

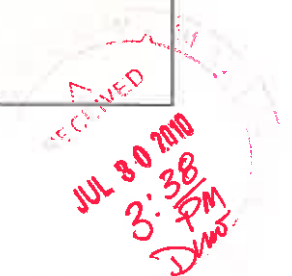


MacDonald
Training Center, Inc.

Empowering People With Disabilities



**MTC Textile Production
Innovative Business Plan Competition**
Submitted to
Hillsborough County Children's Board
July 30, 2010



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1. Executive Summary

MTC Textile Productions is a new venture for MacDonald Training Center, Inc (MTC). Although we have been sewing for over 20 years we never approached it like a business. Modeling this philosophical change after our very successful SunPass packaging venture, we will develop a competitive commercial sewing enterprise. MTC Textile Productions will provide effective training for adults with disabilities.

The inaugural product will be patented sediment tubes for Seagrass Recovery used for repair of prop scars in seagrass beds. Sediment tubes are biodegradable bags made from 100% cotton unbleached fabric that is filled with sand that contains nutrients to support the growth of seagrass. The current environmental crisis in the Gulf of Mexico will require a great deal of effort to restore the seagrass to its original state.

SeaGrass Recovery, a not for profit organization, has partnered with MTC to produce their sediment tubes. As we made the transition to taking a commercial business perspective with our customers we were able to enhance the product while reducing the price. We worked with SeaGrass Recovery to understand the specifications and then provided recommendations for product improvement. The process was analyzed and consultants were engaged to develop the most efficient and effective production model. The utilization of technology assures a consistent, high quality outcome.

During 2009 MTC established a Business Committee comprised of entrepreneurial board members. This committee has challenged the Business Enterprise Team (BET) to change the way we do business and to "stay focused". Management has been extremely strategic in filling team positions with the necessary business skills.

With the aid of our sewing consultants we will utilize the most effective automation and adaptations to increase productivity and insure quality outputs. We are modeling the configuration of the production unit after commercial manufacturers. These units can be replicated as production demands increase.

MTC Textile Productions first product has a triple benefit. It is providing training for individuals with disabilities, helping to repair our environment and producing additional revenue to help support the mission and vision of MTC. By managing this venture with a business mindset, keeping the pricing competitive while managing the expenses it will generate a profit.

Our longer term goals involve introducing new products that will go through the same analysis and scrutiny as the sediment tubes. Our intent is to roll out at least one new product each year.

2. Description of the Social Enterprise Venture.

MTC Textile Productions is a venture that trains individuals of MacDonald Training Center's *Skills for Industrial Sewing* program. The products that we produce will be sold to provide revenue for the venture so that it is a self-sustaining. Our clients will benefit by experiencing a genuine business environment while learning transferable job skills in preparation for seeking employment in the community.

We recently completed an order for 4,000 biodegradable sediment tubes for our commercial customer, Seagrass Recovery, LLC. Seagrass Recovery, LLC, holds the patent for these tubes, which are used for repairing seagrass beds. They have committed to future purchases and will act as a business reference.

We will also market safety vests, reusable grocery bags, safety flags, airport wind socks, and aprons. Demand for all of these products is growing and each can be produced with our industrial sewing model. We will leverage our current relationships with government and private businesses that have already expressed interest in purchasing from us. Our industrial model allows for easy adaptation to meet detailed product specifications, so we can remain flexible as the needs of our customers vary.

This commercial venture aligns naturally with our vision and values. Our vision is of people with disabilities leading the lives they choose. To achieve this we work to empower them. In accordance with our core values, we treat everyone with dignity and respect while encouraging independence.

We have a mission goal of reducing the dependence of our clients and a strategic goal to reduce our own dependence on government funding. This business addresses both of those goals and builds on the new philosophy of MTC that began with our contract to package SunPass for the State of Florida. Rather than perpetuating the myth that individuals with disabilities aren't capable of learning the skills necessary to work successfully outside of a sheltered environment, the goal of the MTC Textile Productions venture, like that of our successful SunPass venture, is to provide necessary vocational skills and peer support that will prepare individuals for community employment.

MTC Textile Productions will provide job training to people with disabilities, providing the opportunity to earn income for MacDonald Training Center and contribute to the "green revolution" through its environmentally sensitive products – meeting social, economic and environmental goals - the triple bottom line!

3. Industry and Market Analysis Summary.

MTC had a sewing department for many years. There have been ups and downs in the production levels, but the last five years have showed a dramatic decline in revenues. Critical evaluation of our current position and history; indicated a lack of commercial business perspective. The Business Committee, made up of entrepreneurial board members, gave the directive to “focus” and conduct business as business. Customer inquiry revealed inconsistent quality and inflated prices. To be competitive in the market customers’ products, needs and desires must be clearly understood.

Environmental Products

The initial product to be scrutinized is a biodegradable sediment tube, used and patented by SeaGrass Recovery, LLC, for repairing sea grass beds. Partnering with Seagrass Recovery has provided us the opportunity to develop into the environmental area. This socially-conscious company is committed to working with us as we develop our industrial sewing model to meet their quality requirements. They are also a growing enterprise, their significant interaction with the National Oceanic and Atmospheric Administration (NOAA) established the potential for national growth. As we work together we see opportunities for both of our interests to grow into the future. Using the business approach mentality, we met with our customer to confirm the specifications for the product and to get their input on their satisfaction level. They were very candid and honest, identifying ways we could improve the product and its delivery. Armed with this information we were able to reevaluate our current suppliers, processes, equipment and pricing. We found a vendor who has a domestic fabric that is wider and at a lower price. A domestic fabric coupled with domestic labor made the product Buy American Act Compliant. Our customer was extremely pleased with this news because it favorably leverages their position with the federal government. The process was then analyzed and adjusted to better replicate a commercial sewing model. These relatively simple changes allowed for a price reduction of over 13%. Equipment was the next component and it has the greatest impact on the quality and consistency of the product. Expert sewing machine engineers familiar with working with individuals with disabilities evaluated our facility and the product, they made recommendations for building improvements, the configuration of the floor plan, the process, equipment and the product. These improvements will increase productivity and quality and may also reduce costs.

Safety Vests

Our second product line will be safety vests. We have sewn these in the past and have determined that this is a growing market. This product is available at low prices from overseas manufacturers, so we will target businesses such as environmental consulting firms and power companies who wish to purchase an earth-friendly, made-in-America product to fit with their corporate environmental values and to enhance their image with their customers.

Since last year, The Federal Highway Administration’s Worker Visibility Final Rule has required that reflective vests be worn by anyone working along a highway, including construction crews, surveyors, law enforcement and member of the media

(www.workzonesafety.org). This has resulted in increased demand for these products (ST. Petersburg Times 3/30/10).

This growing market is one in which MTC has experience. Safety vests made by our clients are now sold on-line through RESPECT of Florida. State and local government agencies purchase products and services they need from RESPECT and at the same time help to employ persons with disabilities. RESPECT works with nonprofit organizations throughout the State of Florida, including MTC, to provide these products and services. Governmental agencies are encouraged by the State to buy through RESPECT and they are exempt from competitive bidding when they do so. In addition, our business development staff has been told by potential large volume purchasers that they would like to buy their safety vests from us, if we can reduce our price.

Through our industrialized sewing process, described below, we will be able to offer a more competitively priced product with the highest quality standards and capitalize on both a growing market and the interest of purchasers in supporting MTC.

Reusable Grocery Bags

Our third product line will be reusable bags for retail businesses such as grocery stores. Again, most of these products are produced overseas. Most are also made of polypropylene and there appears to be some controversy over whether it is either recyclable or biodegradable. We will target retailers, such as health food stores, who wish to include a more environmentally and socially sound choice to their customers.

In February, the Florida Department of Environmental Protection issued a *Retail Bags Report to the Legislature* in which they recommend that the Florida legislature encourage the use of reusable retail bags, citing primarily the danger to the environment from disposable plastic bags. Regulations restricting the use of plastic bags have been enacted or proposed at the state or local level in 30 states, following the "Plastic Bag Reduction Act of 2009" introduced in Congress in April of last year. (Florida Department of Environmental Protection, www.dep.state.fl.us)

Reusable bags have begun to appear in most large retail locations, usually including the logo of the retailer and often sold at very affordable prices, such as 99 cents. Publix Supermarkets has sold more than 10 million reusable bags since 2007 (St. Petersburg Times, 4/12/2010). The bags are estimated to last 2-3 years with weekly use so there will be additional market opportunities as the bags need to be replaced. Most of these reusable bags are made in China from nonwoven polypropylene (NWPP). Niche marketers have begun to appear in this market offering bags made of a variety of other materials they claim to be more environmentally friendly, particularly recycled materials. For example, Whole Foods offers what they call "A better bag" which is made of 80% post-consumer recycled plastic bottles. Whole Foods also offers customers a rebate at most of its stores for each use of any reusable bag. This not only encourages their use, but makes them essentially free to the customer. (www.wholefoodsmarket.com)

On a local level, CVS drug stores offers a basic 99 cent option made of NWPP, in addition to a \$1.99 bag made of recycled PET. They also sell a "Green Bag Tag," to be attached to any reusable bag, offering a \$1 coupon for every fourth time the tagged bag is used. Publix

Supermarkets offers its NWPP bags for 99 cents in both its regular and Greenwise stores. These bags are all made in China. The Greenwise store in Tampa, however, recently offered a large cotton canvas tote for \$3.99. This bag was made in the U.S.A. by a *nonprofit organization* in Maryland that employs over 400 blind workers. (www.bism.org) MTC has established relationships with both CVS and Publix through our successful SunPass packaging program.

Summary

All of these products are easily adaptable to our industrial sewing model and, as shown above, are in growing markets. Each of these product lines has the potential to provide the consistent work environment needed for a successful training program for the clients of MTC. By positioning ourselves as a niche marketer of environmentally sensitive, made in the U.S.A. versions of these products, and by partnering with organizations that have expressed an interest in working with us.

4 Marketing Plan Summary.

Targeting the specialty niche of “green” and “made in the USA,” as well as marketing the social benefit of providing training for people with disabilities, we believe we can set our prices high enough to generate sufficient revenue to produce a modest profit to provide unrestricted funds to support the mission of MTC. As an added benefit of this venture, we will be participating in the current trend towards environmental consciousness.


MTC Textile Productions will capitalize on the current trends that favor “green” products and products that can truthfully claim they are “Made in the USA”. Because of the strength of the competitive environment for mass-produced products sewn in China, we will target niche products that can be marketed at a premium to customers who desire to support American manufacturing and protect the environment. We will provide high-quality, machine-sewn products made of earth-friendly materials.

MacDonald Training Center (MTC) is uniquely positioned due its partnership with SeaGrass Recovery, Inc. to achieve success in this project. SeaGrass Recovery currently possesses several patents for the restoration of seagrass areas, of which Sediment Tubes are Patent #6,493,990B1. MTC is currently the only manufacturer of sediment tubes. The environmental crises in the Gulf of Mexico will focus public and government attention of healing the damage created by this catastrophe. Sediment tubes are specifically designed to repair prop scars in seagrass beds.

Sediment Tube® Technology

- Patented Technology
- Made of Cotton that is biodegradable within 12 months
- Used to stabilize areas where damage has occurred and then planting is done straight into the mostly degraded Sediment Tube®
- Can be used in a variety of scenarios – Prop Scars, Meadow Creation and transplanting where proper growing conditions are not present.

Prop Scar / Blow Hole:



Prop Scar / Blowhole Visible Sediment Tubes placed in damaged areas. Planting units inserted into Sediment Tubes(3 months later) Seagrass fully restored 12-18 months after start.

A secondary usage is in Meadow Creation and this currently being tested as part of a Florida Department of Transportation seagrass mitigation project designed to introduce seagrass habitat on an area where seagrass was not currently growing. Sediment tubes placed on rocky substrate to introduce suitable seagrass supporting sediment. Although the full ramifications of the current crises in the gulf are not fully known Seagrass Recovery has provided us with a conservative estimate of 50,000 required over the next 12 months.

5. Management Plan Summary.

MTC Textile Productions will be well managed on an executive level by the forward thinking professionals who brought the SunPass contract to the Center. This is the visionary leadership that has altered the very concept of how the organization does business and by doing so irrevocably changed the corporate culture of MacDonald Training Center. They continue to lead the charge towards organizational self-sustainability and further away from reliance on state or federal funding.

Judith DeStasio, CFO, MBA and CPA, will oversee the project. Ms. DeStasio is the driving force in changing both internal and external expectations of the production capabilities of the Center and the people we serve. She is spearheading the movement away from the traditional sheltered workshop concept of an inferior workplace and often, careless or even low quality control standards. She holds herself, and her team to heightened standards of accountability. With a background in business management, as well as her advanced education and expertise in financial oversight, Ms. DeStasio is uniquely qualified to lead this team.

Tom Moylan, is the Project Manager. He has worked side by side with Judith DeStasio for over seven years and was a key asset in bringing the SunPass contract to MTC. He has worked on every nuance of the Sun Pass project. His contributions to the team are invaluable going far beyond data driven flow charts into the refinements of turning a workforce of people with a wide variety of physical and mental challenges into a productive and cohesive team. In Mr. Moylan, MTC finds many years of service to people with disabilities as well as a substantial expertise in the intricacies of process breakdown and methodology.

Carl Little, Production Supervisor, is celebrating his first anniversary in his post as Production Manager for MacDonald Training Center. In addition to a world class smile and genial attitude, Mr. Little brings with him a wealth of experience in the field of quality control processes and procedures, coming to MTC from Honeywell Inc. in Clearwater Florida. His experience in production management has already made great impact on our ability to package goods in a more timely and cost effective manner at our locations in both Tampa and Plant City.

Frances Jones will oversee floor operations. Ms. Jones recently joined the team, coming to MTC with over 40 years of experience in large commercial sewing operations. In addition to her expertise at the machine and cutting table, Ms. Jones has additional attributes as a successful small business owner. Within days of joining the team, Ms. Jones was able to implement efficiencies which immediately cut labor and resource costs. These savings were then passed onto the client, making MTC's price structure more aligned to the competitive marketplace. Ms. Jones' trained eyes, as well as her great skills as an operator, are assets that insure certain success for this initiative.

The management team will report to Jim Freyvogel, MTC President/CEO and work closely with MTC's Business Advisory Committee. This engaged and resourceful group is composed of members of our board of directors with a wealth of business and industrial experience. Many are active business professionals involved with the Greater Tampa Chamber of

Commerce”Emerge Tampa Bay” group that can both advise us and assist in developing relationships with potential customers for MTC Textile Productions.

The very involved and enthusiastic Chair of the Business Advisory committee member is Rachel Cantor. Rachel Cantor graduated summa cum laude from Penn State University in 2003. Rachel is the founder and president of RC Associates, LLC, which provides recruiting services to growing engineering and technical companies. RC Associates now serves clients throughout Florida as well as companies in several other states. Ms. Cantor brings her creative thought processes to the table and provides valuable strategic insights. She has been the recipient of The Tampa Bay Business Journal Thirty Under Thirty (2005) and a Finalist for the Tampa Bay Business Journal’s Young Business Woman of the Year (2006). She has also been the recipient Tampa Jaycees Rookie of the Year 2004 award and the Tampa Jaycees Business Plan Courage Award, for the novel concept and audacity to turn her business plan into a reality

Another great resource for advice, business connections and broad based industrial acumen is MTC board member, Eric Castillo. Mr. Castillo is Microsoft’s Industry Sales Director for Manufacturing. In this capacity, Mr. Castillo is responsible for all sales and services to manufacturing customers in the Eastern United States. These customers include: High Tech, CPG, Aerospace & Defense, Energy/Oil & Gas, Transportation, Pulp and Paper and General Manufacturing. Mr. Castillo manages a team of manufacturing specialists focused on Plant Operations, Engineering/Collaboration, Supply Chain and Mobility Solutions. Mr. Castillo has been with Microsoft for over 10 years and has served in numerous roles; Sales Management, Global Business Manager and Major Account Manger. In addition to his duties at Microsoft, Mr. Castillo is pursuing a MBA from Harvard University.

Board Member Jerry Fogarty III is another remarkable asset to the Business Advisory Committee. Mr. Fogarty is a bank officer with the Bank of Tampa. His family has a long association of service to MacDonald Training Center, as both his father and grandfather were board members in addition to their management and ownership positions with Fogarty Van Lines. Mr. Fogarty is very involved in the social fabric of Tampa and brings his wealth of networking and personal connections to the venture.

In addition to the vast resources provided by these and other members of this advisory group, the management team will also turn to outside professionals for practical advice to upgrade what has been handled as a small cottage industry into a large scale self-sustaining entity.

The team will turn to respected professionals in the field, much as when faced with the daunting challenge of turning the slow paced sheltered workshop into a fast paced packaging fulfillment center for SunPass. At the beginning of the SunPass process, MTC turned to outside consultants in order to upgrade our methodology and to supplement our expertise. Under the tutelage of SIS packaging, we devised and developed the protocols for breaking down the assembly process into a model for training skills instruction for people with developmental disabilities. Our process is so successful that as we approach packaging our 2 millionth SunPass transponder, our success rate is over 99.9%. The Florida Department of Transportation has just renewed their contract with MTC, rolling three one year possible extensions into a solid three year renewal into 2013 in the process. We know that our

experience will transfer from the SunPass plan to our sewing expansion. When we started SunPass, we packaged 150 a day, evolving to a peak of 12,000 a day. We know we can turn out the needed sediment tubes, once the plans are made and the skill sets acquired by staff and individuals served.

To this end, we have turned to experts in industrial sewing for advice. MTC is being mentored by Goodwill, South Florida during our move into industrial sewing. Goodwill, South Florida currently has sewing revenue in excess of \$20 million per year and has well over 600 individuals sewing on their projects. They have received ISO-9001 registration for their sewing operations. ISO is the International Organization for Standardization. This organization sets process and quality assurance standards for manufacturing and other industries that ensure consistent and high quality results. MTC is fortunate to have forged this relationship as we move into uncertain economic times and continually decreasing government funding for services.

Additional consulting will come from industrial textile, production and machinery experts such as Agora Leathers, Henderson Sewing, DeRoyal Textiles and others. Much of these services will be available on a complimentary basis, as our intent is to purchase fabrics and machinery from these suppliers. Other consulting expenses will be sponsored by a generous grant from the Joy McCann Foundation. This \$15,000 grant, awarded in July 2010, is intended to support consulting services exclusively for the expansion and enhancement of the sewing production being done for SeaGrass Recovery.

Our business plan includes turning to these experts for ways to refine and enhance our sewing process. Currently, all of the products are cut by one individual and sewn in entirety by another. MTC is already engaged in discussions with industrial sewing professionals for their expertise on the industry's best strategies and techniques to improve our existing methodology and automate our production.

Additionally, because of our history of sewing small productions for a variety of clients, we are fortunate to have skilled staff members who are experienced in many aspects of industrial sewing. These team members also have extensive experience assisting people with disabilities to meet their vocational goals. However, all will need additional training on effective practices and methodology for quality control procedures. The experience of experts in industrial sewing and ours as a provider of innovative services to people with disabilities will allow us to meet this challenge.

United Way of Tampa Bay believed in our plan and in 2009 funded the first year of development of our "Skills for Industrial Sewing" training program. Training for staff as well as the people we serve is and will be on-going. For the operators, training will consist of three general components or stepping stones to proficiency. These are intensive classroom instruction, on the job training and steps leading to community based employment. This deviates from our previous training practices, with the addition of intensive classroom time and instruction. The goal is that at the end of these training experiences, people with disabilities will be comfortable and knowledgeable about working with machinery that may often be loud and possibly intimidating. The skill sets acquired will be broad based, going far beyond sewing and easily transferable to a large variety of automated worksites.

An additional component of the training will be the replication of an ISO 9001 compliant work environment within MacDonald Training Center. This environment will mirror all the activities to be found in sewing centers across the nation. All participants will be expected to follow a standardized set of rules developed in conjunction with local sewing manufacturers. This will include: logging in and out, meeting established productivity goals, establishing an effective supervisor/employee relationship, strict adherence to all safety and OSHA requirements and active participation in the frequent evaluation sessions scheduled throughout training. Although all training will focus on preparing the participants for full integration into a “normal” work place we will also incorporate adaptive communication techniques. An added result of this adaptation will be to provide local manufacturers with examples of how small accommodations can easily be incorporated into any communications plan to assist people with disabilities to achieve 100% productivity on the job.

We know that these plans will greatly enhance the quality of the work done and the skill sets acquired by the people we serve. The adaptation of a production environment for the packaging of SunPass has increased the level of productivity, timeliness, general work ethic and pride while at the same time greatly reducing behavior issues, absenteeism, and lack of attention to detail in MTC’s workforce. At an event recognizing the packaging of our 250,000th transponder, Florida Turnpike Executive Director, Jim Ely said: “The SunPass transponder packaging is a quality product made by quality people.” We have now packaged over two million transponders and have achieved the highest quality standard of any vendor for Publix Supermarkets. We firmly believe that we can leverage the lessons learned from this experience to provide even greater opportunities for employment for those we serve.

Our expectations are that in the first year, the MTC Textile Production initiative will involve 5 staff members and 10 individuals with disabilities. Our projections are then to increase to 5 staff members and 20 individuals with disabilities in year 2. Year 3 will see the greatest expansion, with a projection of 8 staff members and 36 individuals with disabilities being involved with this sustainable business venture. By year 3, we anticipate at least 25% of the people who initially trained with this project, will be in outside community based employment.

MTC Management is serious about changing from a sheltered workshop environment into a career development center for people with disabilities. The team charged with this initiative has great goals and objectives. The SunPass contract has upended and expelled our prior business models. It is enabling MacDonald Training Center to apply for and receive ISO-9001 registration. Once we achieve this goal for the SunPass packaging business, we shall begin the process of qualifying for certification for the sewing venture.

6. Operational Plan.

MacDonald Training Center has had sewing endeavors for 20 plus years. We have always stuck with limited automation model in the belief that this increased opportunities for earning more wages for people with disabilities. We have recently come to the realization that automation, in fact, opens more opportunities for individuals with disabilities. And its incorporation in an industrialized setting makes specialization easier and therefore opens even more opportunities. Goodwill, South Florida has used this model to build a multi-million dollar enterprise that employs hundreds of individuals with disabilities.

We were recently funded by United Way of Tampa Bay for the first year of development of our "Skills for Industrial Sewing" training program. The structure of this program is being built upon the highly successfully model of Goodwill, South Florida in Miami, who has agreed to mentor us in this endeavor. Our clients require continued assistance when transitioning into the workplace, this model offers on the job training in "MTC Textile Productions," the business venture outlined in this plan.

Training will consist of three general components or stepping stones to proficiency. These are intensive classroom instruction, on the job training, and completion leading to competitive community employment. This deviates from our previous training efforts with the addition of intensive classroom time.

An additional component of the training will be the replication of an ISO 9001 compliant work environment within MacDonald Training Center. This environment will mirror all the activities to be found in sewing centers across the nation. All participants will be expected to follow a standardized set of rules developed in conjunction with local sewing manufacturers. This will include: logging in and out, meeting established productivity goals, establishing an effective supervisor/employee relationship, strict adherence to all safety and OSHA requirements, and active participation in the frequent evaluation sessions scheduled throughout training. Although all training will focus on preparing the participants for full integration into a "normal" work place we will also incorporate adaptive communication techniques. An added result of this adaptation will be to provide local manufacturers with examples of how small accommodations can easily be incorporated into any communications plan to assist our trainees in achieving 100% productivity on the job.

7. Social Return on Investment (ROI).

The current downturn in the nation's economy greatly impacts the ability of state agencies to maintain needed services and supports to persons with disabilities. State budget deficits are severe and growing, forcing policymakers to struggle to maintain necessary supports for individuals with disabilities. During this period of financial crisis, it is essential that certain components of the service delivery system be maintained to ensure that individuals with disabilities do not become marginalized from society by losing supports they need to live, work, and participate in their communities.

Taking a person with disabilities from total dependence on governmental support to a position in which he or she can provide a substantial portion of his/her own income through employment saves taxpayers.

- The average cost of a supported employment placement to the federal/state vocational rehabilitation program is \$4,000; half of all placements cost less than \$3,000 per individual.
- The cost of placing an individual into competitive employment with support is \$4,200 compared to the \$7,400 annual cost of keeping an individual in a day program.
- A state-by-state comparison indicates that costs for supported employment are from 40% to 80% of the costs of other day services, such as sheltered workshops.
- It is estimated that supported employment participants earn nearly \$600 million annually and pay over \$100 million each year in federal, state, and local taxes.
- The percentage of people dependent on public assistance/disability benefits as their primary source of income drops dramatically as a result of participation in supported employment. The result is that 52% of participants' primary income is their paycheck, rather than public assistance or disability benefits.

Providing industrial sewing skills training and employment experience fulfills our mission of empowering people with disabilities and is in line with our values which encourage every individual's independence. With a job comes dignity, respect and a better income. Better income means more choice, and more choices means great freedom. Greater freedom means a more fulfilling life. For these reasons we at MTC have committed ourselves to being one of the premier providers of employment services in the nation.

In addition, because we have chosen to use materials and create products that are environmentally sensitive, we will actually be meeting a "triple bottom line," realizing, social, economic and environmental returns for our venture.

8. Financial Plan.

The United Way grant (\$136,500) for the Skills for Industrial Sewing training program provided funding for purchasing sewing machines, several with automated functionality, as well as hardware, software, and training material to outfit one classroom. In addition, it covers the first year salary for one Skills Coach, one Counselor/Assessment Specialist, a teacher's aide, and a Sewing Manager.

A \$15,000 grant was awarded by the Joy McCann Foundation to fund the consulting for Seagrass Recovery sediment tube.

The sale of products will generate profits which will be used to incrementally grow the venture. The financial plan is to establish two "pods" for sewing the sediment tubes. As orders increase the net proceeds will be used to replicate the model as many times as is necessary to meet production demands. By properly pricing the product and continually monitoring expenses we can assure a self sustaining venture. This philosophy and methodology will be applied to each product as we introduce it into production.

MTC - Textile Productions - Earned Income

	Budget Qtr One	Budget Qtr Two	Budget Qtr Three	Budget Qtr Four	Total Year One	Projected Year Two	Projected Year Three
Revenue:							
Sediment Tubes	\$21,000	\$21,000	\$21,000	\$21,000	\$84,000	\$126,000	\$ 168,000
Storage fees							
Total revenue	21,000	21,000	21,000	21,000	84,000	126,000	168,000
Cost of Sales:							
Direct labor	4,475	4,475	4,475	4,475	17,900	26,850	35,800
Direct materials	6,838	6,838	6,838	6,838	27,350	41,025	54,700
Staff (direct)	3,763	3,763	3,763	3,763	15,050	22,575	30,100
Total cost of sales	15,075	15,075	15,075	15,075	60,300	90,450	120,600
Gross Margin	5,925	5,925	5,925	5,925	23,700	35,550	47,400
Other Expenses:							
Depreciation of equipment							
Indirect cost allocation	1,119	1,119	1,119	1,119	4,475	6,713	8,950
Overhead allocation	2,238	2,238	2,238	2,238	8,950	13,425	17,900
Total Other Expenses	3,356	3,356	3,356	3,356	13,425	20,138	26,850
Profit	\$ 2,569	\$ 2,569	\$ 2,569	\$ 2,569	\$10,275	\$ 15,413	\$ 20,550

Projected Balance Sheets

	Beginning	Projected	Projected	Projected
	1/1/2011	12/31/2011	12/31/2012	12/31/2013
Assets:				
Cash	\$ 9,063	8,919	17,413	34,463
Accounts receivable	-	7,000	10,500	14,000
Materials inventory	13,675	20,513	27,350	27,350
Total Assets	22,738	36,431	55,263	75,813
Liabilities:				
Accounts payable	6,838	10,256	13,675	13,675
Total liabilities	6,838	10,256	13,675	13,675
Retained earnings	15,900	26,175	41,588	62,138
Total liabilities & retained earnings	\$22,738	36,431	55,263	75,813

Projected Cash Flow

	Beginning	Projected	Projected
	1/1/2011	to 12/31/2012	to 12/31/2013
Beginning Cash	\$ 9,063	8,919	17,413
Earned income	10,275	15,413	20,550
Less Accounts receivable increase	7,000	3,500	3,500
Less Materials Inventory increase	6,838	6,838	0
Plus Accounts payable increase (decrease)	3,419	3,419	-
Cash flow from operations	-144	8,494	17,050
		0	0
Ending Cash	\$ 8,919	17,413	34,463

9. Business Goals and Objectives.

GOAL	OBJECTIVES	WHO	WHEN	OUTCOME
Launch Sediment Tube Project	Finalize customer specifications, Prototype Approval	Business Enterprises Team Leader, Project Manager	June 2010	Expectations clarified, price points set
	Process map production	Project Manager	June 2010	2 -2 machine pods with single piece flow
	Procure Equipment	Project Manager	July 2010	Machines selected and job specific modifications
	Train Operators	Skills Coaches	July 2010	Basic Sewing course on-going, primary operators selected
	Produce 1 st production model	Trainees	August 2010	Confirm customer expectations
	Full Production	Trainees	September 2010	Line producing 400 units per 4 hr cycle
	Breakeven	Textile Production Team	April 2011	Begin accumulating revenue for product expansion
Launch Safety Vest Project	Finalize customer specifications (RESPECT & TECO), Prototype Approval	Project Manager	March-April 2011	Expectations clarified, price points set
	Process map production	Project Manager	April-May 2011	Develop most efficient process model
	Procure Equipment	Production Manager	May-June 2011	Procure equipment to maximize workflow
	Train Operators	Skills Coaches	May-June 2011	Workforce trained for multiple operations
	Produce 1 st production model	Trainees	June-July 2010	Confirm customer expectations
	Full Production	Trainees	July-August 2011	Line producing at capacity to coincide with just in time production
	Breakeven	Textile Production Team	March-April 2012	Begin accumulating revenue for product expansion
Launch Reusable Grocery Bags	Determine Customer	Project Manager	May 2011 – April 2012-	Ensure market
	Finalize customer specifications, Prototype Approval	Textile Production Manager	March-May 2012	Expectations clarified, price points set
	Process map production	Textile Production Manager	March-May 2012	Develop most efficient process model
GOAL	OBJECTIVES	WHO	WHEN	OUTCOME

Procure Equipment	Textile Production Manager	April-June 2012	Procure equipment to maximize workflow
Train Operators	Skills Coaches	April-June 2012	Workforce trained for multiple operations
Produce 1 st production model	Trainees	May-July 2012	Confirm customer expectations
Full Production	Trainees	May-July 2012	Line producing at capacity to coincide with just in time production
Breakeven	Textile Production Team	January-March 2013	Begin accumulating revenue for product expansion

How Does the Buy American Act Differ From the Berry Amendment?

The Buy American Act (BAA) and the Berry Amendment are often confused, and the terms are sometimes used interchangeably. The BAA, enacted in 1933, is the principal domestic preference statute governing most procurement by the federal government, while the Berry Amendment, enacted on the eve of World War II, governs DOD procurement only.¹⁶ The BAA seeks to protect domestic labor by giving preference to domestically produced, manufactured, or home-grown products in government purchases, with certain exceptions. The Berry Amendment overrides many of these exceptions, primarily for food, clothing, and specialty metals.

The two major differences between the BAA and the Berry Amendment are: (1) The BAA applies only to federal government contracts to be carried out within the U.S., while the Berry Amendment, which is for defense contracts only, is not limited to contracts within the U.S.; and (2) The BAA requires that “substantially all” of the costs of foreign components not exceed 50% of the cost of all components (thus, an item can be of 51% domestic content and still be in compliance with the BAA) while the Berry Amendment requires that items be 100% domestic in origin.

It should be noted that there are a number of other domestic source provisions which generally govern specific types of procurement; these provisions are not covered by the BAA or the Berry Amendment. These provisions will not be covered in this report but must be considered when determining whether or not a specific domestic source provision affects a particular type of procurement.¹⁷

What Is The Relevance of the Berry Amendment Today?

The controversy over the waiver of Berry Amendment restrictions to procure the Army’s black berets raised questions about its value in the contemporary setting. It is argued that the Berry Amendment restrictions may not always represent the best value to DOD or the federal government, nor is there always a justifiable national security interest to preserve certain items currently under the Berry Amendment. Nevertheless, U.S. workers and businesses have an expectation that Congress will consider their interests in determining procurement policies.

¹⁶ The Buy American Act (41 U.S.C. 10a through 10d, as amended), enacted in 1933, is the major domestic source restriction governing procurement by all of the federal government. It restricts U.S. government procurement by giving preference to domestically produced, manufactured, or home-grown products. For further discussion of the Buy American Act, refer to CRS Report 97-765, *The Buy American Act: Requiring Government Procurements to Come from Domestic Sources*, by John Luckey.

¹⁷ See 41 U.S.C. 10a through 10d, and 10 U.S.C. 2533, Determinations of Public Interest under the Buy American Act. For further discussion of the Buy American Act, see CRS Report 97-765, *The Buy American Act: Requiring Government Procurements to Come from Domestic Sources*, by John Luckey. For further discussion of defense domestic source provisions not covered by the Buy American Act or the Berry Amendment, refer to Title 10 of the United States Code.

