed upon by both the retailers and our Gnarly Rods team. This is due to a lack of proven sales by Gnarly in a retail setting. With little to no risk for the retailer in this relationship, it provides an opportunity to develop trust between the businesses.

Fishing Rod Repair

Things break, that is just a way of life. Whether it be one of our quality products, or a rod built by a mass manufacturer, we will repair rods at a reasonable rate. Typically we will repair a guide for \$10 per guide, plus the cost of materials, or do three guides for \$25. Local competitors do not offer rod repair. The only company who does is Southtown Sporting goods, who we have approached, and they would not mind getting out of the rod repair business altogether because it doesn't fit with their normal business operations. Custom rods are not always within the financial realm of possibilities for all customers, but many would rather pay a small fee to have one repaired than they would have to go buy another brand new rod off the rack at a large sporting goods store. This allows us to reach the mass majority of the local fishermen market, while also using a smaller service in a way to get the company name out into the public.

This service is a great way to penetrate into a new market, and prove that the quality work you offer can stand up to the abuse of fishing. It is much cheaper for someone to test the waters with a repair from your company, than to purchase a premium rod from a builder they have no connection with. Also, fishing rod repairs will lend themselves to a higher overall margin than does a custom, or stock, fishing rod. These rods are already at a higher price, and you run the risk of pricing out some of your target market by trying to maintain a high margin. Repairs have a lower material cost, and require far less time commitment. The overall lower cost, allows for a higher profit margin because they overall cost is still significantly lower. These higher margin sales will help balance out with a lower margin on the rods, which will allow for a decent average margin across the product spectrum.

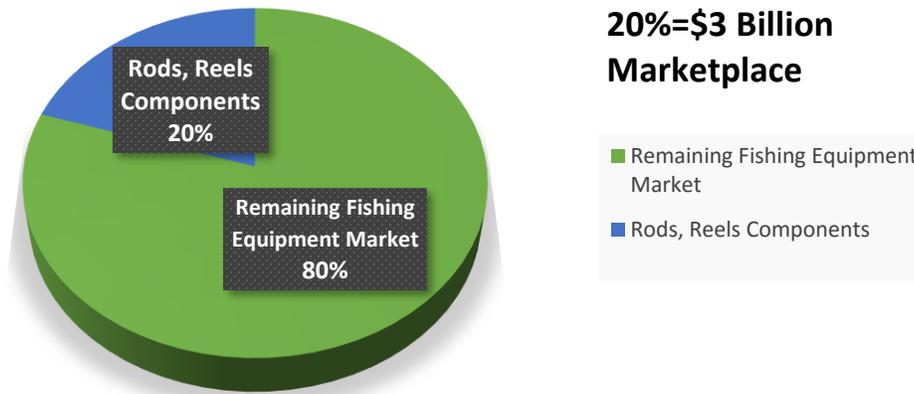
Rod Components

This is the final product category that will be offered by Gnarly Rods. This product lineup will act as another margin boosting portion of the business. This portion will be possible due to our wholesale accounts and relationships. The two largest vendors currently in the rod building business are both located in Florida. This leaves a large portion of the country without a more local sourcing option. By using wholesale, we get our products at roughly 25% less than retail prices. By running a slightly lower profit margin than our competitors in this category, we can help to undercut and gain better penetration into the market. With little to no labor cost and time component tied into this portion of the business, it can easily become a huge portion of our product portfolio and a significant portion of our overall revenue stream. Components are a great way to connect to the local builder community, and with a lower total cost and time investment, they are a great way to generate continuous business.

Market Analysis:

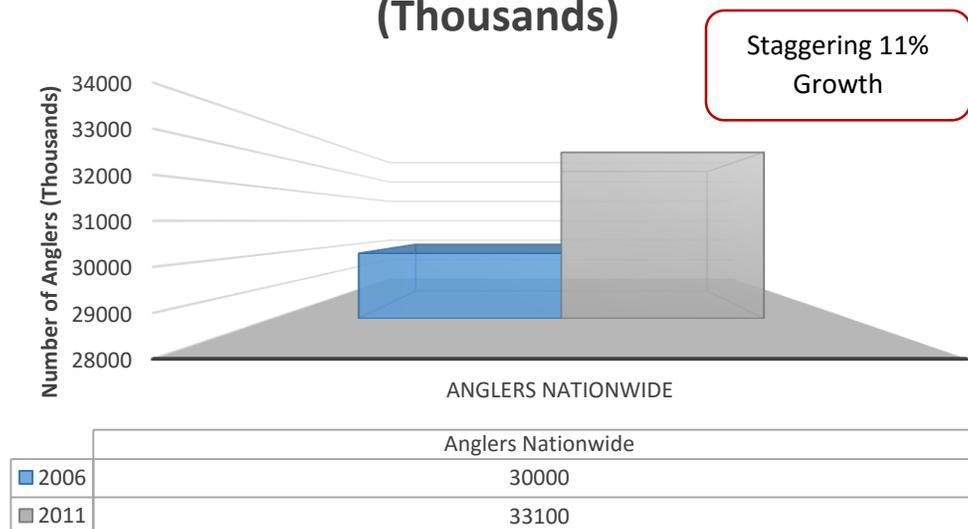
In the United States, 33% of the population fished in 2011, according to the National Survey on Hunting and Fishing (US Fish and Wild Life Service, 2011). Of the state of Arkansas, roughly 25% of the population over the age of 18 has fished in the same given time, with an average spend of \$846 per fisherman on gear (USFWS, 2011). These roughly 60 million anglers nationwide are spending \$48 billion a year (Williamson, 2013). On top of this, in this particular area of the state, is a concentration of wealth and income that can sustain and afford these rods. This market does not appear to be shrinking as many people in the country predict. The only two activities enjoyed by more people are running and biking. The overall fishing market is also unique in that there are recreational and professional fisherman, and we do have both in Northwest Arkansas. Often, the professional fishermen are more willing to pay for a quality product, as their livelihood depends on it. Beaver Lake is ranked in the top places to striper fish in the United States, and multiple guides lead trips every day of the week from March through November. This market is a prime area for both commercial and recreational customers. We have the potential to break into a multi-billion-dollar industry. With each percentage of the total US market approximately at 2.5-3 million dollars, it is extremely feasible to turn this into a profitable company, while carving out a very small market share. Many people consider Northwest Arkansas to be one of the best places to start a small business, and I believe Gnarly Rods can be another example of this success. Currently, there are not many competitors in the area. Snyder's Rod shop is located in Mountain Home, AR, but he is planning to retire from the business soon. This also an excellent growth opportunity, as Gnarly Rods can attempt to take over his client list and continue to satisfy his customers. The cost to acquire these customers would be significantly less than trying to find new consumers in the marketplace.

Fishing Equipment is a \$15 Billion Dollar Market



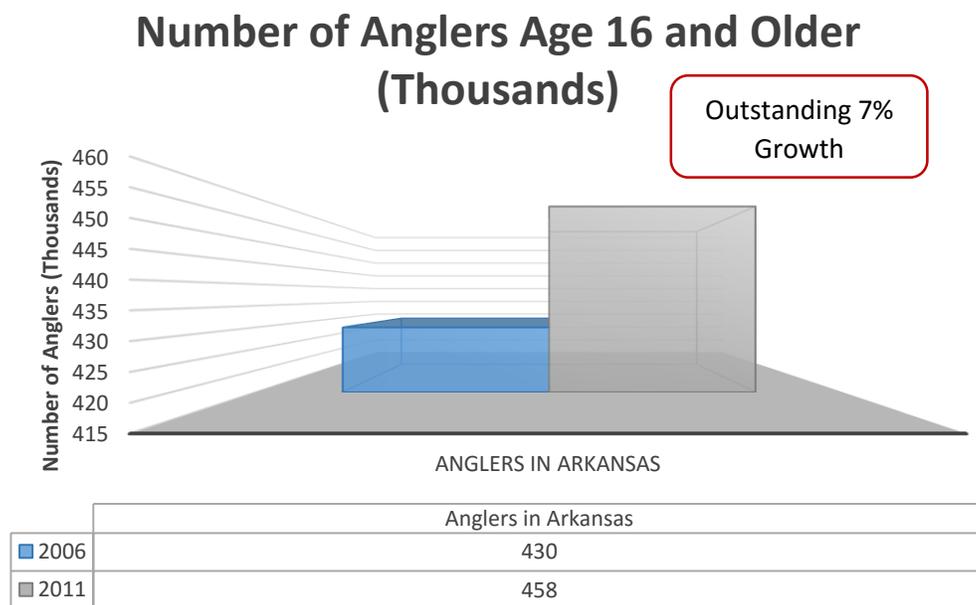
A marketplace this size leaves a lot of opportunity on the table. When Gnarly Rods is able to capture a one percent market share, which is a very small portion of the market, we have the potential to become a \$3 million a year company.

Number of Anglers Age 16 and Older (Thousands)



It is also worth noting that the actual number of anglers in the United States is actually expected to be around 60 million. Census data only takes into account the purchases of licenses, which are not required for fishermen under the age of 16. Also,

with data being from one year, the numbers do not capture fishermen who chose not to buy a license for the year, regardless of circumstance. It is believed 45 million fishermen participate in the sport yearly (Williamson, 2013).



Though Arkansas is showing growth around 7%, this is expected in states where many people already participate. There are many outliers currently within the system due to states with low numbers of fishermen growing at a very rapid rate, which are causing the national average to be higher (Responsive Management, 2013 p. 6).

Each angler spends approximately \$930/year on fishing gear, with roughly \$100 spent per year on rods and reels. However, only 315,000 of 555,000 make purchases, so each angler who made rod and reel purchases really spent on average \$150. In Arkansas alone, we saw a \$46 million spend on fishing equipment (USFWS, 2011). On a national average, there has been an increase of 16% growth in spend on fishing gear between 2006-2011. This is a very good indication, as this data captures the recession in 2008 and 2009.

Marketing and Sales:

Gnarly Rods will operate primarily through guerrilla marketing tactics. Guerrilla marketing is defined as a set of tactics or “promotions that rely more on time, energy, and imagination rather than using a big marketing budget to attract brand awareness and the attention of customers.” (NG, V. 2013, January 16). They are often cheap and effective, while offering quality results if executed correctly. The primary vehicle that will be used for marketing our products will be through an online platform. This will be primarily on Instagram, Facebook, and ultimately into the company’s own personal website, which will act as a marketing and sales vehicle.

We will also market our products through fliers and handouts. We plan to approach local sporting goods shops first, about advertising our brands and products. We will also pursue having our repair and custom services offered through fliers near the rods and checkout areas of the store. If this system brings in positive business results, we will also approach big box stores such as Walmart and Academy to try and work with them. The big box companies may be easier to work with than local shops, as some local shops offer their own repair services, whereas national chain retailers do not. The only impact offering our services could have on big box stores is taking away the sale of an additional rod. However, this can be mitigated, due to many customers not being in the same market in regards to a repair or replacements. These fliers can also drive word of mouth, as when one person sees something of interest, it often does not stop there. Word of mouth advertising is low cost, and requires less work on the companies end.

Perhaps what we feel will be one of the best initial marketing campaigns will be by partnering with local sporting goods shops and local charity auctions. Both of these tactics will involve product giveaways by Gnarly Rods, but both should draw attention from the public. Charity Auctions are a great way to reach a lot of people, who often have the funds needed to purchase custom product, all in one place. By auctioning off either a pre-built rod, or offering a custom build, up to a certain dollar value, for the winning bidder. This is an opportunity to put the company name in front of many customers at an overall low cost. It is also a way to develop a great connection with the community by giving back, as all of the money made goes to a good cause. The other

form of giveaway, product not revenue, is by doing a raffle off for a product out of local sporting goods stores. By making a deal with the retailer to split the revenue from the tickets, there is a great chance to actually profit more from the rod than an outright sale. By putting the product in the local stores, we are getting our brand in front of our target customers. Also, many people may be hesitant to spend the money on the rod, or may not have the income to do so, but we can make our product accessible to everyone if we effectively lower the price, which is the case in a raffle. Both of these systems to advertise our products are targeting two markets we need to pursue. The charity auctions are focused on people who have the income to purchase our products, while local shops are focused on attracting in the customers who will use our products.

Our final form of marketing we plan to pursue are local endorsements. There are a lot of local fishing tournaments in the local Arkansas, Missouri, and Oklahoma area. We can target fisherman who seem to participate weekly, if not multiple times a week, and offer them a product to test. The fisherman in these tournaments often take their craft very seriously, and are willing to pay for quality that will help them succeed. By giving them a rod to test and give feedback on, it is a great way to gain a new customer, who may purchase future rods, and also have them tell their friends. People who have a positive experience are likely to tell 3-5 people (Keane, 2009). Under this logic, if we can convert four of the people who have heard of us, the fisherman and his three friends, then we have already covered the cost of the rod given away. We have also looked at endorsements for local schools. Many local high schools and colleges have fishing clubs and teams. Just like with fisherman who are in tournaments multiple times a week, these fisherman are willing to pay for quality product that will last. By creating custom designs for each team, it becomes a symbol as well as a quality piece of equipment. Sponsoring the local teams is another advertising action being considered, as the company name will be put in front of the media, and all people who are at the tournaments.

Our sales will be driven primarily through both brick and mortar and online platforms. Custom rods will have the ability to be ordered in person or on the company websites. Both our Facebook site and Instagram page will have links to redirect customers to our website for orders. We will also work to generate sales at local

tournaments and try to set up days to be available in store at local sporting goods shops to generate sales, and give the customer a face to know with the company. In a smaller town atmosphere such as Northwest Arkansas, there is a strong stance as far as buying local. By humanizing our company, we have the opportunity to tap into this value. Our repairs will only be able to be run through stores and our facility. We will offer a percent kickback to the retailer for collecting rods that need to be repaired. This system will allow our customers to have a convenient drop off and pickup location, it also makes the process easier on Gnarly Rods with not having to be readily available for drop offs. Lastly, our components will be available for purchase and shipping either off the website or in our retailer location. We will avoid sites such as Ebay and Craigslist, as custom rods are not known to sell well through these platforms (Torchick, J, 2007).

There are many reasons these tactics will be successful, and they are backed by research. It is recommended with promotional items, such as giveaways or the raffles, you make sure the items correlate to the audience they are being promoted to (Germain, 2006 p. 115). Our rods will match perfectly with the target market of fishermen when placed in both the tournament and sporting goods shop atmospheres. This matching will work really well, and should provide an effective market, with an effective promotion, to attract attention to our company. The rods will be branded, and all company information will be provided as well. I believe we can also use promotions in these venues to compliment the personalization that comes with a customized rod. Research has found that customization often times leads to a strong emotional bond. This is most easily stated as a situation where a consume will expend effort, such as customizing a product, which helps create self expression, which in turn creates an emotional bond with a product. There also appears to be a correlation that as more effort is expended so too does the emotional bond grow (Mugge et al, 2009 p. 469). By promoting our product through venues such as a website, and ultimately a store front, Gnarly Rods will have the ability to offer full customization options to the consumer. Pairing this with promotions at locations such as tournaments, sporting goods shops, or even trade shows, we will not only be able to offer a product that is an emotional investment, but also promote to a very passionate group of people who are emotionally invested in fishing. By going to the customer at these locations, we can use this emotional bond to the sport, and offer the

customer a way to tie their personality to the craft even more. Ultimately, we should be able to use our giveaways at these events, along with promoting sales, to draw interest towards a quality company with quality product.

Perhaps the fastest evolving and growing marketing vehicle today is social media. Gnarly Rods will follow the trend for a few reasons. In today's day and age, a majority of people in the United States are using these sights. Social media is also one of the most economical forms of marketing as well. It is similar to gaining publicity through news mediums, but there is slightly more control over the content in social media. By being upfront through social media, we have the ability to hear directly what the customer is saying about our brand, involve our customers in the companies evolution and product development, and most importantly we can develop a level of transparency and trust with our customers (Marketing, 2014). People want to feel connected to their brands and products. Social media is the perfect opportunity to remain relevant with your consumers, while also connecting in a medium they pay attention to. This is extremely important, as it has been reported that one third of consumers are using social media to research a company, and sixty percent of consumers who are researching a company or product through three or more mediums are most definitely using social media (Taneja, S. & Toombs L., 2014 p. 250). Facebook and LinkedIn are two of the most utilized social media sites in existence. I also feel Instagram is a platform that must be harnessed in order to effectively promote, especially since custom products survive off their visual uniqueness. Social media is also a great vehicle to show our consumers we are normal people just like them. We can humanize the brand, and prove we are just as invested in the sport as they themselves are. Overall, research has proven that our plan of using promotional raffles and giveaways; selecting locations such as trade shows, tournaments, and local shops; and effectively using social media are some of the best options to promote our company and achieve success.

Organization and Management:

Gnarly Rods will have a very simple structure as alluded to previously. To begin, there will only be two people running all portions of the business. Robert Nelson will be in charge of procuring materials, and also for ensuring orders are fulfilled correctly and in a timely manner. He will also be responsible for managing finances and accounting as needed. His background in supply chain while moving aircraft engine components lends itself to being the most efficient in these areas. Cody on the other hand, is a soon to be college graduate majoring in both Marketing and Supply Chain. He will be in charge of handling marketing and sales for the company. His background in data analysis will allow him to develop customer insight plans, along with market analysis to determine who the appropriate customer base is as well. Ultimately, both will work in collaboration to help make the company a success. Both Robert and Cody will be responsible for building rods on an as needed basis. Cody will develop and build the online store and social media outlets, while Robert will help to manage and monitor comments and order tracking.

Ultimately, in the next three to five years, the goal of the company is to grow the rod building portion of the business. As rod repairs and rods require building, we will begin to hire in employees to help construct the rods. We will screen employees not only for technical abilities, but also look for those who have a passion for fishing as well. It has been proven that people with a passion care about their work, and also have a tendency to produce higher quality work. We also have plans if growth permits to open a small storefront, which could potentially require a small retail team. This is contingent on building up brand recognition in the first 3-4 years. By opening our own retail front, it will allow us to increase our profit margin, as we will remove the commission we will currently be paying to the local retailers selling our product.

Financial Projections

2016

Gnarly Rods <i>Income Statement Projection</i> Year Ending 06/30/2017				
	Current Period	Prior Period	Increase (Decrease)	
	07/01/2016 to 06/30/2017	07/01/2015 to 06/30/2016	07/01/2016 to 06/30/2017	
REVENUES				
Custom Built Rods	\$ 10,000.00	\$ -	\$ 10,000.00	
Rod Repairs	5,000.00	-	5,000.00	
Components	2,000.00	-	2,000.00	
TOTAL REVENUES	17,000.00	-	17,000.00	
COST OF GOODS SOLD				
Custom Built Rods	5,000.00	-	5,000.00	
Rod Repairs	2,000.00	-	2,000.00	
Components	1,400.00	-	1,400.00	
Salaries-Direct	5,000.00	-	5,000.00	
Payroll Taxes and Benefits-Direct	1,000.00	-	1,000.00	
Depreciation-Direct	-	-	-	
Supplies	500.00	-	500.00	
Other Direct Costs	300.00	-	300.00	
TOTAL COST OF GOODS SOLD	15,200.00	-	15,200.00	
GROSS PROFIT (LOSS)	1,800.00	-	1,800.00	
OPERATING EXPENSES				
Advertising and Promotion	500.00	-	500.00	
Business Licenses and Permits	200.00	-	200.00	
Dues and Subscriptions	-	-	-	
Miscellaneous Expense	100.00	-	100.00	
Office Supplies	50.00	-	50.00	
Postage and Delivery	100.00	-	100.00	
Occupancy	-	-	-	
Rental Payments	-	-	-	
Travel	200.00	-	200.00	
Utilities	-	-	-	
Website Development	200.00	-	200.00	
TOTAL OPERATING EXPENSES	1,350.00	-	1,350.00	
OPERATING PROFIT (LOSS)	450.00	-	450.00	
INTEREST (INCOME), EXPENSE & TAXES				
Interest (Income)	-	-	-	
Interest Expense	-	-	-	
Income Tax Expense	-	-	-	
TOTAL INTEREST (INCOME), EXPENSE & TAXES	-	-	-	
NET INCOME (LOSS)	\$ 450.00	\$ -	\$ 450.00	

Gnarly Rods		
Cash Flow Statement		
Year Ending 06/30/2017		
	Cash at Beginning of Year	2,000
Operations		
	Cash receipts from customers	17,000
	Cash paid for	
	Inventory purchases	8,900
	General operating and administrative expenses	1,350
	Wage expenses	5,000
	Interest	0
	Income taxes	1,000
	Net Cash Flow from Operations	750
Investing Activities		
	Cash receipts from	
	Sale of property and equipment	0
	Collection of principal on loans	
	Sale of investment securities	
	Cash paid for	
	Purchase of property and equipment	300
	Making loans to other entities	
	Purchase of investment securities	
	Net Cash Flow from Investing Activities	(300)
Financing Activities		
	Cash receipts from	
	Issuance of stock	
	Borrowing	
	Cash paid for	
	Repurchase of stock (treasury stock)	
	Repayment of loans	0
	Dividends	0
	Net Cash Flow from Financing Activities	0
	Net Increase in Cash	450
	Cash at End of Year	2,450

Gnarly Rods			
BALANCE SHEET			
Year Ending: 06/30/2017			
ASSETS		LIABILITIES & EQUITY	
Current Assets:		Current Liabilities:	
Cash at Hand	500.00	Accounts Payable	0.00
Cash at Bank	1,950.00	Sales Taxes Payable	100.00
Accounts Receivable	500.00	Payroll Taxes Payable	300.00
Less: Reserve for Bad Debts	0.00	Income Taxes Payable	500.00
Stock	500.00	Accrued Wages Payable	2,500.00
Prepaid Expenses	0.00	Unearned Revenues	0.00
Notes Receivable	0.00	Bank Overdraft	0.00
		Short-Term Loan Payable	0.00
Total Current Assets	3,450.00	Total Current Liabilities	3,400.00
Fixed Assets:		Long-Term Liabilities:	
Vehicles	0.00	Long-term Bank Loans Payable	0.00
Less: Accumulated Depreciation	0.00	Mortgage Payable	0.00
Furniture and Fixtures	100.00	Total Long-Term Liabilit	0.00
Less: Accumulated Depreciation	0.00		
Equipment	300.00	Total Liabilities	3,400.00
Less: Accumulated Depreciation	0.00		
Buildings	0.00	Capital & Reserves	
Less: Accumulated Depreciation	0.00	Capital	0.00
Land	0.00	Add: Net Profit	450.00
Total Fixed Assets	400.00	Less: Drawings	0.00
		Net Capital	450.00
Other Assets:			
Goodwill	0.00		
Total Other Assets	0.00		
Total Assets	3,850.00	Total Liabilities and Equity	3,850.00

2017

Gnarly Rods Income Statement Projection Year Ending 06/30/2018				
	Current Period	Prior Period	Increase (Decrease)	
	07/01/2017 to 06/30/2018	07/01/2016 to 06/30/2017	07/01/2017 to 06/30/2018	
REVENUES				
Custom Built Rods	\$ 15,000.00	\$ 10,000.00	\$ 5,000.00	
Rod Repairs	6,000.00	5,000.00	1,000.00	
Components	3,000.00	2,000.00	1,000.00	
TOTAL REVENUES	24,000.00	17,000.00	7,000.00	
COST OF GOODS SOLD				
Custom Built Rods	7,000.00	5,000.00	2,000.00	
Rod Repairs	2,500.00	2,000.00	500.00	
Components	2,000.00	1,400.00	600.00	
Salaries-Direct	8,000.00	5,000.00	3,000.00	
Payroll Taxes and Benefits-Direct	1,750.00	1,000.00	750.00	
Depreciation-Direct	60.00	-	60.00	
Supplies	500.00	500.00	-	
Other Direct Costs	-	300.00	(300.00)	
TOTAL COST OF GOODS SOLD	21,810.00	15,200.00	6,610.00	
GROSS PROFIT (LOSS)	2,190.00	1,800.00	390.00	
OPERATING EXPENSES				
Advertising and Promotion	500.00	500.00	-	
Business Licenses and Permits	200.00	200.00	-	
Dues and Subscriptions	-	-	-	
Miscellaneous Expense	100.00	100.00	-	
Office Supplies	50.00	50.00	-	
Postage and Delivery	150.00	100.00	50.00	
Occupancy	-	-	-	
Rental Payments	-	-	-	
Travel	200.00	200.00	-	
Utilities	-	-	-	
Website Development	500.00	200.00	300.00	
TOTAL OPERATING EXPENSES	1,700.00	1,350.00	350.00	
OPERATING PROFIT (LOSS)	490.00	450.00	40.00	
INTEREST (INCOME), EXPENSE & TAXES				
Interest (Income)	-	-	-	
Interest Expense	-	-	-	
Income Tax Expense	-	-	-	
TOTAL INTEREST (INCOME), EXPENSE & TAXES	-	-	-	
NET INCOME (LOSS)	\$ 490.00	\$ 450.00	\$ 40.00	

Gnarly Rods		
Cash Flow Statement		
Year Ending 06/30/2018		
	Cash at Beginning of Year	2,450
Operations		
Cash receipts from customers		24,000
Cash paid for		
Inventory purchases		12,000
General operating and administrative expenses		1,700
Wage expenses		8,000
Interest		0
Income taxes		1,750
Net Cash Flow from Operations		550
Investing Activities		
Cash receipts from		
Sale of property and equipment		0
Collection of principal on loans		
Sale of investment securities		
Cash paid for		
Purchase of property and equipment		0
Making loans to other entities		
Purchase of investment securities		
Net Cash Flow from Investing Activities		0
Financing Activities		
Cash receipts from		
Issuance of stock		
Borrowing		
Cash paid for		
Repurchase of stock (treasury stock)		
Repayment of loans		0
Dividends		0
Net Cash Flow from Financing Activities		0
Net Increase in Cash		550
	Cash at End of Year	3,000

Gnarly Rods			
BALANCE SHEET			
Year Ending: 06/30/2018			
ASSETS		LIABILITIES & EQUITY	
Current Assets:		Current Liabilities:	
Cash at Hand	500.00	Accounts Payable	200.00
Cash at Bank	2,500.00	Sales Taxes Payable	500.00
Accounts Receivable	500.00	Payroll Taxes Payable	400.00
Less: Reserve for Bad Debts	0.00	Income Taxes Payable	780.00
Stock	800.00	Accrued Wages Payable	2,250.00
Prepaid Expenses	0.00	Unearned Revenues	0.00
Notes Receivable	0.00	Bank Overdraft	0.00
		Short-Term Loan Payable	0.00
Total Current Assets	4,300.00	Total Current Liabilities	4,130.00
Fixed Assets:		Long-Term Liabilities:	
Vehicles	0.00	Long-term Bank Loans Payable	0.00
Less: Accumulated Depreciation	0.00	Mortgage Payable	0.00
Furniture and Fixtures	100.00	Total Long-Term Liabilit	0.00
Less: Accumulated Depreciation	-20.00		
Equipment	300.00	Total Liabilities	4,130.00
Less: Accumulated Depreciation	-60.00		
Buildings	0.00	Capital & Reserves	
Less: Accumulated Depreciation	0.00	Capital	0.00
Land	0.00	Add: Net Profit	490.00
Total Fixed Assets	320.00	Less: Drawings	0.00
		Net Capital	490.00
Other Assets:			
Goodwill	0.00		
Total Other Assets	0.00		
Total Assets	4,620.00	Total Liabilities and Equity	4,620.00

2018

Gnarly Rods			
Income Statement Projection			
Year Ending 06/30/2019			
	Current Period	Prior Period	Increase (Decrease)
	07/01/2018 to 06/30/2019	07/01/2017 to 06/30/2018	07/01/2018 to 06/30/2019
REVENUES			
Custom Built Rods	\$ 22,000.00	\$ 15,000.00	\$ 7,000.00
Rod Repairs	8,000.00	6,000.00	2,000.00
Components	7,000.00	3,000.00	4,000.00
TOTAL REVENUES	37,000.00	24,000.00	13,000.00
COST OF GOODS SOLD			
Custom Built Rods	10,000.00	7,000.00	3,000.00
Rod Repairs	3,000.00	2,500.00	500.00
Components	4,000.00	2,000.00	2,000.00
Salaries-Direct	14,000.00	8,000.00	6,000.00
Payroll Taxes and Benefits-Direct	3,000.00	1,750.00	1,250.00
Depreciation-Direct	60.00	60.00	-
Supplies	400.00	500.00	(100.00)
Other Direct Costs	-	-	-
TOTAL COST OF GOODS SOLD	34,460.00	21,810.00	12,650.00
GROSS PROFIT (LOSS)	2,540.00	2,190.00	350.00
OPERATING EXPENSES			
Advertising and Promotion	500.00	500.00	-
Business Licenses and Permits	200.00	200.00	-
Dues and Subscriptions	-	-	-
Miscellaneous Expense	100.00	100.00	-
Office Supplies	50.00	50.00	-
Postage and Delivery	150.00	150.00	-
Occupancy	-	-	-
Rental Payments	-	-	-
Travel	300.00	200.00	100.00
Utilities	-	-	-
Website Development	100.00	500.00	(400.00)
TOTAL OPERATING EXPENSES	1,400.00	1,700.00	(300.00)
OPERATING PROFIT (LOSS)	1,140.00	490.00	650.00
INTEREST (INCOME), EXPENSE & TAXES			
Interest (Income)	-	-	-
Interest Expense	-	-	-
Income Tax Expense	-	-	-
TOTAL INTEREST (INCOME), EXPENSE & TAXES	-	-	-
NET INCOME (LOSS)	\$ 1,140.00	\$ 490.00	\$ 650.00

Gnarly Rods		
Cash Flow Statement		
Year Ending 06/30/2019		
	Cash at Beginning of Year	3,000
Operations		
Cash receipts from customers		37,000
Cash paid for		
Inventory purchases		17,400
General operating and administrative expenses		1,400
Wage expenses		14,000
Interest		0
Income taxes		3,000
Net Cash Flow from Operations		1,200
Investing Activities		
Cash receipts from		
Sale of property and equipment		0
Collection of principal on loans		
Sale of investment securities		
Cash paid for		
Purchase of property and equipment		0
Making loans to other entities		
Purchase of investment securities		
Net Cash Flow from Investing Activities		0
Financing Activities		
Cash receipts from		
Issuance of stock		
Borrowing		
Cash paid for		
Repurchase of stock (treasury stock)		
Repayment of loans		0
Dividends		0
Net Cash Flow from Financing Activities		0
Net Increase in Cash		1,200
	Cash at End of Year	4,200

Gnarly Rods			
BALANCE SHEET			
Year Ending: 06/30/2019			
ASSETS		LIABILITIES & EQUITY	
Current Assets:		Current Liabilities:	
Cash at Hand	1,000.00	Accounts Payable	100.00
Cash at Bank	3,200.00	Sales Taxes Payable	300.00
Accounts Receivable	1,000.00	Payroll Taxes Payable	400.00
Less: Reserve for Bad Debts	0.00	Income Taxes Payable	1,000.00
Stock	2,500.00	Accrued Wages Payable	5,000.00
Prepaid Expenses	0.00	Unearned Revenues	0.00
Notes Receivable	0.00	Bank Overdraft	0.00
		Short-Term Loan Payable	0.00
Total Current Assets	7,700.00	Total Current Liabilities	6,800.00
Fixed Assets:		Long-Term Liabilities:	
Vehicles	0.00	Long-term Bank Loans Payable	0.00
Less: Accumulated Depreciation	0.00	Mortgage Payable	0.00
Furniture and Fixtures	100.00	Total Long-Term Liabilities	0.00
Less: Accumulated Depreciation	-40.00		
Equipment	300.00	Total Liabilities	6,800.00
Less: Accumulated Depreciation	-120.00		
Buildings	0.00	Capital & Reserves	
Less: Accumulated Depreciation	0.00	Capital	0.00
Land	0.00	Add: Net Profit	1,140.00
Total Fixed Assets	240.00	Less: Drawings	0.00
		Net Capital	1,140.00
Other Assets:			
Goodwill	0.00		
Total Other Assets	0.00		
Total Assets	7,940.00	Total Liabilities and Equity	7,940.00

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