

ZBB INITIATIVE

TITLE

Threshold Level of Services

- THRESHOLD
- CURRENT
- BLENDED
- FUTURE

| |
|----------|
| PRIORITY |
| 1 |

| | |
|------------------|--|
| PURPOSE | Threshold level of services including all essential items necessary to successfully launch the business |
| SCOPE | Only those items, the lack of which, would cause an immediate failure of the enterprise |
| OBJECTIVE | Capture all essential spending in one Initiative. In the Threshold Initiative there's no need to break down each line item since all are necessary for the start-up. No line-by-line justification needed. |

Description: Licensing, permits & legal expense (Legal*). Physical space & leasehold improvements (Facilities). Computers, software, fixtures, lighting, internal signage (Equipment). External signage, promotion materials, website development, marketing collateral (Marketing). Inventory (per plan), packaging & shipping supplies (Goods). Web hosting, internet service, utility deposits, bookkeeping service, bank fees (Services).

Organizational benefit: Provides the physical storefront and all amenities necessary to launch and promote Aardvark, llc.

Contingent Initiatives: None! There are no Initiatives that must be completed prior to this phase of the business launch, or prior to ongoing operations.

Associated costs:

| | <i>One time</i> | <i>Recurring</i> | <i>Frequency</i> |
|--|---------------------|----------------------|--------------------------|
| <i>Personnel</i> | \$ - | \$ - | <i>none at this time</i> |
| <i>Facilities</i> | \$ 3,800.00 | \$ 1,475.00 | Monthly |
| <i>Equipment</i> | \$ 9,870.00 | \$ - | One time |
| <i>Goods</i> | \$ 7,820.00 | \$ 6,500.00 | Monthly (est) |
| <i>Services</i> | \$ 500.00 | \$ 230.00 | Monthly |
| <i>Marketing</i> | \$ 5,300.00 | \$ 430.00 | Monthly |
| <i>Other*</i> Legal and regulatory expense | \$ 800.00 | \$ - | One time |
| <i>Other*</i> Liability and E&O Insurance | \$ - | \$ 1,400.00 | Annually |
| <i>Other*</i> Debt service (private interest on loans) | \$ - | \$ 300.00 | Monthly |
| Total Annual | \$ 28,090.00 | \$ 108,620.00 | |

| | |
|---|----------------------|
| Estimated Annual Cost Benefit | \$ 250,000.00 |
| Minus: Total Annual Initiative Costs | \$ 136,710.00 |
| TOTAL NET COST BENEFIT | \$ 113,290.00 |