American Butterfly

The Theory of Every Business

Chapter 5

"Economic Stimulus & Investment"

Economic Stimulus & Investment

Resort Network Licenses (RNL's)

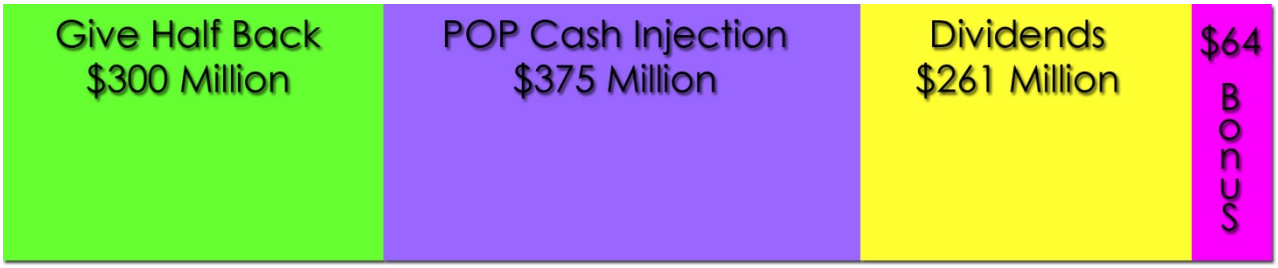
(Retrospective Note: With the creation of the RES⇔ equation and further development of Economic Stimulus, some of the following has now been super-ceded, it is, however interesting to see the initial development of "Economic Stimulus.")

In general, with the exception of companies that offer significant PR, ecological, or philanthropic value, companies that wish to invest in the first phase, resort networks are required to present a business plan that suggests their 2018 profits will equal over 40% of the cost of their investment. If we go back to "The Window Factory" we see a $2,500,000 investment returning $2,450,000 a 98% profit.

Of course the "The Window Factory" has its growth artificially stimulated by the guaranteed orders from the various sibling resorts. Within the "Economic Stimulus" in a similar fashion, stimulated growth becomes available for other retail and manufacturing industries.

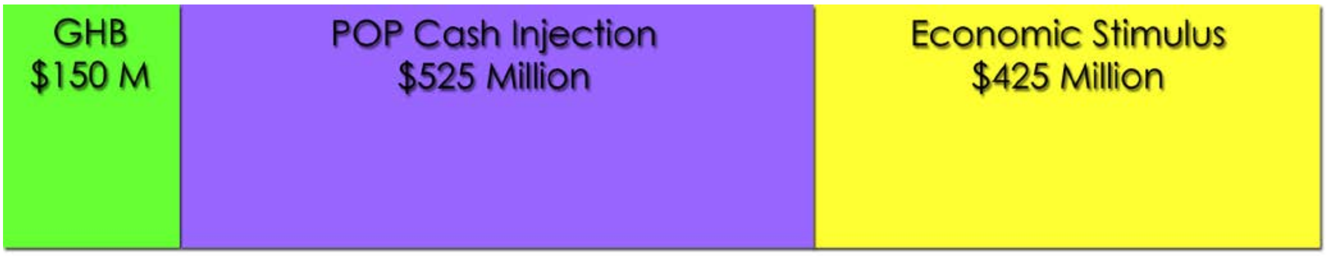
To understand this process we need to look at the dividends and staff bonus structure, and appreciate that in 2018 there will be over half a million companies operating within the network, making and selling goods from bananas to super yachts, structuring dividends and bonuses around network credits, as opposed to hard cash.

Below we see a graphic that demonstrates how the initial $1Billion in profit within a year is spent.



Give Half Back (GHB) is the money that pays for the university, operations centre, solar arrays, medical liabilities, subsidized electronic cars, super computers and contingency items. **POP** Cash Injection is the collective company's investment into the next sibling resort. **Dividends** are network credits given to network companies and **bonuses** are network credits given to university and operation center staff.

However the "GHB" cost returns a profit of $150 Million which is used to increase the POP Cash injection, alongside which, profit share for all network companies staff is paid in network credits, bolstering staff bonuses by about $100 Million. As both dividends and bonuses are paid in network credits, both are economic stimulus and equal $425 Million. So the actual model looks like this.



So for each $1,000,000 in profit a network company generates, they receive $261,000 in network credits, and see $525,000 invested into the construction of the next resort, which, due to the “locations butterfly” has the potential to return a $1,800,000 capital asset. In addition, the company has the right to set up a business in the next resort, so creating an additional income stream.

Each succeeding year, $425 Million is spent on a continuous stimulation in the resort network, in so doing protecting the system that generates the profit in the first place, continually stimulating the economy, in a similar manner to rain falling, drying, and evaporating up into the skies, only to form clouds and rain again. One is not sure exactly where the rain will fall, but as night follows day, it will.

It is this network economic stimulus that gives retail stores and their suppliers an edge over companies outside the network. Unlike the window factories “suppliers’ butterfly” it is not a guaranteed order system as those who receive network credits can spend them where they choose, albeit many contingencies to encourage an even spread will be in place.

If we consider within a resort there may be 250 retail and entertainment venues, who, on average, initially invest $1,000,000, if half of the available network credits were spent within these stores, each store will see an additional $850,000 in revenue. If a store works on a 50% mark-up after sales tax, their turnover will be increased by $255,000. As this extra revenue is paid on top of existing revenue and operational costs, the majority will be pure profit; so on average 65% of each retail company’s 40% RCL profit target is generated by the economic stimulus initiative. Furthermore, 70% of the economic stimulus money goes to the retail company’s suppliers, as such the network credits system continually breathes a breath of life throughout the resort networks economies.

On average standard businesses make between 7.5% and 15% profit after tax, the spreadsheet below presents high, medium and low resort network advantages. There are many variations to this model, for instance, a retail business may currently be making 20% annual loss whilst paying 40% of its turnover in rent, removing the cost of rent dictates 20% profit, to which additional benefits are added.

	Manufacturing	Low	Med	High	Retail & Entertainment	Low	Med	High
1	Current Profits	0%	15%	25%	Current Profits	5%	15%	25%
2	Accounting & Regulations	5%	10%	15%	Accounting & Regulations	5%	10%	15%
3	Advertising	5%	10%	15%	Advertising	5%	10%	15%
4	No Rent	0%	10%	20%	No Rent	0%	25%	40%
5	Controlled Competitiveness	15%	25%	40%	Controlled Competitiveness	10%	20%	30%
6	Stimulus	15%	25%	35%	Stimulus	15%	25%	35%
7	Facebook Orders	Bonus	Bonus	Bonus				
8	S-World Orders	Bonus	Bonus	Bonus				
		40%	**95%**	**150%**		**40%**	**105%**	**160%**

1. **Current Profits:** A company's general profitability, before network benefits.
2. **Accounting & Regulations:** Saving costs on financial staff, accountants and auditors. Elimination of human error and fraud. Improved financial reporting. A decrease in regulatory costs.
3. **Advertising & Media:** Increased effectiveness due to the operations centre's media and advertising departments
4. **No Rent:** Illustrates the saving of rent as retail, entertainment and office based operations receive retail or office space in exchange for their initial investment.
5. **Controlled Competitiveness:** From Thai Restaurants to Electronic Goods Stores, with the exception of Apparel, (clothing) in general a maximum of two competing retail outfits will be chosen per retail space.
6. **Economic Stimulus:** Dividends and profit share being returned as network credits.
7. **Facebook:** The combined sales orders from Facebook e-commerce, concierge and stores.
8. **S-World:** The combined sales orders from S-World e-commerce, concierge and stores.

All in all, it would seem difficult for any company to generate a profit margin of less than 40% of its initial investment value. However, if after crunching the numbers a lower forecast is predicted, the practice known as RCL Overpay is enacted.

RCL Overpay: is for companies unable to present a business plan that will generate a 40% return on their initial investment by 2018.

For example in a retail store, if the cost of purchasing a shop in a mall and out-fitting is $1,000,000, but 2018 returns are only estimated at $300,000, this suggests a 30% RCL profit return. To compensate, their companies RCL value will be lowered to $750,000, in as much as that figure generates a 40% return.

Our retail company will have paid $1,000,000 and received $750,000 of cost price retail property with an assumed value of $1,500,000, possibly rising to $2,550,000 on return of US economic growth. As a safeguard to overestimates, should a company underperform without due reason, their RCL value will be adjusted down. However should this happen, assuming the company offers an adequate service or produces adequate goods, there are various measures that can be taken to bolster the company's future sales, such as increased attention from the operation centre, an increase in Economic Stimulus, increases in orders from other Network companies, increasing their higher EEE score, and so on, and so on.

Energy RCL's: Initially, energy would seem the most expensive type of RCL, however in the long term alongside Facebook Gifts, and S-World, it will be one of the most profitable.

Currently energy sees an 11% return from solar arrays, an investing company would need to pay 3.7 times the price of a standard RCL. However, the model for companies who wish to invest is not to buy solar arrays, rather to develop the solar array "Suppliers Butterfly" in the same fashion as "The Window Factory" (the initial investor taking exclusive tenders for all sibling resorts). With over $1 Billion in orders from each of the 15 sibling resorts, the profits will be substantial; in addition they receive a management fee from the power generated.

To sum up, in 2018 each of the first phase Mother Networks are desired to generate a 40% ($800 Million) annual return from its initial $2Billion flat rate RCL investment. We have seen the construction supplier's model forecasting a 98% return, a 40% to 150% forecast for other suppliers and a 40% to 160% forecast for retail and entertainment.

Please note, these figures do not include orders for products from the various e-commerce platforms, which are expected to deliver substantial orders. The next chapter illustrates Facebook generating a 2018 ROI of 3500%.

Added to this, within the follow up American Butterfly Books the stage is continually being prepared for figures showing significant profits made from the combined technology, media and device manufacturers.

America Butterfly Question, AB8: Has the case been made that technically the minimum any resort network can collectively make in 2018 is a 40% profit margin. Higher ________ OK ________ Lower ________?

Phase 1 Investment:

(Retrospective Note: due to the RES equation and American Butterfly part 4, the following has now been enhanced)

Below we see a “starter point” from which to consider the distribution of first phase investment options. A second phase is set after two years later, after which there will be no more options to invest into a US Mother (Anchor) Network.

Investment is split into five groups: Essential Partners, Big Business, Small Business, Governmental Investment and Foreign Businesses.

1. Essential Partners

	Company Type	Companies in Sector	Split	Total RNL Investment Cost	RNL Cost Per Resort	Companies Per Resort	RNL Cost Per Company	5 Year RCL Profit Target
	Essential Partners			$512,000,000,000	256			40%
1	Facebook	1	1.000%	$5,120,000,000	$20,000,000	1	$20,000,000	$8,000,000
2	Microsoft & Apple	2	1.563%	$8,000,000,000	$31,250,000	2	$15,625,000	$6,250,000
2	Big Technology	13	6.250%	$32,000,000,000	$125,000,000	5	$25,000,000	$10,000,000
3	Technology	90000	3.125%	$16,000,000,000	$62,500,000	64	$976,563	$390,625
4	Devise Manufacturers	32	3.125%	$16,000,000,000	$62,500,000	8	$7,812,500	$3,125,000
6	Big Media & Film	16	3.125%	$16,000,000,000	$62,500,000	1	$62,500,000	$25,000,000
7	Media & Film	50000	1.563%	$8,000,000,000	$31,250,000	64	$488,281	$195,313
8	BIG Pharmaceutical	8	3.125%	$16,000,000,000	$62,500,000	4	$15,625,000	$6,250,000
9	Pharm. + Medical	50000	1.563%	$8,000,000,000	$31,250,000	32	$976,563	$390,625
			24.438%	$125,120,000,000		145		

To create maximum effectiveness for the various S-World software products and initiatives, the products need to be owned collectively by

1. The companies that control information technology.
2. The technology companies who will assist with the software design.
3. Essential patent holders.
4. Device manufacturers, in particular television manufactures as Smart TV’s which are expected to gain an ever increasing share of on line sales.
5. Creative and administrative Media companies (broadcasters and film makers)

Its early days within this proposal to imagine the scale of S-World commerce; indeed, two more books are yet to be written before any detailed forecasts are offered. However, if one considers everything that could possibly be sold on line over the next century, and halve it, this is the ambition.

The mechanics would work something like this: In Travel for instance, a client purchases a family holiday for $4,000, whereby usually the travel agency would take 20% with their sales agent taking 3%. Instead the sales agent is independent and takes 10% whilst the system (S-World) takes 10% ($400) which it splits between the essential partners.

For instance, if one was on a Dell PC, on a Windows Operating System, using Facebook then Dell, Microsoft, and Facebook may receive $200. Alongside this, the companies that created and continue to create the software and applications receive the other $200.

In basic E-Commerce a 50% mark-up is more common, but the price of goods lowers. This time, if a client is reminded to buy a $150 gift whilst watching "SKY News" on a Sony Smart TV, then Sky and Sony may share $25. Alongside this the companies that created and continue to create the software and applications receive the other $25.

The same applies to search engines, or for that matter any possible way one could buy anything via the internet. The point is that all essential partners see the revenue from S-World as substantial, in many cases more than they would currently receive.

And so adding the "it's the right thing to do for the planet" and the "it's the right thing to do for the consumer" (due to the per human results search engine), I hope one can see from the affiliate marketing alone, before we even have a product, it easily has the potential to be the market number 1.

In ten years time, if we consider half of GDP was sold on line, where S-World essential partners had a 50% market share. using today's GDP of $70 Trillion /4= $17.5 Trillion working on a 25% mark-up, we arrive at a figure of $4.4 Trillion, most of which would be profit generating, at worst creating $3 Trillion in profit.

Essential Partners investment in phase one equals $125 Billion, there is the second US phase and the six global phases tallying up $1 Trillion, returning $3Trillion a year working at our current recession GDP figures, so making the target ROI for Essential Partners 300% per year.

This is before we consider the economic advantages as provided by the network, in particular the Economic Stimulus, the RES equation and the general desire to get the world spending again, as such when one needs to consider not necessarily taking a 50% market share in global E-Commerce, rather a 20% market share of what is already available, but a 30% increase due to new spending and stimulus methods, so the actual potential profitability is far higher.

There are many variations to fully explore. Looking at more specific plans the Facebook example within the following chapter offers a more detailed individual journey, for further analysis and consideration.

It is often best to consider the Network as not necessarily taking market share of GDP, rather taking a little and increasing it as a whole.

If you can't beat em, join em!

Does the world need another 8,192 TV and device manufacturers? Probably not, But with over 850,000 people per 4 network catchment zone, many receiving network credits, allowing one device manufacturer per 4 networks to set up shop, is not overly saturating. The essential partners will be given such options, allowed to cherry pick any S-World researched technology, be it digital or manufacturing. With such competition, advancement will accelerate creating many new niche brands, some great ideas and new products. All Mother Networks will have the option/licence to become a device manufacturer. Adding new competitors to the market can only increase market share.

Medical Companies: The pharmaceutical companies have been included, in exchange for relaxing patents on pharmaceuticals to those that can't afford them. In some, or all cases the companies may completely submerge themselves within the network with share holders receiving network credits instead of cash.

2. Big Businesses

	Company Type	Companies in Sector	Split	Total RNL Investment Cost	RNL Cost Per Resort	Companies Per Resort	RNL Cost Per Company	5 Year RCL Profit Target
	Big Businesses							
7	BIG Finance	16	1.563%	$8,000,000,000	$31,250,000	8	$3,906,250	$1,562,500
8	Finance	915000	1.563%	$8,000,000,000	$31,250,000	32	$976,563	$390,625
9	BIG Energy and Oil	16	1.563%	$8,000,000,000	$31,250,000	1	$31,250,000	$12,500,000
10	BIG Transport & Auto	32	1.563%	$8,000,000,000	$31,250,000	1	$31,250,000	$12,500,000
11	Building / Land	2200000	2.500%	$12,800,000,000	$50,000,000	64	$781,250	$312,500
12	Agriculture	2100000	1.563%	$8,000,000,000	$31,250,000	128	$244,141	$97,656
13	Top 100	100	1.563%	$8,000,000,000	$31,250,000	32	$976,563	$390,625
14	Top 200	100	0.781%	$4,000,000,000	$15,625,000	32	$488,281	$195,313
15	Top 300	100	0.781%	$4,000,000,000	$15,625,000	16	$976,563	$390,625
16	Top 400	100	0.781%	$4,000,000,000	$15,625,000	16	$976,563	$390,625
17	Top 500	100	0.781%	$4,000,000,000	$15,625,000	16	$976,563	$390,625
18	Big Businesses	18000	3.500%	$17,920,000,000	$70,000,000	256	$273,438	$109,375
		5423620	18.50%	$94,720,000,000		920		

With a maximum of $95 Billion in investment options, for a sector that is sitting on over $2 Trillion in cash, most companies will struggle to gain investment options.

This poses a problem of sorts as one does not desire 95% of big businesses to prefer the network was not in existence. To combat this, the idea that should business use the financial software and follow the rules that allow for the M⇔Bst and the RES⇔ equation to boost the economy and remove chaotic factors, general integration into the network as suppliers will take place over time.

3. Small Businesses

	Company Type	Companies in Sector	Split	Total RNL Investment Cost	RNL Cost Per Resort	Companies Per Resort	RNL Cost Per Company	5 Year RCL Profit Target
	Small Businesses							
19	Local 100 - 500	65000	3.125%	$16,000,000,000	$62,500,000	32	$1,953,125	$781,250
20	Local 50 - 100	175000	5.000%	$25,600,000,000	$100,000,000	64	$1,562,500	$625,000
21	Local Under 50	400000	8.000%	$40,960,000,000	$160,000,000	128	$1,250,000	$500,000
22	Franchises	1000	1.500%	$7,680,000,000	$30,000,000	64	$468,750	$187,500
23	Local Under 10	4000000	10.00%	$51,200,000,000	$200,000,000	256	$781,250	$312,500
21	Local Solo	15000000	9.438%	$48,320,000,000	$188,750,000	294	$642,007	$256,803
		19641000	37.063%	$189,760,000,000		838		

Small businesses have twice the investment options that big businesses have, given the software and advantages as presented in their "Suppliers Butterfly" the many small business, with owners not managers running the day to day goings on, will be far more reliable and enthusiastic than their compartmentalized big business counterparts.

It is far easier to get a small business to create a high profit vs. revenue efficiency than it is for a large business.

In general after the Mother Network is created, when it comes to creating its babies, the 50% of investment that will be required, will come from small businesses within the local catchment area of the new Resort Network.

4. Governmental

	Company Type	Companies in Sector	Split	Total RNL Investment Cost	RNL Cost Per Resort	Companies Per Resort	RNL Cost Per Company	5 Year RCL Profit Target
	Governmental							
22	USA Gov	1	5.000%	$25,600,000,000	$100,000,000	32	$3,125,000	$1,250,000

The governmental allocation was considered, initially simply as a measure for the US government to raise extra funds. However two initiatives have since been considered.

Firstly, in the case of "Spartan Contracts," which require a property built at cost to be part of the package, getting the "have not's" on the property ladder, which will have a big social impact. The government could use their allocation to further accelerate this process.

Secondly, in the case of infrastructure, the one aspect lacking from the long term American Butterfly plan, is infrastructure between the new resort networks, railways and highways. Using some of the extra tax income that will become available from the networks to build this infrastructure, assists the network, creates more jobs, increased GDP and in general modernizes America. So it is considered that the USA Government could use there share options to create infrastructure companies within the network, then give their own companies the tenders.

5. **International Businesses**

	Company Type	Companies in Sector	Split	Total RNL Investment Cost	RNL Cost Per Resort	Companies Per Resort	RNL Cost Per Company	5 Year RCL Profit Target
	Foreign Businesses							
23	Oil		2.500%	$12,800,000,000	$50,000,000	1	$50,000,000	$20,000,000
24	Europe		2.500%	$12,800,000,000	$50,000,000	16	$3,125,000	$1,250,000
25	Asia + Aus		2.500%	$12,800,000,000	$50,000,000	16	$3,125,000	$1,250,000
26	Middle East		2.500%	$12,800,000,000	$50,000,000	16	$3,125,000	$1,250,000
27	Americas		2.500%	$12,800,000,000	$50,000,000	16	$3,125,000	$1,250,000
28	Africa		2.500%	$12,800,000,000	$50,000,000	16	$3,125,000	$1,250,000
			15.000%	$76,800,000,000		113		
			100.00%	$512,000,000,000		2048		

15% of options are designated for foreign business.