

**MARIMOR INDUSTRIES, INC.
2007 BUSINESS PLAN**

Mission: Training individuals with disabilities to provide companies with quality work

Quality Statement: Quality is a Marimor Tradition; Customer Satisfaction is our Goal

General

Marimor Industries, Inc. is a private, non-profit corporation whose primary function is the provision of quality vocational and employment services and opportunities to people with developmental disabilities. Marimor Industries was incorporated on July 29, 1985. Prior to that date, Marimor Workshop provided employment opportunities and activities to individuals with disabilities since July 10, 1968. Marimor Industries, Inc. is exempt from federal income tax under section 501(c)(3) of the Internal Revenue Code.

Business operates as follows:

1. The main building is at 2450 Ada Road. Approximately 212 clients receive work training services in this building.
2. Marimor Industries has sheltered enclaves in several sites as follows:
 - One group of 15-20 individuals work on & Gamble at Warehouse Associates on Sugar Street.
 - Several individuals work at Metokote daily doing janitorial work.
 - During 8 months of the year, 6-8 individuals work in the City Parks cleaning and maintaining the properties.
 - Other opportunities include enclaves going to PPG and Lima Textiles as needed. In general, 4 or 5 individuals are needed for these jobs that include labeling and folding.

Since 2002, the Allen County Board of MRDD and the Marimor Industries Board have been sharing costs in different ways (primarily because of the economy and the lack of work at Marimor Industries, Inc). It was determined that for much of 2002 and all of 2003, Marimor Industries did not need to pay the ACBMRDD for the salaries and benefits of the five staff who had been hired primarily for Marimor Industries business including Administrative Assistant, Quality Control Analyst, one Shipping & Receiving Clerk, Marketing Representative and Production Scheduler. In addition, Marimor Industries did not pay for the Cole Street facility expenses or the Compass and Annual Dinner expenses. In the summer of 2003 both boards continued to work closely together and determined the following:

The Marimor Industries, Inc. Board:

- Paid for the Marketing Representative and Production Scheduler positions
- Picked up the costs of 1331 N. Cole Street
- Closed the Argonne Restaurant (saving the Allen County Board of MRDD the cost of 3 ½ staff positions and saving the Marimor Industries, Inc. Board the cost of running the restaurant).

The Allen County Board of MRDD:

- Paid for the Administrative Assistant-Industrial and Quality Control Analyst positions
- Paid for the costs of the Compass newsletter and the Annual Dinner

In addition, two Shipping & Receiving Clerks and a Facility Manager were laid off in an attempt to curb costs. The Quality Analyst position was not filled when it became vacant in June, 2004 to save money. Management staff were able to pick up the duties for this position and successfully passed two quality audits in 2004.

During the last quarter of 2004, the Allen County Board of MRDD began experiencing financial difficulties, resulting in a mass lay-off of 29 individuals agency-wide. The Marimor Industries Board of Directors agreed to continue paying for expenses at the Cole Street facility and the costs for two staff persons (the Marketing Representative and the Production Scheduler).

Beginning January 1, 2005, Marimor Industries began paying for a Shipping & Receiving Clerk. In July of 2005, the individuals at the Cole Street facilities moved back to Ada Road to save money. At that time, Marimor Industries continued to reimburse the Allen County Board of MRDD for some overhead costs, including building use and utilities at the Ada Road site at an annual cost of \$136,000. Also, Marimor Industries paid for the costs of the Marketing Representative, Industrial Systems Assistant (formerly called Production Scheduler and a Shipping & Receiving Clerk.

Additional highlights for 2005 include:

- Habilitation activities increased and quality of activities improved to better serve our consumers.
- Loss of Parker-Hannifin contract, as they took all of their subcontracted work back to the Columbus facility.
- The closing of our Cole Street facility, brought some crowded conditions; however it was an opportunity for better control of production and better class room settings for individual who are housed in the school building.
- The placement of racking in the warehouse has improved safety and increased warehouse space.
- Many changes in the selection of recycling companies. Issues with service and payments have caused a need for a continuous improvement plan.
- We changed our advertising focus on shredding, which resulted in a great increase in shredding customers.
- We received a grant from Workers Comp to help us train clients and families in the Workers Comp process.

During 2006, jobs came and went as different companies throughout the community closed.. Highlights for the year included:

- We continued our shredding push but shifted our marketing strategy to focus on abilities and possibilities of the people we serve.
- Once again we passed an ISO 9001:2000 audit.
- PPG's operations dramatically changed, reducing the opportunity for an enclave there.
- Metokote laid off many workers and ceased the production enclave with us in order to provide work for their remaining staff.

- We proved that there is a creative staff at our business, as we designed turkey transport mats, utilizing our shredding secondary paper. Unfortunately, while Cooper Farms loved our work, they were forced to use another company's transport mats.
- An unfortunate tragedy with Pandora Manufacturing brought much work to us in the last quarter of the year. We placed labels on bottles for their company because the machine that normally does that was damaged in the fire at their business.
- Two businesses closed right after we had just received approval on bids submitted for jobs--MacDonald Industries and Spencerville Metal Systems.

The business of Marimor Industries, Inc. is primarily subcontract work for other companies. Light manufacturing jobs include sorting, assembling, packaging and product inspection. Clients working at Marimor Industries, Inc. also do collating, folding papers and stuffing envelopes, labeling, sealing and stamping envelopes. In August of 2003, Marimor Secure Shred was started to provide paper shredding services to businesses and private individuals. After sixteen months, Secure Shred broke even, and by the end of 2004 the business made a profit of \$2,756.79. During 2005, the business made a net income of \$29,494. In December, 2006, we reached a milestone point with shredding—over 1,000,000 pounds of paper has been shredded since we began the paper shredding business! The 2006 income for Secure Shred was \$42,756.

An interesting note...the Federal Reserve raised interest rates 17 times since June of 2004 and the Marimor Industries Board of Directors responsibly chose to utilize short term savings and certificates of deposit to benefit from the rising rates. With the increase in the stock market during this time, the Marimor Industries investment portfolio increased. In 2006 the revenues from these accounts represented nearly 12% of total revenue.

Marimor Industries, Inc. has a special wage and hour certificate from the Department of Labor. Clients are paid at special minimum wages, depending on their individual piece rate percentages and annual local prevailing wage studies.

Historically, Marimor Industries, Inc. has generated ongoing business to keep clients busy and paid. There have been periods of economic uncertainty in which there has not been enough work for everyone. The years 2000-2003 were quite difficult in this aspect. Clients at the business enjoy working, enjoy being paid, and have made it clear to staff that they want to be productive taxpayers in our community. During 2004, we saw the economy pick up, as evidenced by the profit and loss statement and the fact that we were able to pay approximately \$220,000 for Cole Street costs and labor expenses. During 2005, business was up during most of the year, and then with the loss of the largest customer, Parker Hannifin, business was down. In 2006, we saw fluctuation in business, primarily due to other companies closing. We have struggled to keep clients busy and receiving paychecks through hard work and perseverance.

A SWOT (Strengths, Weaknesses, Opportunities and Threats) analysis was completed by staff to better determine the future direction of Marimor Industries, Inc. In this analysis, it can be seen that there are a high number of crucial strengths in the company. Threats tend to be primarily external. (See the SWOT analysis at the end of this plan.)

Market Trends

During 2001 and 2002, the economy slowed and after the tragedies that occurred on September 11, the entire nation was affected. Marimor Industries, Inc. experienced a dramatic loss of work after this date. Most companies experienced a loss in revenue and many experienced layoffs and closings. During 2003 the economy began picking up slightly and we saw a much greater improvement in 2004. We especially saw improvement in our shredding business. However, we have noticed that our bulk mail service is down. The bulk mail center has mentioned that this service is down overall and it is suspected this is primarily due to businesses using e-mail rather than mass mailings. During 2005, the shredding business increased dramatically. Mailing services continued to decrease. Although the loss of Parker-Hannifin was profound, other business opportunities continued to grow, and we expect more growth in mid-range contracts. In 2006, several companies in Allen County closed, which directly affected the business of Marimor Industries.

There is some competition in the areas of production and services that Marimor Industries, Inc. provides. This competition includes sheltered workshops in other counties, Goodwill Industries (a very minimal competition in Allen County) and private businesses. The competition from private businesses has been only occasional; however competition does occur in union companies when union laborers don't want to lose work. In addition, our business has seen competition from automation over the years with some companies. We have seen competition for Day Habilitation in 2006. Two businesses have started providing service since the funding system in the state has changed. Twenty-five clients have chosen other Day Habilitation services either part time or full time. At this point, we don't expect competition for sheltered work experiences, but we will monitor this very closely.

Several companies that presently do business with other sheltered workshops are expressing an interest in our quality system. They are being required to do business only with ISO or TS certified businesses. It is a very good possibility that we will be getting this business.

**MARIMOR INDUSTRIES, INC.
BUSINESS PLAN**

Business Goals--2007

We are setting the following goals to regularly evaluate the production capabilities and to determine the needs of the work force, being better able to maintain enough work to keep clients busy, but not overwhelmed.

1. Increase current customers by five per half.
In 2006, we had 124 customers (not counting shredding customers).
1st Half:
2nd Half:

2. Make a \$50,000 profit in Secure Shred by December of 2006.
1st Half:
2nd Half:

3. Sell 5 truckloads of paper bales per quarter.
1st quarter:
2nd quarter:
3rd quarter
4th quarter

4. Have a quarterly income of \$165,000.
1st quarter:
2nd quarter:
3rd quarter
4th quarter

5. Develop other sheltered enclave opportunities for clients by December.
1st Half:
2nd Half:

6. Update TV and radio spots annually.
1st Half:
2nd Half:

7. Update website with marketing information at least annually.
1st Half:
2nd Half:
8. In each payroll period, 60% of the clients who are scheduled, able and willing to work will have a paycheck of \$10.00 or more and 30% of clients under these same criteria will receive paychecks of \$50.00 or more.
1st Half:
2nd Half:
9. Have 0 unresolved customer complaints.
1st Half:
2nd Half:
10. Explore other opportunities for alternative shredding/recycling services.
1st Half:
2nd Half:
11. Determine the feasibility of providing direct deposit for the clients.
1st Half:
2nd Half:
12. Increase percentage of times individuals are working on jobs in the workshop by 10% (2006 average was 25%).
1st Half:
2nd Half:
13. Develop marketing strategies to promote the manufacturing capabilities of the workforce.
(See the marketing part of program evaluation)

**FINANCIAL DATA
PROFIT AND LOSS**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	Un-Audited 2006
Income	614,981	471,651	447,768	750,959	756,506	884,047	930,724	665,184	716,457	683,557	881,988	953,915	566,587
Expenses	564,142	434,778	363,521	565,817	612,184	756,205	904,055	880,788	672,202	556,843	870,859	904,686	559,936
Net Income	50,839	36,873	84,247	185,142	144,322	127,842	26,660	(215,604)	44,255	126,714	11,129	49,229	6,651

SWOT ANALYSIS – MARIMOR INDUSTRIES

12/31/06

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> • Work commitment • ISO certification • Location to I-75 (Proximity to other major roadways) • Increased marketing/advertising • Large, flexible work force • MII website • Networking • Leadership/Board is committed to the mission • We make sure work is completed • Stable work force • Excellent communication w/customers • Good reputation with customers • Can handle tasks that are costly for other organizations • Low cost to companies • Secure Shred/recycling program • Everyone at one location • Diverse knowledge • Positive exposure in the community • Board support • Trucks for transportation • Sheltered workshop status • Marketing and Production team • Feasibility studies • Can handle multiple contracts • Excellent facilities/warehouse • Solid safety program • Good public image • ACB provided workforce • Great customer service • Good training • Caring interaction with clients • Dependable • Nursing services on site 	<ul style="list-style-type: none"> • Stress management • Public perception of disabilities and MRDD staff • Staff gets spread too thin in times of high production • Steady jobs • Calamity days when production is high • Availability of work force-meetings, outings, vehicles • Communications between labor and management • Not enough adaptive equipment or time given to develop adaptive methods for clients who can only use one hand, clients whose muscle control is non-existent or is too tight. • Staff/client ratio could be better • Having to close the Industries in bad weather, and needing to pay for staff during that time for contract work. • Ability to update/purchase new equipment • Tech/IT upgrades • Dependent on County Board for funding/staff • Inability to do certain jobs (limits on the complexity of the work) • Some of the clients refusing to work when it's offered • Some physical space restraints • Habilitation needs

<ul style="list-style-type: none"> • Improved staff attitudes • Longevity of staff • Positive staff attitudes • Continuing education through seminars, certification classes and training 	
<p>OPPORTUNITIES</p>	<p>THREATS</p>
<ul style="list-style-type: none"> • ISO • Location • HIPAA is creating a huge secure shred market • Increased enclaves • Secure Shred growth • Current customer opportunities • Expansion into other counties and areas • Referrals from existing customers • Possibility of new services available to customers • Involving clients in advertising/commercial has been positive • Good level of communication—in-house and out 	<ul style="list-style-type: none"> • Economic uncertainty • Increase in energy/gas prices • Located in an area of high unemployment • Lack of workshop space to accommodate machinery if necessary • Slow economy • Lack of production work • Stability of contracts • Pricing increases that MII cannot control (i.e. cost of postage) • Competition: Foreign (Mexico, China), Dab Hab service providers, Goodwill, Automation, other sheltered workshops, other shredding services • Unions preventing outsourcing • Distance from companies, requiring transportation costs • Slump in manufacturing economy • County Board funding cuts • Make sure equipment continues to be updated