



Business Plan

Ryan Tilton, Reed Probus,
Kevin McFarland, Laura Hanes

EXECUTIVE SUMMARY

The environment's condition is a growing concern. In response, CarbonCart.com paves the way in coupling sustainable environmental practices with ecommerce, such as carbon neutral shipping. CarbonCart.com sells a high volume of products from drop ship suppliers at a slight markup to support environmental projects and to grow the business. With the growing popularity of ecommerce and global issues, the combination of the two presents a sizable market. CarbonCart.com has a high potential for growth in the wake of a competitive market because of its core competencies of low overhead costs, superb user experience, competitive pricing, and innovative environmental practices. Drawing on these, CarbonCart.com will lead businesses into a new era of commerce by building a community of online shoppers aimed at sustaining our planet.

PROBLEM DEFINITION

Our world is decaying. Ice caps are melting. Forests are disappearing. Our carbon emissions are destroying our environment. The transportation sector comprises approximately one third of these emissions from fossil fuels. Ecommerce decreases carbon emissions from customers traveling to stores; however, shipping products still releases carbon emissions into the environment.

CarbonCart.com offers a solution to carbon emissions from driving and from shipping by utilizing ecommerce and by offsetting the carbon emissions from shipping products to the customer. Through partnering with a carbon offset organization, CarbonCart.com will pave the way in environmentally responsible business practices in ecommerce including further support of environmental programs, green products, and online community.

BUSINESS MODEL

CarbonCart.com is an environmentally friendly way to shop online. Offering millions of products through a drop ship partnership, CarbonCart.com offsets 100% of the carbon emissions produced by each package it ships. CarbonCart.com not only offsets the carbon emissions and its effects on the earth, but at checkout it allows customers to choose a type of carbon offset project to support.

To offset all carbon emissions from shipping, CarbonCart.com has partnered with Carbonfund.org in supporting projects in three areas: renewable energy (including wind, solar, geothermal, and other non-carbon producing energy sources), energy efficiency (applying new

technologies and practices to decrease energy waste), and reforestation. Each item offered on CarbonCart.com is priced slightly higher than our drop ship partner, and the funds raised are donated directly to Carbonfund.org. As CarbonCart.com grows, more sources of renewable energy will increase, energy waste will decrease, and our planet's shrinking forests will grow.

CarbonCart.com couples an environmental cause with a viable business model, showing that ecommerce can operate with a double bottom line: maximizing profit and supporting a cause.

FINANCIAL OVERVIEW

CarbonCart.com generates revenue through selling products slightly higher than the drop ship partners while still maintaining competitive pricing. Using a logarithm, the markup ranges from 5%-15% depending on the product. The focus will be on high volume instead of high marginal profit.

The primary expense is the carbon offset programs. Currently, the website is housed on the dropship partner's servers, and the business is run from personal residence. As the company grows, we foresee new expense categories including personnel, business services, and physical capital.

MARKET OPPORTUNITIES

Ecommerce is rapidly growing. Consumers are finding the Internet easier to use and more accessible. Since the debut of the "Inconvenient Truth," environmental responsibility has now become the fastest growing global concern with people demanding "We are all contributors to global warming and we all need to be part of the solution."¹ With this growing popularity, businesses are beginning to respond. This movement towards reducing our environmental footprint gives ecommerce the opportunity to better attract to consumers' growing demand for easy ways to invest in the green movement.

MARKET SIZING

Initially, CarbonCart.com is partnering with Amazon.com, who will drop ship all purchases. Since we will offer the same products as Amazon.com, we estimate our available market to be Amazon.com's current North America market: \$8.1 billion in 2007². Our target market we estimate to be 0.1% of this available market due to acceptance of the product at early stages, equaling \$8.1 million.

¹ Stopglobalwarming.org. (n.d.) Stopglobalwarming.org Banner. Retrieved February 20, 2008 from <http://www.stopglobalwarming.org/>.

² Amazon.com. (2008, January 30). Amazon.com Announces Fourth Quarter Sales up 42% to \$5.7 Billion; 2007 Free Cash Flow More Than Doubles, Surpassing \$1 Billion for the First Time. Retrieved February 20, 2007 from <http://phx.corporate-ir.net/phoenix.zhtml?c=97664&p=irol-newsArticle&ID=1102342&highlight=>.

GROWTH OBJECTIVES AND POTENTIAL

Currently, CarbonCart.com only targets the North America ecommerce market. In the future, CarbonCart.com hopes to expand geographically and offer a multiple linguistic interface. As sales increase, CarbonCart.com will develop its own carbon offset projects as well as support its partners' carbon offset projects. Through marketing and partnerships and increasing our green product offerings, CarbonCart.com can realize a greater portion of the ecommerce market and the environmentally conscious market.

COMPETITIVE ANALYSIS

CarbonCart.com will be entering two established markets: ecommerce and environmental responsibility. In ecommerce, our main competitors are large ecommerce sites such as Amazon.com and Newegg.com. Integrated environmentally conscious buying will distinguish us from our competitors. CarbonCart.com capitalizes on the Web 2.0 platform to create the best user experience. CarbonCart.com's main aspect of carbon neutral shipping competes against other environmental activist businesses, which do not sell consumer products, but rely on the consumer completing a second transaction for the environment. CarbonCart.com merges these two transactions into one transaction with no extra paperwork for the consumer.

CarbonCart.com hopes to promote carbon neutral shipping, which other businesses will adopt only as an auxiliary, while CarbonCart.com integrates positive environmental practices into its business model.

FUNDING STRATEGIES

Currently, CarbonCart.com has required little startup funding. The primary source of future funding will be sales revenue; however, for aggressive growth and to capitalize on the timeliness of CarbonCart.com, additional funding is required.

Possible foreseen sources of funding are venture capital, financial support, and marketing. CarbonCart.com can attract venture capital because of its prime market opportunity. Given the environmental concern behind the business, we believe we can obtain funding and support from environmental organizations and individuals. Lastly, there is room for marketing to generate additional funding while maintaining the uncluttered user experience.

ORGANIZATIONAL DESIGN

CarbonCart.com is currently a registered L.L.C. with four partners. As it grows, the organization will expand first in the branches of customer service and finance. After this, the company will operate as a small business under the direction of a chief operating officer

and a management team with four branches: programming, customer service, marketing/sales, and finance. We plan to outsource HR and outsource any legal consultation required.

BUSINESS RISK

The greatest business risk CarbonCart.com faces is losing the Amazon.com drop ship partnership. To dissipate this risk, CarbonCart.com will increase its partnerships. In the case of low sales and low growth, CarbonCart.com has time to increase marketing and sales generation because of its low overhead cost. CarbonCart.com's competitive prices maintain viability in the event of an economic downturn or a decrease in the green shopping movement. To protect against potential security threats, CarbonCart.com owns an insurance policy to protect customer data. To protect against fraud, CarbonCart.com uses PayPal merchant services.

NEXT STEPS

First, CarbonCart.com is working to formalize the partnership with Amazon.com. CarbonCart.com is also researching additional drop ship partners. Once CarbonCart.com grows, additional programmers, customer support, and marketing agents will be hired. CarbonCart.com will also need permanent office space in the greater Seattle area.

Further, CarbonCart.com will continue to develop its core competencies including superb customer experience through customer support and through developing its community for its customers. These features will include developing a forum, customer review sections, discussion groups, blogs, green product guides, and polls. In the future, a customer will be able to log into their CarbonCart.com account and see how much he or she personally has supported renewable energy, energy efficiency, and reforestation.