

Creuk Radio Business Plan

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Creuk Radio



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Executive Summary

Creuk Radio is a radio station for Christian Electronica music.

Creuk Radio has three goals:

1. To provide a world class quality Christian Electronica radio station
2. To spread the word of Jesus Christ
3. To be a sustainable business

Creuk Radio must become synonymous with quality of life. The conceptual enemy is secular dance music. Secular dance music as a whole is deeply influenced by drugs and sexual overtones. To borrow a phrase we want to be above the influence.

Overview of Creuk Radio:

Creuk Radio seeks to bring in three types of listeners

1. Mainstream Christian audience who like remixes of commercial artists.
2. The younger generation who like alternative worship bands.
3. People already listening to or participating in Christian Electronica music.

Core competencies

1. The radio station
2. Music compilations
3. Helping to build an industry

So far we have been in a prototype stage. We have been collecting songs and now have over 2000 Christian Electronica songs catalogued. We have been operating since 2005. Incorporated in 2008.

Statistics/Market size/Competitors:

Our enemies are those companies that make us look like David vs. a Goliath because we want to recruit people who are attracted to this scenario.

Therefore our enemies are The Fish, Air 1 etc.

Air 1 – Plays mostly rock and rap and ½ of their music is top 40

The Fish – Top 40 and worship

Our allies are all those companies that are trying to grow the scene.

Our Plan:

Our strategy – build up through non-profit and then convert in year three to for profit.

We need to get money through religious “angels” who may even give a gift without expecting anything in return in order to help people and/or convert people.

Why not a VC? VC's are late adopters and won't have fervor or zeal of an evangelist (which is what the radio station needs right now)

Overview of the plans:

Medium market (our preferred plan) resource requirements:

- Why medium market? More potential donations in a medium size market
- 1.5MM startup
- Limited staff in first year (first year is the toughest "lowest cash" at the end of the year)
- Donations for all of first year (building up through religious corporate giving)
- Year 3 add a full staff
- Cash flows look real good in year 2 and 3
- Balance sheet looks realistic to achieve RE by year 3
- Payroll is 36% of total costs

Small market (runner up):

- 750,000 initial investment
- Must have a huge internet strategy
- Cash flow looks good
- Margins look good
- Not as big of an opportunity as the medium market
- RE in year 3
- Feasible?

Growth market (I wish):

- Driven by advertising
- Low payroll as a %

Internet only non-profit:

- Limited staff
- \$25,000 line of credit needed to make it through first year

Community size non-profit model:

- No marketing
- \$390,000 more outlays of cash than internet model
- Line of credit of \$160,000
- Cash flow shortfall increases in year 3

Large Market:

- \$5MM initial investment
- Margins look good

General Company Description

What We Do: Creuk Radio is a radio station for Christian Electronica music.

Mission Statement: To educate and encourage people to follow Jesus via Christian Electronica.

Company Goals and Objectives: To become a commercial radio station for Christian Electronica.

Business Philosophy: What is important to you in business? To educate and encourage Christians through the playing, performing, providing and exploring of Christian Electronic Music.

To whom will you market your products? Our target market would typically be teenagers, young adults and middle age adults ranging from ages 16-35 years of age.

Describe your industry. The Christian music industry caters to family values and spiritual fulfillment. The electronica industry in general appeals to do-it-yourself artists who either don't have a band or can't afford one. Many people who listen to electronic music like to dance to it. Some enjoy the rhythmic aspects of the music. Electronic music usually appeals to urban and suburban teenagers and adults. There is not one Christian Electronica terrestrial radio station in the world. First in the world means there is no one to copy. There are a few niche Christian Electronica radio stations online including GodsDJs.com which caters to Dance music and ChristianIndustrial.net which caters to Industrial and Gothic music.

Describe your most important **company strengths and core competencies.** Creuk Radio features Dance music and Industrial/Gothic Christian music as well as all other varieties of Christian Electronica music. Creuk Radio currently has two core competencies. One the radio station which is a distinctive competency has the most Christian Electronica MP3's of any Christian Electronica radio station. Two, Creuk Radio puts out non-commercial compilations. In the past 5 years since operations began 4 compilations have been put out with about 40 artists donating songs for free distribution to help create the industry.

Legal form of ownership: Non-Profit.

Products and Services

Describe in depth your products or services. The Creuk Radio station strives to provide a world class quality local focused Christian Electronica (Electronica is defined by Creuk Radio as samples based, synth based, or music loops as the foundation of a song) radio station. Secondly through public service announcements Creuk Radio expects to be able to spread the Biblical message of Jesus Christ.

What factors will give you competitive advantages or disadvantages? Creuk Radio will hire two DJ's who have extensive experience in the Christian Electronica music industry. DJ's will have extensive knowledge or experience from past and current music festivals such as Cornerstone (the largest Christian music festival in the world) and knowledge or experience of music labels that have tried and

failed to monetize Christian Electronica. Creuk Radio will have the largest collection of Christian Electronica MP3's for DJ's to choose from.

What are the pricing, fee, or leasing structures of your products or services? Creuk Radio will receive membership fees, with a tiered gift for donation structure, which will include an annual newsletter detailing news of the radio station. The radio station will be supported by grants and through partnerships with foundations.

Other funding will come from corporations investing in Creuk Radio (corporate investments), using profits to invest in the stock market (market investments), fund-raising drives, fees for service etc. As it grows, it has the potential to become self-sustaining or even spin-off for-profit enterprises. We may even be able to sell consulting services to other nonprofits.

We can use events, such as dinners and other gatherings, as opportunities to build and intensify the relationship of these supporters. Through continued relationship building we will cement the ownership level of top supporters, so they are ready to receive requests for more significant or major gifts. Later we may begin to work with donors who may be ready to begin considering their ultimate gift to the radio station (their lifetime gift) through their estate plan.

Marketing Plan

Economics

Facts about your industry:

- What is the total size of your market?
 - Tastyfresh.com which is the biggest online Christian dance community (forum and podcasts) has averaged between 5,000-7,000 unique visitors a month according to Dave Richards the administrator of that site.
- What percent share of the market will you have? (This is important only if you think you will be a major factor in the market.)
 - Currently there is no market for a for-profit Christian Electronica genre radio station. The industry needs to be built up from the ground level.
- Current demand in target market.
 - 33% increase in Creuk Radio traffic from January to February 2011. This is with no advertising.
- Growth potential and opportunity for a business of your size.
 - Growth is only limited to the culture shift towards electronica music.

- What barriers to entry do you face in entering this market with your new company? Some typical barriers are:
 - High capital costs: \$300,000 seed capital
 - High production costs: \$16,000 per month for labor.
 - High marketing costs: \$60,000 including operations and labor.
 - Consumer acceptance and brand recognition: growing
 - Training and skills: hiring people with experience
 - Unique technology and patents: large database of hard-to-find songs.

- How could the following affect your company?
 - Change in technology: Move to terrestrial land based infrastructure as well as invest in bandwidth capabilities.
 - Change in your industry: Competitors will try to duplicate if becomes profitable.

Product

Features and Benefits

- Describe the most important features. What is special about it? Community minded broadcast.
- Describe the benefits. That is, what will the product do for the customer? Relief from ballads and Michael W. Smith.

Customers

The description will be completely different depending on whether you plan to sell to other businesses or directly to consumers. If you sell a consumer product, but sell it through a channel of distributors, wholesalers, and retailers, you must carefully analyze both the end consumer and the middleman businesses to which you sell.

- Location: Portland
- Income level: Initially all, then corporate
- Social class and occupation: ravers , artists, weirdos
- Education: all

Competition

When looking at starting a non-profit religious radio station one has to look at how easy it will be for others to match the capability of the incumbent. In the case of Creuk Radio a Christian electronica radio station asymmetries could be a major factor in success. Table 1 shows how Creuk Radio as the incumbent can use asymmetries to its advantage or how asymmetries could be a disadvantage (highlighted in red).

Table 1 – Asymmetries for Creuk Radio

Sunk investments in facilities, tools, and dyes that cannot be resold in the open market	<ul style="list-style-type: none"> • MP3's that have been downloaded over the last five years from sites and artists that have disappeared. • There may not be enough market demand for a second Christian electronica radio station. • Some of the costs of designing and building are sunk, but only to the extent that it is costly to redesign. • If radio station fails the assets could be sold easily
Worker training that is not easily transferable	<ul style="list-style-type: none"> • Board members would have industry knowledge of the scene. • Creuk Radio is a first mover globally in terrestrial Christian electronica radio station. Therefore, may be able to negotiate lower costs through strategic partnerships. • If strategic partnerships are created, purchasing power may be higher than entrants.
Relationships with customers, supplier, and employees	<ul style="list-style-type: none"> • Partnerships have been forged over five years' time. • Four compilations have been put out which features over 40 artists. • Others could establish relationships, but it would take time for respect to be earned.
Switching Costs	<ul style="list-style-type: none"> • Switching costs are currently low

Crossrhythms.co.uk and Tastyfresh.com

Will they compete with you across the board, or just for certain products, certain customers, or in certain locations? UK listeners in the community.

Will you have important indirect competitors? Tastyfresh provides podcasts.

How will your products or services compare with the competition? Unique blend of artistic and mainstream Christian Electronic music. No one else is doing it.

Roughly one percent of all U.S. radio listening was to XM or Sirius channels in its Spring 2005 Nationwide.

In the final column, competitive factor to the customer. 1 = critical; 5 = not very important.

Table 2: Competitive Analysis (Yellow are strengths, green are weaknesses)

FACTOR	Me	Strength	Weakness	Tastyfresh	Cross Rhythms	Importance to Customer 1-10
Products	Terrestrial radio station with internet broadcasting.	Large hard-to-find database of songs	Small user base. No social networking.	Podcasts and Forums	Terrestrial radio station with internet broadcasting. CD store	8
Price	Free	Yes	No	Free	Free except for CD sales	8
Quality	FM quality	Shared Experience	On demand and lower quality audio	High quality MP3's	FM quality	8
Selection	Large hard-to-find database of songs	Eclectic music mix	Lack of mainstream artists	Mainstream dance	Mainstream pop	8
Service	Call in, part of community	Shared experience	None	On demand, no shared experience	Call in, part of community	9
Reliability	24/7	Same	Same	24/7	24/7	10
Stability	99% uptime	Same	Same	99% uptime	99% uptime	10
Expertise	Electronica and closely related genres	Large scope of electronica only	No pop music in database at this time	Dance music only	Mostly pop music, some cheesy songs and a lot of rock	10
Company Reputation	5 years experience	Largest wide range of Christian Electronica	Lack of pop and dance niches	10+ years through various administrators	5 years approximately as a terrestrial radio station	7
Location	Portland	Only station on west coast	Not on east coast or in UK	Illinois	England	5
Appearance	DIY	Less maintenance costs	Not professional looking	Computer geek runs site	Lots of dollars were invested in startup of website and station	10
Sales Method	Donations only	No advertising clutter	No advertising revenue	Banner ads and donations	Christian business advertising and banner ads and CD sales	8

Strategy

Promotion

How will you get the word out to customers?: Church networks, word of mouth.

Advertising: What media, why, and how often? Why this mix and not some other? None until year three.

Have you identified low-cost methods to get the most out of your promotional budget? Online forums.

Should you have a system to identify repeat customers and then systematically contact them? Email list.

Promotional Budget

How much will you spend on the items listed above?

Before startup? 0.

Ongoing? In budget.

Pricing

How important is price as a competitive factor? Important only to advertisers on potential investors.

What will be your customer service policies? Online taken from St. Paul non-profit.

- Actively work for the common good -

LEADERSHIP

· Model Creuk Radio vision, mission and values, as well as these values

RESPONSIBILITY & INTEGRITY

· Participate -- say what you believe

· Work to know who will do what and by when

· Do what you say you're going to do when you say you're going to do it

· Take initiative!

RESPECT

· Actively listen and acknowledge everyones viewpoint

· Be friendly and thoughtful to all TEAMWORK

· Recognize others' contributions and successes

- Cooperate with fellow members and support their efforts
- Support Creuk Radio decisions and strategic objectives
- Have fun!

CREATIVITY

- Encourage thinking "outside the box"
- Encourage discussion around points of disagreement or uncertainty
- Challenge the status quo
- Envision possibilities
- Allow yourself to experiment, fail and try again

Provided by MAP for Nonprofits in St. Paul, Minnesota.

- Respectfully hold people responsible for these Values -

Proposed Location

Portland.

Is your location important to your customers? If yes, how? Yes, only for the fact of having a community feel.

Where is the competition located? Illinois and England.

Distribution Channels

How do you sell your products or services? The dealers will be selected on the basis of such factors as their reputation in the community and their sales volumes.

Direct (mail order, Web, catalog): Cafépress

Your own sales force: Fundraiser positions.

Bid on contracts: for advertising in year three.

Sales Forecast

See Business Plan.

Costs come from materials purchasing to send out flyers and paper materials. During the first year the cost of grant seeking will be paid on a per grant basis.

Operational Plan

See Business Plan.

Production

How and where are your products or services produced?

Explain your methods of:

- Production techniques and costs: In-line with Public Radio.
- Quality control: By manager
- Customer service: By manager
- Inventory control: By manager
- Product development: Done by DJ's

Location

Physical requirements:

- Amount of space: 2000 square feet.
- Type of building: Broadcast Location
- Zoning: Tower rental.
- Power and other utilities: Contracts for Tower rental.

Cost: See Business plan.

What will be your business hours? 8am-10pm with lots of preprogrammed material.

Legal Environment

Describe the following:

- Licensing and bonding requirements: FCC approval
- Permits: Tower permits through FCC (can take six months).
- Health, workplace, or environmental regulations: No health insurance
- Special regulations covering your industry or profession: Must get approval before operation begins.
- Zoning or building code requirements: Tower rental so none.
- Insurance coverage: N/A

Personnel

- Number of employees: 10
- Type of labor (skilled, unskilled, and professional): 2 skilled 8 professional.
- Where and how will you find the right employees?: Through tower services Portland and Tastyfresh.
- Quality of existing staff: Knowledgeable industry staff.
- Pay structure: See Business plan.
- Training methods and requirements: Basic machine operations.
- Do you have schedules and written procedures prepared?: Find public file for KBOO and get ideas.
- Have you drafted job descriptions for employees? Use about us page on Creuk Radio website as guide to ethics.
- For certain functions, will you use contract workers in addition to employees? Janitorial services.

Inventory

- What kind of inventory will you keep: raw materials, supplies, finished goods? Music will be in digital format. Backup will be required.

Suppliers

Identify key suppliers:

- Names and addresses
- Type and amount of inventory furnished
- Credit and delivery policies
- History and reliability

Should you have more than one supplier for critical items (as a backup)?

Do you expect shortages or short-term delivery problems?

Are supply costs steady or fluctuating? If fluctuating, how would you deal with changing costs?

Credit Policies

- Do you know what it will cost you to extend credit? Have you built the costs into your prices?

Managing Your Accounts Receivable

You will need a policy for dealing with slow-paying customers:

- When do you make a phone call? 3 days after donation
- When do you send a letter? Once address is received.

Management and Organization

Position descriptions for key employees. See founder resume.

Management recruitment notes:

- Reason to stay small (at first) – complexity and diversity potentially brings in creative people. Autonomy increases then quality and quality increase because people feel empowered.
- The difficulty of a cause is sometimes its greatest attraction.
- If you want to convert a cause into an ongoing movement you must give people measurable, discrete victories.

Professional and Advisory Support

List the following:

- Board of directors
- Management advisory board
- Attorney
- Accountant
- Insurance agent
- Banker
- Consultant or consultants
- Mentors and key advisors

Personal Financial Statement

- See Founders Resume

Startup Expenses and Capitalization

- See Business Plan

Financial Plan

See Business plan.

Appendices

- Brochures and advertising materials

Mission and Vision

Motto: "Providing good soil for Christian Electronics"

Mission Statement: To educate and encourage people to follow Jesus via Christian Electronics.

Purpose Statement: To educate and encourage Christians through the playing, performing, providing and exploring of Christian Electronic Music.

Guiding Principles: These 3 steps will help guide and measure the growth of Creuk Radio.

- 1) To provide a world class quality Christian Electronic radio station.
- 2) To spread the good word of Jesus Christ.
- 3) To be a sustainable business.

Vision: To become a commercial radio station for Christian Electronics.



Brochure Updated: August 27, 2010


- Creuk Radio is a registered nonprofit organization in the state of Oregon.
- We are non-denominational.

CreukRadio.org

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*Providing good
soil for
Christian
Electronics*



Christian Electronica

Creuk Radio FAQ

How can I help?
Buy stuff using the links link on the website.

How do we define Electronic Music?
Sample Based, Synth Based, or Loop Based music.

What Genres does this include?
Dub, HipHop, Dance, Industrial, Gothic, Synthpop, Noise, Electroacoustic, Spoken Word (not usually included with electronic but this is not a typical site) etc.

About the music we play:
85 percent is available free on the internet, 5 percent is donated by the artist or labels. The other 10 percent is purchased via a site like iTunes or Soundlock pay for mp3s.

Why the name Creuk Radio?
The website started off as Christianradio.mt.uk because it was hosted on a UK webserver. Creuk was a shortened easy way to remember Christianradio.mt.uk.

Actively Work For The Common Good

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Relevant Bible Verses

Matthew 13:20-23 English Standard Version

"As for what was sown on rocky ground, this is the one who hears the word and immediately receives it with joy, yet he has no root in himself, but endures it for a while, and when tribulation or persecution arises on account of the word, immediately he falls away. As for what was sown among the thorns, this is the one who hears the word, but the cares of the world and the deceitfulness of riches choke the word, and it proves unfruitful. As for what was sown on good soil, this is the one who hears the word and understands it. He indeed bears fruit and yields, in one case a hundredfold, in another sixty, and in another thirty."

Revelations 22:16 The Message
"I, Jesus, sent my Angel to testify to these things for the churches. I'm the Root and Branch of David, the Bright Morning Star."



The Birch Star Logo

- Industry studies
 - Tastyfresh notes: roughly 6,000 people generate roughly 1,000,000 hits every month on Tastyfresh. That's what I meant about hits being a bit deceiving. Anyway, you also can see my problem now. About 600 of those 6,000 a month have registered accounts. Meanwhile, only about 50-100 actually post on the boards. What this means is maybe 0.8% of all people who hit the site feel a desire to become more involved in the community. So the question is, how do you really increase that number?
 - Kevin and Fitzpatrick looked into what it would cost to convert Harmony Network (<http://www.harmonynet.net/>) into a terrestrial station. There's enough broadcast equipment there to cover about a 10 mi radius. After you pay all the start-up fees and without any hardware expenses, they were looking at about \$175,000.
- Magazine or other articles
 - One magazine that marginally covers Christian Electronica "Down The Line Magazine."
- Detailed lists of equipment owned or to be purchased

Refining the Plan

For Raising Capital

For Bankers

- What this will accomplish—how will it make the business stronger?: A low-capital business with great returns in contrast to the traditional radio-station approach. A different kind of business approach.

For Investors

- **See Business Plan**

What Won't Work

Non-profit only model (Can't achieve scale)

Non-Profit Radio Station Models
KSER Community Radio

INCOME

Individual Donations	\$112,998
Business Donations & Underwriting	25,775
Business Matching & Challenge Grants	21,080
Activities & Special Events	16,828
Tower Income	101,895
Grant Income (See Note)	151,637
Miscellaneous Income	1,444

Total Income **\$431,657**

EXPENSES

Administrative	\$133,721
Programming	36,060
Development, Membership, Publications	7,738
Tower	22,417
Special Events	10,052
Training, Volunteer & Board Expenses	2,859
Engineering	21,077
Payroll	141,233
Travel	5,636
Utilities	15,135

Total Expenses **\$395,928**

Net **\$35,729**

BALANCE SHEET (as of Dec. 31, 2008)

ASSETS

Current Assets	\$16,390
Property & Equipment	406,613
Other Assets	24,304
Total Assets	\$447,307

LIABILITIES

Current Liabilities	161
Mortgage on Tower	177,391
Total Liabilities	\$177,552

EQUITY

Retained Earnings	\$104,175
Current Year Earnings	165,580
Total Equity	\$269,755

Total Liability & Equity **\$447,307**

A large for-profit or public radio station.

NOT VIABLE IN THE NEXT 3 YEARS DUE TO CONSUMER TASTE IN MUSIC. THIS IS THE SAME FINANCIAL POSITION IN TERMS OF DOLLARS AS AIR1

Non-profit giving only lasts so long.

Minnesota Public Radio In Thousands
(000)

Financial Position 1996

Current Assets	7,988
Property & Equipment	13,359
Other Assets	16,153
Total Assets	37,500

Current Liabilities	-4,817
Other Liabilities	-6,651
Total Liabilities	-11,468

Net Assets 26,032

Activities	
Public Support	11,443
Government Support	3,574
Earned Revenue	10,033
Total Support and Revenue	25,050

Operations Expense	-17,770
Administrative Expense	-2,860
Fundraising Expense	-2,561
Total Expenses	-23,191

Minority Interest in Joint Venture	-146
Capital Additions	1,642
Change in Net Assets	3,647

Functional Expenses

	1996
Salaries	7,911
Benefits	1,776
Rent	443
Programming	3,804
Facilities	1,365
Promotion/developments	965
Publications	888
Management/general	2,308
Interest	559
Depreciation/amortization	1,870
Royalties	1,302
Total	23,191