

- **What's the difference between Dealers and Associate Dealers?**
 - A dealer is an established retail business, with one or more traditional stores. Usually these dealers sell spas, swimming pools and similar products, and add Waterstar Saunas to their product mix to off-set any sales seasonality and to increase profits. An Associate Dealer is someone who does not operate a 'brick and mortar' business, but wishes to profit with a business profile other than the traditional business. They are looking to profit by selling Waterstar Saunas on a part-time basis, part-time leading into full time, full time, working from their home, or working from non-traditional locations.
- **Why would I choose being an Associate Dealer rather than a Dealer?**
 - Traditional 'brick and mortar' businesses have to invest heavily in their buildings, equipment, maintenance and inventory. Usually they have several employees. The Associate Dealer can choose minimal capital investment in their business, or they can invest as much more as they wish. They do not have to buy or rent expensive buildings, need very little equipment, and may or may not have employees.
- **So, how much will it cost me to become an Associate Dealer?**
 - We do not charge you anything to become an Associate. You may need to pay fees to your state, county and local governments to start your business, but usually these fees are nominal. You may want some equipment such as a vehicle to transport your display saunas. You may wish to have a computer to help you maintain your records, you may want to purchase an accounting program or hire an accountant. These are all optional and depend on how you wish to run your business. You may choose to start out with none of these and get them as your business grows.
- **Don't I have to buy a lot of saunas up front to sell to my customers?**
 - Your initial inventory purchase requirement is only two (2) saunas. You can take delivery of these immediately, or we can keep them in our warehouse to ship to you or your customer when you tell us. This is best if you have no place to store inventory, for example if you are working out of your home. It is highly recommended that you take delivery of at least one of these units so you can use it as a display to generate sales. Having no inventory on hand will make it unable to make immediate delivery of the sauna to your customer. Most customers are willing to wait until we drop-ship the sauna, as it takes about 5-7 days for it to arrive.
After your initial purchase you need purchase only one unit at a time, but you can order as many saunas as you wish. Purchasing three or more saunas at the same time to keep in your inventory will earn you volume discount pricing, and allow you to give immediate satisfaction to your customer.
- **What will it cost me to buy the initial two saunas?**
 - Don't look at it as a cost, but as an investment because you will either sell both of them and make a profit on each unit, or sell one at a profit and use the other as a display from which to make future sales. And, if you work out of your home, you could use one of them for your personal sauna needs as well as a display. Your initial investment in two saunas could be as low as about \$1700 to as high as about \$3500 or anything in between depending on your sauna choices. Most Associates initially invest in the one-person or two-person sauna models.

- **OK, say that I become an Associate Dealer and order a couple of saunas and I don't have a store. Where can I sell them?**
 - The best answer is "anywhere you want that is legal". Anywhere you want means that you are restricted by only your imagination. You can sell them at flea markets, home and garden shows, fairs, malls, out of your home, community events --- the list is endless. By legal we mean that you must have permission to do so; you will need to check with your local government, for example, to see if selling out of your home is legal, if you need a permit, etc. You may also have to get permission from fair promoters, flea market operators, etc., and possibly pay a required fee.

- **Can you give me an example of where your Associates sell?**
 - Sure. One of our most successful Associates sells out of a regional mall.

- **But doesn't mall space cost a lot of money?**
 - Yes and no, depends on what return you get off of investing in mall space. Renting a several-thousand square feet showroom in a mall is quite expensive, but worth it to a full-fledged Dealer. As an Associate Dealer, you probably want to start out with a small, much less expensive area, and even then, probably on a monthly, or possibly even a week-end, basis.
Our successful mall Associate rents (sometimes on a weekend basis, sometimes on a monthly basis) 'kiosk' space. Kiosk space is a small amount of space, usually about 6' x 6' in the mall hallways. During the mall's off-season (months other than November and December), space costs the Associate about \$500-\$700 per month. Gross profits from selling ONE or TWO saunas per month pays for the mall rental --- all other sauna sales that month is profit. Sometimes this Associate will have a sauna in stock to deliver and set up when convenient to the customer. If he doesn't have that particular model in stock, we ship it out to him or to his customer the next day.

- **How about another example, please?**
 - Another of our successful Associates prefers to run a small ad in the local (and sometimes area) newspapers. People respond to his ad by phone; he describes the product and if asked, emails or faxes or snail-mails photos and other descriptive material to the prospect. More often, he will take the sauna to the prospect's home, set it up, and make the sale. This value-added part of the process is the most important part. Again, sometimes this Associate will have a few saunas stored in his garage, other times he will have us drop ship.

- **Why is the value-added so important?**
 - Because most prospects for saunas want to see, touch and even smell the sauna. They want to turn it on and see how well it heats. They want to listen to the CD/AM/FM . And they want someone to deliver and assemble the sauna for them. These are people who don't care to buy their stuff over the internet. They want inexpensive yet quality products. As an Associate you will have less overhead and can sell the saunas at a more reasonable price than a traditional brick and mortar store.

- **I'm intrigued, and hate to ask, but just one more example please.**
 - Glad to. A third Associate simply made an arrangement with a local furniture store to set a sauna in their showroom. Sometimes he stays in the store and works with potential customers, sometimes the furniture store salespeople make the sale. Our Associate gives both the store owner and the sales person a small pre-determined commission for their efforts. He does not deliver the floor model sauna, rather he has us drop ship one to his purchaser as soon as possible. He will set up the sauna in the customers home if asked. By the way, he is negotiating with a local lawn and garden shop to set up an *outdoor* model Waterstar sauna for display.
- **How difficult is it to assemble a sauna?**
 - Not difficult at all, because our saunas are modular. Basically, a sauna comes with a floor, roof, two sides, back and front. The floor is set in place, back and one wall set on the floor and attached together, next wall is set and attached, front (which contains the door already installed) is set and attached, and the roof is set on top to complete the unit. Then, the electronics needs to be plugged together, door handles and other accessories attached and the sauna is ready to use.
- **Don't I need an electrician for this?**
 - Absolutely not. The electronic connections are 'plug and play'; the power is an ordinary plug that goes into an ordinary receptacle.
- **How do the sides and walls attach?**
 - Our inner lock latching system is a convenient and quick way to assemble the sauna. All the hardware is contained inside the sauna walls – no buckles or hardware is seen on the outside. With just two people you can have the sauna up and ready to use in about 20 minutes. This inner lock system makes the sauna highly portable.
- **How long does it take to put one of these together, and can I do it myself?**
 - About 20 minutes. Yes, you can do it yourself. Of course it is a little easier if some helps you, and you probably would need someone to help you lift and set the roof part. This is a great opportunity to get your prospect or customer involved -- they will enjoy helping you and learn something about the sauna at the same time.
- **Will I need any equipment?**
 - You should have a small step ladder handy to be able to set the roof. A Phillips screwdriver is needed.
- **If I don't want to set up the sauna, my customer can easily do so?**
 - Absolutely. The decision to set up a sauna is yours, just keep in mind that doing this for the customer is value added, and could be what makes the sale.
- **What about after sale service? Do I have to service the units?**
 - Not unless you want to, as part of your value-added approach to sales. Our saunas are designed so that if something fails, such as the main electronics board, under warranty we will ship a replacement board to the owner, who can easily install the replacement. If your customer calls you for help, we can help you with trouble-shooting questions.

- **Your saunas do have a warranty then?**
 - Our saunas have a great warranty. Basically, the warranty is a limited lifetime warranty on wood, electronic parts, heaters and controllers, and a one year warranty on the stereo. You will be provided with the detailed warranty when you become an Associate.

- **Will my Associate relationship guarantee an exclusive territory?**
 - We cannot guarantee an exclusive territory to our Associates. However, as long as you maintain a good relationship with us, we will not authorize another Associate residing in your zip area. We cannot prevent outside Associates from selling in your area, nor will we prevent you from selling in other areas. If there already is an authorized Dealer in your zip or nearby areas, we will not approve your Affiliation. If we have approved your Affiliation and a traditional dealer wants to become an authorized Waterstar Dealer in your ZIP area, we may approve that Authorized Dealer. In either event, we would refer you to the Authorized Dealer to see if that Dealer and ourselves would approve your affiliation with that Dealer. **We encourage those Associates or potential Associates who wish to do so to move up to an Authorized Dealer status.**

- **Can I sell the Waterstar sauna over the internet?**
 - At this time, we are NOT granting license to sell Waterstar saunas over the internet, to either Dealers or Associate Dealers. You certainly may have a website that promotes your company and the sauna, but you may not mention any price lower than the Suggested Retail Price.

- **How do I pay you for my saunas?**
 - We accept all major credit cards, cashier's check/money orders or wire transfers.

- **I have heard that infrared saunas have great therapeutic values. Can I tell my prospects of the medical value of infrared saunas?**
 - Unless you are a licensed physician, you probably should refrain from making any medical claims. You can, however, refer your customer to and discuss with all the available literature on saunas.

- **What does some of the literature say?**
 - Well, for example, an article in the Journal of Medical Association mentions in great detail the removal of toxins and wastes, improving skin condition and tone, stress reduction, and much more. When you become an Associate, we'll send you a copy, and you can find lots of literature on line.

- **Let's get a little more specific about Waterstar infrared saunas. What are some of the details?**
 - Waterstar saunas are built with quality and user friendliness in mind. From the intuitive and easy-to-use control panel to the optional Color Light Therapy system, our Waterstar saunas are the choice of today's discerning sauna buyer. Waterstar Saunas come with soft touch digital controls with LED display. Some models have ceramic heaters; others come with carbon fiber heaters. All come with CD/FM/AM player, hooked up to stereo speakers. Most models have oxygen ionizers, all glass is tempered. Reading light and ventilation is provided.

- **Let's get back to profits. How much money can I make by being an Associate Dealer?**
 - You probably guessed the answer is "it depends" don't you? It depends on a lot of factors – how much time and effort you put in it, which saunas you sell, how much you sell them for, what your expenses are, where you sell them. Truth is we don't know how much money you will make. We do know that our current Associates are happy and according to them doing well, given the relationship of their goals, desired effort expended, level of obligations, and profits earned. We can give you some numbers that might help.

Let's take a WSD8002LD, 2 person, ceramic heater sauna as an example

Suggested retail price		\$1,599
Associate Dealer Price (current, subject to change)		- 980
Estimated Shipping (actual to be based on your location)		<u>- 175</u>
Associate Dealer Total GROSS profit		\$ 444

Estimated Annual GROSS profit		
Sell one 2 person per month	12 x \$444 =	\$ 5,328*
Sell three per month	36 x \$444 =	\$15,984*
Sell six per month	72 x \$444 =	\$31,968*

*Although the tables and exhibits herein have been prepared with information deemed reliable, no warranty is made or should be inferred with respect to the accuracy or completeness or the likelihood that costs or revenues will be that set forth. The data compiled herein are not forecasts or what will happen but merely attempts to show what could happen based on certain assumptions and knowledge of the industry. All legal and accounting decisions should be referred to appropriate counsel or professional.

- **Price discounts, operating costs, taxes and other necessary business expenses must be deducted from the Gross Profit to arrive at net profit. The desired intent of the Associate Dealer Program is for the associate to operate in such a manner to minimize these expenses, and enhance net profits.**
- **Do you have an incentive payment plan?**
 - Sure do. In any fiscal year as an Associate your Waterstar sauna purchases total between \$25,000 and \$50,000 we will send you our check for 2% of your purchases that year. If you purchase \$50,001 or more, we will send you our check for 2% of the first \$50,000, and 4% for all purchases over \$50,001. On the other hand, if you haven't purchased at least 6 saunas within the fiscal year, we will need to make a joint decision whether you should remain an Associate Dealer.
- **Where can I find some other important information about the Waterstar sauna?**
 - Right on our Waterstar sauna dealer website: www.waterstarsauna.com. Look in the Articles and FAQ sections.
- **If I am working out of my residence, do I have to have my sauna purchases shipped to my home?**
 - You can have one or more saunas shipped to your home or place of business, or you can ask us to drop ship saunas to your customer's home if that is more convenient. Keep in mind that shipping to a location other than your ZIP code and surrounding areas may incur additional shipping costs. This will probably not happen, unless you are located in say,

Michigan and want us to ship to say, Florida.

- **So, I have to pay extra for shipping in addition to paying for the sauna, right?**
 - Only in the circumstance described above. Shipping costs to your ZIP code and surrounding areas are included in the purchase price.

- **I am very much interested in becoming an Associate, but I'm a little concerned whether I know enough about starting any small business, let alone becoming a Waterstar Sauna Associate Dealer. Can you help me learn how to start a business?**
 - Of course, and we'll start by referring you to this website
 - www.entrepreneur.com/howto/startyourbizThere are many informative sources available, but this one is quite comprehensive. If at any time you want to talk to us, just give us a call or email us. We'll do our best to work with you to make your business a success.

- **I'm ready to become a Waterstar Associate Dealer. Now what do I do?**

Visit our website at www.waterstarsauna.com and submit an application!