

# **Iron Land Stone Company BUSINESS PLAN**

Prepared by:

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## I. EXECUTIVE SUMMARY

Iron Land Stone Company (referred to from hereon in as the "Company") was established as a C-corporation at 509 4th Street NW, Little Falls, Minnesota 56345 with the expectation of rapid expansion in the natural stone construction material manufacturing industry. The Company solicits financial backing in order to be able to introduce its new product (described below).

### **Business Description**

The Company was formed on 03/05/2015 as C-corporation under Minnesota state laws and headed by Stephen De Long.

Expertise: B2B National/International Business Sales & Development, Negotiations, Public Speaking, Bidding, Product Sourcing, People Management, Blue Print Take-off. I have the ability to communicate with everyone in any organization, from the executive to the laborer. I speak their language and I understand their motivations. I am a closer, using due diligence in every move I make. Multi-Cultural communication; (my specialty is to understand each clients cultural needs to feel comfortable in our negotiations). I have started five different successful businesses, each a different industry.

To secure our hold onto other parties mineral rights that are private, our plan is to sign contracts with all that will guarantee them a per ton payment and a percentage of each slab sold royalty, tile or rough material sale. We will do this by having an electronic inventory system, working with our digital camera system that will take photos of all products, as they are processed. Each time a product is sold it is entered into the accounting system and the mineral rights owner will be paid an agreed upon royalty. This we feel will lock up the entire private owners group. Here is an example of their potential royalties on a block of stone 7' x 7' 10' long @ a \$7.00 per square foot sale price @ 10% royalty= \$3430.00 \*Another aspect of this shared payment will be the planned 2% per square feet performance payout to all of our employees, we feel it's important we feel to pay our employees thus creating a feeling of being part of the team, not just an employee.

\* We will have monthly meetings that resemble board meetings, where each one can discuss their departments operations, so that all work to further the companies values, success, safety and cohesion..

The Company currently employs 5 full-time employees and 0 part-time employees.

### **Management Team**

The Company has assembled an experienced management team:

**European Marketing** - Sergio Sarterretto, *Sergio is from Brazil and presently living in London. He has over twenty years in the Brazilian Granite industry and has completed sales Worldwide.*

**Southern Europe Marketing** - Dax De Long, *My Son has been with me since the beginning and is a highly motivated and intelligent person.*

## **Business Mission**

Our company exists for the purpose of creating a profit from our sales for its investors, owners, and employees. The mission is quite simple, to become the largest dimensional stone producer/supplier in the World. We are a service oriented enterprise developed for the production and sales of natural dimensional stone for the building industry. Our professional service is what gets us in the door, our state of the art CNC equipment will insure that we will get the customer's order because of quality and our ability to compete worldwide in cost in production.

## **Product**

The Company's primary product is Dimensional Stone for Construction: We are in the business of developing and selling our natural stone products from the Iron Range Mines and other national quarry operators to supply construction projects Worldwide. Our stone from the Iron Range is getting much acclaim as being the hardest stone in the world but we must also fabricate known stone products from quarries from around the World as our stone becomes more widely distributed to the construction industry. These collaborations with other quarry producers will also give us an instant exposure into the World market, as their established contacts will help facilitate our expansion

of our Iron Range stone into their markets, while promoting their own products. We will be offering our production capabilities to associate quarry operators, giving them the ability to have their rough products fabricated by us. Giving them the ability to compete in the low labor cost Global market. It will also give us a great opportunity to become a National and International wholesale distributor. This automated (CNC) facility will make us a major player in the world wide stone production and distribution market, our Iron Range Stone and the 1.2 million acres of accessible rough quarry materials assures us of this. With the natural stone from the Iron Range mines and the stone blocks from other producers, our company will become the go to supplier for all major construction projects Worldwide. One of the largest problems that Architects have in specifying dimensional stone for their building construction projects, is that the quality is hit or miss with low labor cost manufacturers and cost at the end of the day, is the specifier of products. Architects from around the World will clamor to use our company because we are the blueprint for America's new manufacturing future and American quality. We will give them back what they have expected from America's manufacturing past, the best products and the innovations, at a cost that makes us competitive Worldwide.

National/International Dimensional Stone Distributors.

National Wholesale Aggregate Distributors: Distributors are the back bone to aggregate stone sales growth.

Architects/Interior Designers: This is our most marketed to group, they specify the stone that builders/developers use in their building projects. They are also involved in introducing new stone to design because it is their job to bring design to a project. They are always looking for high quality, low cost, beautiful stone that

they can utilize to put their design signature on their projects.

**Developers/Builders:** These are the people who hire the Architect/Designer to design their buildings, they look to them for a vision. They are the money, we go to them to promote our stone company so they will ask their designers to look at our company and its products.

**Fabricators:** We will introduce to fabricators our stone internationally at the National and International Stone Exhibitions, they fabricate stone for residential and commercial jobs.

**Heavy Road Contractors:** This group will be the customer we will market our aggregates to, they will be needing great hard materials for the upcoming federal infrastructure funding for the American highway system rebuilding. With the ten planned crushing machines we intend to put into service, we can produce over 17,520,000 tons of aggregate per year.

**Landscape Architects/Landscape Contractors:** These two groups are what they seem, one is the high end designer and the other is the actual installer/local designer of the decorative stone ground covers that decorate residential and commercial landscape projects with the beautiful aggregate products we produce.

**State and Local Government Highway Departments:** These two groups are a stable part of the supply chain market for us, they purchase yearly no matter what the economic condition.

#### 4.1 Market Segmentation

**National Heavy Road Contractor Aggregate Suppliers:** This group is the supplier to the heavy road contractors for asphalt, cement roadways and their structural components.

**National Architects/Designers (Building/Landscape):** These two groups specify the dimensional stone products and the exterior decorative grounds design.

**National Commercial/Residential Builders:** These are the people who even though the architect has specified a stone company, make the final determination on the actual used product. This is usually always due to cost.

**National Stone Slab fabricators:** This group takes the stone slabs and fabricates them into counter tops and other products for construction projects.

**National Dimensional Stone Distributors:** These groups are varied from the Home Depot to the industrial dimensional stone supplier. They buy from us at wholesale because of their volume in

buying and because of the assured quality materials we will supply them.

International Architects/Designers

International Dimensional Stone Distributors: This group will be very important to our quest to become the premier World supplier to the International building market. Stone building materials are used more extensively Internationally.

International Builders/Developers: Natural stone is a much valued building material to these groups, it is vital to build relationships with these two groups to gain in International distribution.

International Stone Fabricators: This group supplies the finished products to their builders. State and Local Road Departments: This group buys aggregates supplies for road repairs and for building them.

National Heavy Road Builders: We will be pushing marketing to this group and Federal officials of our ability to supply their needs nationally for the impending infrastructure work to create jobs.

### **Funding Request**

The Company requests a total loan of \$10,000,000.00 over the course of five years, to be used for the following purposes:

To purchase new CNC state of the art stone fabrication machinery, quarry equipment, retro fitting existing building for the machinery.

<b>Purpose</b>	<b>Loan Amount</b>
Marketing	\$1,500,000.00
Staffing	\$800,000.00
Mineral Lease Purchases	\$250,000.00
Aggregate Crushers	\$125,000.00
Advertising	\$350,000.00
ASTM Testing	\$55,000.00

Long-term debt payment is a key feature of the Company's financial plan. We expect to break even within a 08/01/2017 time period following the introduction of our product. Financial predictions suggest a minimum 50% percent return on investment by the conclusion of the financing period.

## **II. BUSINESS SUMMARY**

### **Industry Overview**

In the United States, the natural stone construction material manufacturing industry presently makes \$783,733,000.00 dollars in sales.

President Trump has stated that America will spend over a trillion dollars starting in 2017 to rebuild America's infrastructure, we have the ability to supply the entire nation with aggregates. In the iron ore mining process the mines set aside mountains of overburden sized perfectly for crushing. We have the rail access and the ability to ship around the ports of America using the existing Great Lakes Shipping System.<http://ais.boatnerd.com/>

Research shows that consumers in this industry primarily focus on the following factors when making purchasing decisions:

Our customers range from national infrastructure general contractors to the home owner. Go To: <https://www.census.gov/prod/2011pubs/12statab/construct.pdf>

It is the American census on construction.

### **Business Goals and Objectives**

Short Term:

To install an affordable this state of the art high production facility to fabricate the hardest stone products in the World, bring it into the market and grow from there. Join us in partnership.

Long Term:

Our plan it to build three state of the art Robotic facilities on the Iron Range of Minnesota, installing as many crushers as needed for the infrastructure buildout of America. Within two years we plan on building two of these facilities on the Upper Peninsula of Michigan, it too was a very large iron/copper mining area that has fantastic stone as well. That is our future, we produce Green/Sustainable building products for the World. We have over 100 different types of dimensional quality n stone deposits waiting us to make beautiful stone products.

### **Legal Issues**

The Company affirms that its promoters have acquired all legally required trademarks and patents.

### **III. MARKETING SUMMARY**

#### **Target Markets**

The Company's major target markets are as follows:

**National Heavy Road Contractor Aggregate Suppliers:** This group is the supplier to the heavy road contractors for asphalt, cement roadways and their structural components. **National Architects/Designers (Building/Landscape):** These two groups specify the dimensional stone products and the exterior decorative grounds design. **National Commercial/Residential Builders:** These are the people who even though the architect has specified a stone company, make the final determination on the actual used product. This is usually always due to cost.

**National Stone Slab fabricators:** This group takes the stone slabs and fabricates them into counter tops and other products for construction projects.

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**International Stone Fabricators:** This group supplies the finished products to their builders. **State and Local Road Departments:** This group buys aggregates supplies for road repairs and for building them.

**National Heavy Road Builders:** We will be pushing marketing to this group and Federal officials of our ability to supply their needs nationally for the impending infrastructure work to create jobs.

The estimated number of potential clients within the Company's geographic scope is 811,452.

#### **Pricing Strategy**

The Company has completed a thorough analysis of its competitors' pricing. Keeping in mind our competition's pricing and the costs of customer acquisition, we have decided on the following pricing strategy:

Our plan is to initially match our products to other competitors products (like black granite) we estimate \$5.00 a square foot for 3CM thick slabs, this gives us a net profit of \$3.36 a square foot, that is our bread and butter product. Then our Banded taconite will range from \$15.00 - \$35.00 a square foot as to quality (this product has average looking to fantastic looking) it's hardness is 9.2 and diamonds are 10. The Blood Red Jasper is for the very wealthy, it's pricing will be priced by a grading system like you would a diamond.

#### **Distribution Strategy**

Distributors national and international.

We are located next to a seaport and railway lines.

## **SWOT Analysis**

### *Strengths*

- \* Unlimited natural stone resources located on the Iron Range, there is approximately 1.2 million acres of stone producing land available for block extraction for products.
- \* Our facility is a Green manufacturing facility, we recycle all water and the product such as slabs and tiles are Green because they can be refinished several times. The facility uses a great deal less energy to produce our products because of the state of the art CNC machinery.
- \* Capability to produce 1,560,000 square feet of finished slabs for counter tops, building cladding, and interior applications per year.
- \* Capability to produce 10,731,000 square feet of tiles per year for interior design applications.
- \* Equipment that cannot be surpassed in their production capabilities, producing the highest quality products at a finished cost that can compete with any National or International producer. This equipment is basically robotic (CNC) in operation.
- \* Our ability to utilize the pre-existing taconite and iron ore delivery systems, that we can now use to deliver our finished products throughout the Great Lakes to the sea and to use the river way barge system to keep our shipping costs low.
- \* Superior Iron Range natural stone products with incredible hardness and durability.
- \* Minnesota Iron Range products that will re-energize the building design industry because of their fantastic beauty and that they are new and never before seen.
- \* A great manufacturing labor force that will be easily re-trained to operate our new machinery and the crushing operations, which are relatively the same jobs that they have done for years in the Iron Ore industry.
- \* Our Union labor force will give us a leg up into the building industry in the United States, most large commercial building projects are union labor built.
- \* Our International sales force with their own connections in their home countries will be invaluable breaking into each market. We will source these professionals from Schiller International University, a World renowned business school. <http://www.schiller.edu/>

### *Weaknesses*

1. High overhead costs of purchasing state of the art equipment.
2. Training period for labor force.
3. Working out railway usage leases with iron range mining companies, for aggregate transfer to docks on Lake Superior.
4. Costs in developing quarrying natural stone deposits on the Iron Range of Minnesota.
5. Costs of developing mineral leases (legal).
6. Training of international sales associates.

### *Opportunities*

- \* Our biggest opportunity has come by way of environmental building concerns, these concerns come from the Green Building Movement. Architects/Designers are now intensely wanting to use



Green and sustainable building products, so that there is an intelligent building design that will take a lesser toll on the environment. Our stone products are a perfect fit, stone naturally is sustainable because its use lasts as long as the building exists and at demolition, can be reused. The Green designation comes from the fact that a large part of our rough natural stone materials come from Iron Ore Mine waste.

\* In the past decade when the building market had an unusual expansion, builders because of cost and their need for stone products used inferior products. With our ability to produce high quality products that can compete with the inferior low cost producers, we will dominate the World market.

\* Our facility will be in full operation in one year, the building industry is poised to begin one of the largest construction expansions Worldwide ever recorded in human history.

\* The infrastructure rebuilding funds that the federal government has allocated will place billions of dollars in the road rebuilding market that will create a huge sustainable market for our crushed aggregate materials for years to come.

### *Threats*

\* Future high fuel costs will raise our product pricing.

\* Shipping costs for aggregates are fuel and labor related, which we have little control over.

\* Possible new competitors.

### **Competition**

In the natural stone construction material manufacturing industry, customers make choices based upon our customers range from national infrastructure general contractors to the home owner. go to: <https://www.census.gov/prod/2011pubs/12statab/construct.pdf>

it is the american census on construction..

The level of competition is Unbelievably there is only one and they are not interested in the international trade of stone. They basically are closed down.

By installing the state of the art equipment it would negate any future competitors because we will always be ahead in building new facilities for production.

The primary competitors for the business are the following:  
<http://www.laurentianmonument.com/about-us/>

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However, we believe that the Company has the following competitive advantages:  
State of the Art CNC (computer operated) fabrication machinery.

1. The company is developing an International presence, which will open the appropriate doors to all that use natural stone Worldwide. The company's International partners are like itself, they quarry and fabricate their own stone. Our quarry partners are of the same mind, to produce products at a cost that anyone who can appreciate the beauty of natural stone can enjoy, and until now high quality natural stone has been more of a luxury.
2. The company has a quarry/fabrication association policy that says it will do what is asked of us, with no excuses.
3. The companies personnel divisions are not divided by their occupation, all entities work together from quarry, fabrication to sales, business development and marketing management. We are in total communication with our customers 24/7, so that any challenge can be worked through quickly and satisfactorily. Creating a great trust between us as suppliers and our customers.
4. Finally, our company supplies fantastic service unheard of in this industry. We provide products that exceed expectations, and a highly professional staff with years of construction experience.
5. Unlimited raw resources.

## **Services**

First-rate service is intended to be the focus of the Company and a cornerstone of the brand's success. All clients will receive conscientious, one-on-one, timely service in all capacities, be they transactions, conflicts or complaints. This is expected to create a loyal brand following and return business.

## **V. FINANCIAL PLAN**

Attached we have provided the following financial information:  
Profit and Loss and Cash Flow