



THE EMERALD CITY PROJECT

OVERVIEW

Mark & Kayleen McCuen are a retired couple in their late 60s with more than 55 years of combined experience in sales, marketing, and retail operations.

After moving back to their home state of Iowa in January 2024, they have grown to love everything about life in the small and thriving town where Mark's dad grew up. As they came to know the people and business community of their new hometown, Jefferson, they grew anxious to get involved in the energetic retail community known throughout the state for its creative and vital marketplace.

With over four decades in sales and marketing experience, Mark quickly became part of the conversation about the future of the Jefferson community and the surrounding towns in Greene County. Working with several contacts from the Greene County Development Corporation (GCDC), as well as city officials and local organizations focused on recruiting and developing new business in Jefferson, Mark volunteered his time and expertise where needed.

It was during one of these conversations that Mark was told that Jefferson's only appliance dealer, John's Appliance, was closing its doors after 25 years. The owner, John Bossard, decided to retire at 84 years old with no one to take over the business. While the business was still profitable, John was looking forward to retirement and was selling off inventory and planning to close the store as soon as possible. However, the people of Jefferson were not happy about the prospect of having to buy appliances in cities 30-60 miles away from "big box" stores.

It was a combination of Mark's experiences that started in the appliance industry in the 1970's along with the communities' desire to keep and support a "hometown" appliance store that led Mark and Kayleen to buy John's Appliance and begin plans to relaunch the business in a new location on the Jefferson Square.

As Mark and Kayleen investigated the appliance market and the retail climate in Jefferson, it became clear that a successful solution would not look like a traditional business that was designed to only serve a local community. With a population of a little over four thousand, and another four to five thousand in Greene County, the demographics would not support an Appliance Store capable of competing with the likes of Home Depot, Lowes, and Best Buy.

Looking at the competitive landscape, it became clear that the "Big Box" stores had a huge price advantage over local dealers. An advantage that was compounded by using appliances as "loss leaders" in the market leading Lowes and Home Depot chains. However, the "Big Box" stores all shared an indefensible, competitive disadvantage in their inability to match the customer service provided by even the smallest local dealer.



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With that realization, the core strategy for the new business was born. Understanding that the only way to take on the monolithic “Big Box” stores was to hit them where they couldn’t defend themselves with unmatched customer service and support. Mark and Kayleen quickly concluded that their new appliance store needed to be built on exemplary customer service, with resolute focus on providing unparalleled post-sales support with timely installations, that can only be provided by a trusted, local, community centered business.

As they looked deeper into a model that would make the “Big Box” stores irrelevant in the marketplace, they began to investigate ways to involve their customers as partners in the new venture, leading them to the concepts detailed in this proposal. A proposal that outlines a simple mission to bring customers back to the hometown appliance retailer that was more of a community resource than a store. A resource that was an integral part of Jefferson and Greene County, with a unique business model that would benefit everyone beyond the sales and service of appliances.

It is with this mission in mind that Mark and Kayleen developed a multi-faceted plan that would not only address the extreme price disadvantage in competing with the “Big Box” stores but would also reduce the costs typically associated with running a retail operation in a small town, increasing profitability. Profitability that would be invested back in the community.



COMPANY DESCRIPTION

The core company, Emerald City Appliance & Technology, will serve the marketplace as a 501c3, non-profit business. After expenses, all profits will be returned to the City of Jefferson and Greene County through multiple public and private charitable initiatives.

Supporting the installation and service of products sold by Emerald City, will be a separate, for-profit company that will be structured as a community cooperative. Members of the cooperative will provide startup funding for the business and will receive benefits and dividends for their participation.



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MARKET ANALYSIS

With an average projected 5-year appliance market potential in Greene County of over \$1.6 million, and with Emerald City's expected 5-year average annual revenue of almost \$1 million, including a likely 5-year average Earnings Before Interest & Taxes (EBIT) of \$215k, the available market is robust and will certainly support a conventional appliance reseller. However, with Emerald City's unique "non-profit" model and our extreme focus on customer service, Emerald City will be well positioned to dramatically exceed the expectations of a conventional appliance store by attracting customers throughout the state and will certainly exceed current expectations.

COMPETITIVE ANALYSIS

Over the years, the appliance and home technology markets have dissolved into a price competitive cesspool. In contrast, a few decades ago, Best Buy dominated the markets with a knowledgeable sales staff focused on "solution sales," backed by stellar customer service. Today, Best Buy is spiraling into reorganization, with plummeting profits compounded by a price war with Amazon, Home Depot and Lowes.

Amazon has become the dominant force in the home technology markets with aggressive pricing and "free to your doorstep" product delivery that is beginning to deteriorate the home appliance market as well.

With approximately 90% market share in the home appliance markets, Home Depot and Lowes own the market with a similar "loss leader" pricing strategy. Both organizations sell appliances at low prices to bring customers in their doors hoping to sell their higher margin, Do It Yourself (DIY) products. However, as Amazon enters the appliance market, Home Depot and Lowes are becoming Amazon showrooms, an experience that Best Buy knows well.

While Best Buy doesn't have the financial strength to take on Amazon, Home Depot and Lowes are financial juggernauts by comparison. Industry experts agree that Home Depot and Lowes will not tolerate the costs of being an Amazon showroom and will look to divest their investment in the appliance and home technology markets, reducing inventories and dedicated floor space.

Rent to Own companies including Rent-A-Center, Conn's, and Rent All, occupy a niche market in appliance and home technology sales. Almost immune from the price discounting pressures with a model that is focused on monthly payments over total price that services customers with marginal credit.



Surprisingly, local, independent appliance and technology resellers are the fastest growing segment in the industry. As customers experience the deterioration of service and follow up from the “Big Box” stores resulting from dwindling profits, they are returning to local companies that provide installation, service, and support that can only come from a trusted, community centered business. With the right business model that is focused on exemplary customer support, a local reseller is well positioned to bring customers back to their community with an offering that the “Big Box” stores cannot compete with.

MANAGEMENT & ORGANIZATION

Emerald City will have two distinct organizations; Sales and Customer Service managed by company Directors. Each Director will have complete autonomy in the day-to-day management of their respective organization.

The sales group will have responsibility for all sales to customers, in store and on-line. Paying close attention to customer feedback and market pressures, sales will set pricing, guide marketing, and provide direction for product line adjustments.

At the close of a sale, the sales group will engage the customer service group who will schedule installation, explain product warranties, and on-going maintenance and support offerings.

The customer service group will be accountable for all aspects of Emerald City post sales services including, but not limited to, installation, product warranty, break-fix services, as well as preventive maintenance and support programs.



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PRODUCTS AND SERVICES

Emerald City will provide a robust selection of products and services for the home including appliances, entertainment, and home automation technologies as their in-store product offering.

Customers will also have access to small appliances, furniture and bedding through the Emerald City website. All sales, in-store and on-line, managed by the sales group, can be invoiced in one transaction with low or zero interest bundles.

Emerald City will be an exclusive Whirlpool appliance reseller, offering the complete family of Whirlpool product lines including, Whirlpool, Kitchen Aid, Jenn-Air, Amana, and Maytag.

EMERALD CITY APPLIANCE & TECHNOLOGY

Community Resource

- *Local Sales, Service & Support*

Unique Business Model

- *Exemplary Customer Service*
- *Not For Profit (Community Benefit)*

Retail Icon

- *What Business Looks Like in Jefferson*

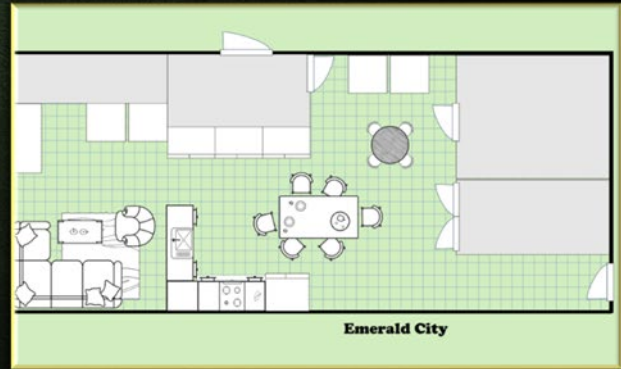


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SALES: (NON-PROFIT)

- Appliances
- Multi-Media
- Furniture (Web)
- Small Appliances (Web)



The “Disruptive” Appliance Dealer ...

- Non-Profit Model (501c3)
- Proceeds Support Community
- Trade-Ins Become Tax Deductions
- No Sales Tax

CUSTOMER SERVICE: - FOR PROFIT COOPERATIVE

- Installation
- Break Fix
- Warranty (Manufacturer)
- Contract (After Warranty)
- 3rd Party (Home Shield, Choice, ...)

COOPERATIVE:

- Yearly Dividend
- Premiere Service Contract
- Common Ground Membership

CO-OP PARTNERS - INDIVIDUALS/FAMILIES

- \$15k-\$20k Investment (TBD)
- All Products at Cost

CO-OP PARTNERS - BUSINESSES

- \$45k Investment
- All Products at Cost + 5%
 - Common Ground Membership for employees

COMMON GROUND

Common Ground, a non-profit* gathering spot in the heart of downtown Jefferson, will be a relaxing hub for residents and visitors alike with an eclectic mix of music (streamed and live), community events and education.



Walking in the front door of Emerald City Appliance & Technology, customers will be greeted with a warm welcome as if they were entering a Scottish Tea room in downtown Edinburgh offering a relaxing environment to rejuvenate and unwind amid the aroma of coffee, tea, and cakes by taking a seat at one of several tables covered in Scottish tartan or in the overstuffed seating in the front of the store.

As customers relax in the Common Ground coffee shop, they might be surprised to find that there is no charge for beverages, only for the cups to put them in. They will simply choose an 8 or 12 ounce paper cup at \$3 or \$6 respectively. There will also be permanent cups and glasses that can be purchased.

All cups and glasses can be refilled as many times as the customer would like. In the hotter months, there will also be lemonade and iced tea.

Non-Profit* Gathering Spot

- *Coffee & Refreshments*
 - *Free Coffee – Cups: \$3-\$6 Donation*
- *Music (Streamed & Live)*
- *Community Events*

Membership – Monthly Fee (TBD)

- *Permanent Mug/Glass On-Site*
- *Wine, Beer, Hard Cider & Whiskey*
 - *BYOB “Bring Your Own Bottle”*

**All profit after expenses from Common Ground will go to the Common Ground Patient Convalescence Fund and will be used to finance the recovery and recuperation of local residents struggling with the expense of rehabilitation. Funds will be made available to individuals, hospitals, medical centers, hospice, and nursing homes for past and present medical care as determined by the board of directors of the fund.*



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THE NUMBERS

Estimated Gross Revenue:

(Appliances & Installation)

5-year Avg Annual Revenue **\$900,000**

— **Emerald City**

\$75,000*

EBIT \$15,000 (Operating Income)

— **Customer Service**

\$7,500*

EBIT \$1,500 (Operating Income)

Emerald City Sales: *(Non-Profit)*

- Appliances, multi-Media
- Furniture & Small Appliances (Web)

Customer Service: *(Cooperative)*

- Installation & Break Fix
- Warranty (Manufacturer)
- Contract (After Warranty)

Co-Op Partners:

Partner Benefits

- Yearly Dividend
- Premiere Service Contract
- Common Ground Membership

Individuals/Families

- \$15-\$20k Investment (TBD)
- All Products at Cost

Businesses

- \$45k Investment
- All Products at Cost + 5

** Monthly*



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**SCAN FOR
CONTACT INFORMATION**