



Grayson Nursery and Supply, Inc.

Market Assessment Report

Defining Grayson's Best Opportunity to Extend
Product Lines and Expand their Marketplace



Prepared for Brookes Management, Inc.
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Executive Summary

Grayson Nursery and Supply, Inc. (GNS) is a full service environmental contractor, specializing in the propagation and installation of woody, emergent, and submerged vegetation. The recent industry wide demand for sustainable sub-aqueous ecosystems has generated funding potential for innovative product development that GNS will utilize to enter into a potentially lucrative market. With two greenhouse facilities located in Jasper County and with access through our alliances to aquaculture facilities in Winchester County and on the campus of UMES, Grayson Nursery and Supply, Inc. have the infrastructure, experience, and turnkey capabilities to meet the demands of any environmental related project.

As a growing small business, GNS has achieved "Stage 3", where it is clear there is an established revenue and customer base and the company is ready to transition to continued sustainable growth. It is profitable, and there is a clear path to future profitability with far fewer unknowns and big risks. At this point the business is sustainable with a proven value proposition to customers, pricing and both sales and operations processes that work, albeit process improvements are necessary. There are lessons to learn about moving into future markets and many existing processes require optimizing. The management is experienced and entrepreneurial, and is prepared to bring additional staff for executing this plan while they focus on managing where the business is going for the next five years, operating more efficiently and meeting growth strategies.

The transition begins with this marketing plan to get management, operations and sales systems down to a science and be ready to scale the business for quick growth to drive profits before competitors can replicate their pending products or formula. Optimization to reduce costs and increase sales is the main focus so that high risks, poor controls and/or other unknowns are minimized, while profit margins are maximized.

The risk at this stage is acquiring capital so that operations and product development can be scaled to support the projected overhead of the business. Management is prepared to change management styles dramatically, bringing in some outside expertise from "professional managers" or consultants, to help shift management gears and move from a pure entrepreneurial style to a more "buttoned up" business management style with systems, procedures and controls, while preserving the founders' values and vision.

Executive Themes

GNS is positioned to take advantage of a steadily growing public sector initiative and more rapidly paced private developer marketplace. They are developing three products that both (separately and together) provide substantial benefit over present products and services.

- Innovative shoreline products foster wave erosion reduction while enhancing sediment foundation for improved sea grass placement
- Shoreline products foster with proprietary mix an improved substrate for shellfish.
- Sea Grass encapsulated seed has an advantage of reduced cost per planting acre in addition to a greater yield per acre over present seeding methodology.
- Artificial Shell provides both an improved cultch for oyster attachment and economical alternative to dredged shell (current methods).

There are three markets for the products:

- Public or Government sector which is unevenly focused and slow growing
- Private land and real estate developers
- International Development initiatives

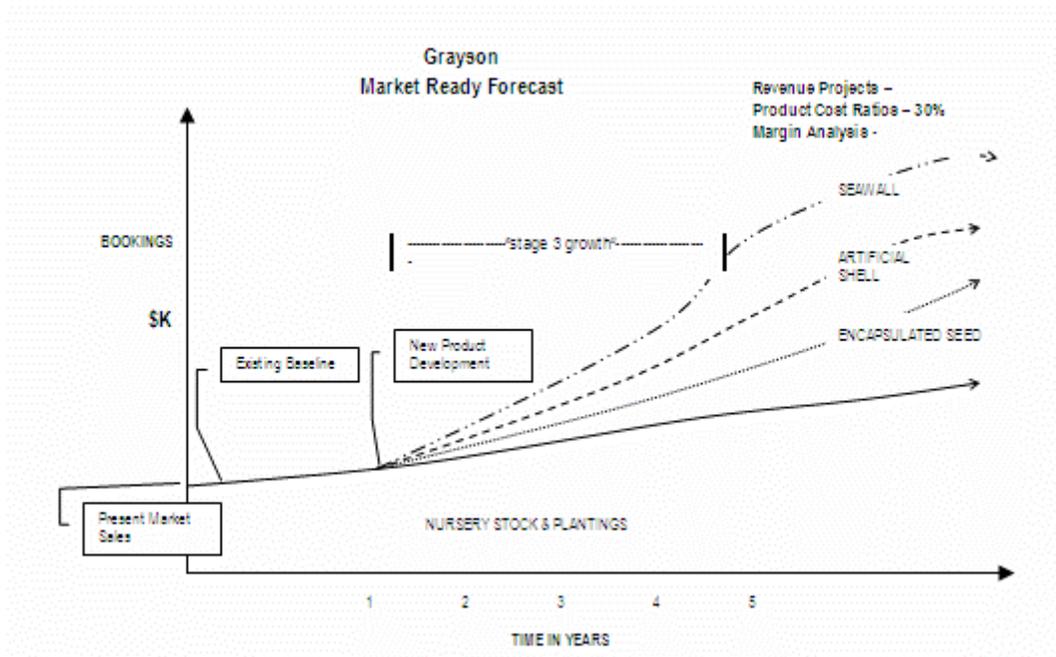
The public sector is awash with political dynamics that tend to focus more on funding “pork barrel” than prioritizing estuary restoration. i.e., Thus far greater funds are approved by the Army Corps of Engineers for beach restoration than shoreline remediation.

GNS has established distribution relationships within the faster growing private sector and should continue focus on that channel of distribution.

The international market is continuously becoming “greener in intent” and may well warrant a significant thrust by GNS using a marketing company well positioned for the export market

GNS is in the process of migrating marketing efforts from current business/products to new/future products. Current business relationships are the first growth opportunity for GNS new products. Current business is also the foundation for funding marketing penetration of new products.

GNS is not well known in its current markets and so is in the early entry stage of developing channels of distribution and awareness for their new product lines. Using this to an advantage, they can brand themselves as a much “smarter” more leading edge developer of technology solutions in the environmental remediation sector.



Continuing with the major theme of branding GNS as a “smart” company that is well connected with the scientific development community, GNS would benefit from more public alignment with academic/professional affiliations for credibility and joint venture opportunities. There is already a current of activity here, since GNS has built and benefited from professional relationships. This activity should be expanded and made more public as a selling/branding edge.

Strategic alliances will also help complete the network needed to propel the business into a position that will allow for long term sustainability in a competitive market. Recently a concept has been developed and instituted that will allow independent entities, brought together in an alliance, to function as a singular turnkey operation. This alliance, called **Integrated Environmental Services**, is comprised primarily of a coastal engineering firm, a non-profit organization, and an environmental contractor (GNS). In addition to these entities IES can provide financial assistance with cost sharing programs and value added components that enhance the overall ecologic impact of the project.

The cost analysis scenario, presented later in this assessment, attempts to help indicate how equity financing will be applied to support these marketing activities.

Project Implementation Schedule:

