



THE ECHO COMPANY, LLC

2015 - 2016 | Small Business Management Plan

New Hampshire Phi Beta Lambda
Southern New Hampshire University

Kyle Hicks

TABLE OF CONTENTS

EXECUTIVE SUMMARY	3
COMPANY DESCRIPTION	4
Legal form of Business	4
Effective Date of Business	4
Company Mission & Vision Statement	4
Products	5
Pricing	5
Location	5
Immediate Development Goals	6
INDUSTRY ANALYSIS	6
Overview	6
Industry Size	6
Consumers	6
Government Regulations	7
TARGET MARKET	8
COMPETITION	9
Direct & Indirect Competition	9
Potential Future Competitors	10
Barriers to Entry for Future Competitors	11
MARKETING PLAN & SALES STRATEGY	11
Key message	11
Branding	11
Options for Message Delivery	13
Sales Procedure	14
OPERATIONS	15
Business Plan	15
Production Plan	15

Workforce Plan	15
Technology	16
MANAGEMENT & ORGANIZATION	16
Key Employees	16
Board of Directors & Investors	17
Plan for Identifying New Participants	17
Compensation & Incentives	17
LONG-TERM DEVELOPMENT	18
Long-Term Goals	18
Risk Analysis	19
Long-Term Strategy	19
FINANCIALS	20
Accounting System	20
Financial Projections	20
REFERENCES	22
APPENDIXES	23
Products & Marketing Materials	23
Financial Statements	27

Executive Summary

Company Overview:

The Echo Company, LLC (or Echo Co. for short) is an apparel brand that sells products to consumers with active and outdoor lifestyles. Each product is made with recycled water bottle material, with designs inspired by the beaches and forests of New England. The products cater to individuals with a love of nature and care for our environment, and will be sold online, as well as in a physical brick-and-mortar store.

Objectives:

The objectives of Echo Co. are two-fold. First, the goal is to create products consumers will love and will be proud to wear. The second goal is to operate an environmentally sustainable company that promotes recycling efforts to prepare the planet for future generations.

Target Market:

The primary target market for Echo Co. includes single males and females ages 18-30, whereas the secondary target market includes individuals ages 30-50 with children. Specifically, the ideal consumer for The Echo Company will embrace the active lifestyle and “echo” our mission for environmental responsibility.

Viability:

This business plan is practical because it encompasses an issue that is yet to be solved in the United States. For example, according to banthebottle.net, Americans use roughly 50 billion plastic water bottles per year, but only recycle about 23% of the bottles. Therefore, about 38 billion bottles—the equivalent to \$1 billion worth of plastic—is wasted by Americans every year. Thus, The Echo Company will seek to bring awareness to this major issue.

The support for this cause sets Echo Co. apart from its competitors. While the company has three direct competitors in the New England area and dozens of indirect competitors, none of those other companies are addressing the problem as part of their core values.

Marketing Plan:

As a lifestyle apparel brand, the marketing plan for The Echo Company focuses on creating and maintain a strong brand image. Therefore, the company will use consistent logos, colors, and imagery on its products, packaging, and advertising materials.

The primary method for delivering our message will be through social media to attract the millennial generation. Additionally, the company will sponsor recycling campaigns and co-brand with strategic business partners.

Financials:

Based on projections of revenues and expenses, The Echo Company can expect to realize a net loss of \$43,187 for the first year of operation. However, based on sales projections and growth patterns, the company can expect to break-even and start earning profit in year 2.

COMPANY DESCRIPTION

The Echo Company, LLC is a lifestyle brand that sells clothing and accessories. Each unit of clothing is manufactured from 100% recycled bottle material, which establishes the company as an environmentally friendly brand. While Echo Co. is a company that sells products as its source of income, the true focus is to establish a relationship with consumers and provide them the experience of a cause-oriented brand. The main method of product sales will be at a brick-and-mortar location will be retail via the Echo Co. online store, where customers can shop our selection of products.

LEGAL FORM OF BUSINESS

Echo Co. will be owned by Kyle Hicks, and structured in the form of an LLC. In order to receive the LLC status, the proper paperwork must be filed with the state of New Hampshire. The registration fee will be \$100, which will officially separate the liability from the owner (Fishman, 2016). Echo Co. is a startup business that is independent from any other organization currently on the market.

EFFECTIVE DATE OF BUSINESS

Both the physical and online store will begin retail operations on Saturday, April 22, 2017. This specific date was selected for the grand opening because it falls on Earth Day, which is consistent with the environmental theme of Echo Co.

The summer hours of operation (defined as Memorial Day through Labor Day) for the physical location will be as follows:

Monday to Friday 10:00 AM – 6:00 PM

Saturday and Sunday 10:00 AM – 9:00 PM

COMPANY MISSION & VISION STATEMENT

Mission Statement:

“Echo Co. seeks to create and promote products dedicated to the enrichment of our planet. We strive to build a better product with no excess waste, no unnecessary harm, and always low prices.”

Vision Statement:

“Our vision is to leave a healthy and sustainable world for the future generations.”

PRODUCTS

The Echo Company will sell two product lines, each focusing on a specific lifestyle enjoyed by the consumer. See Appendix 1A for sample products.

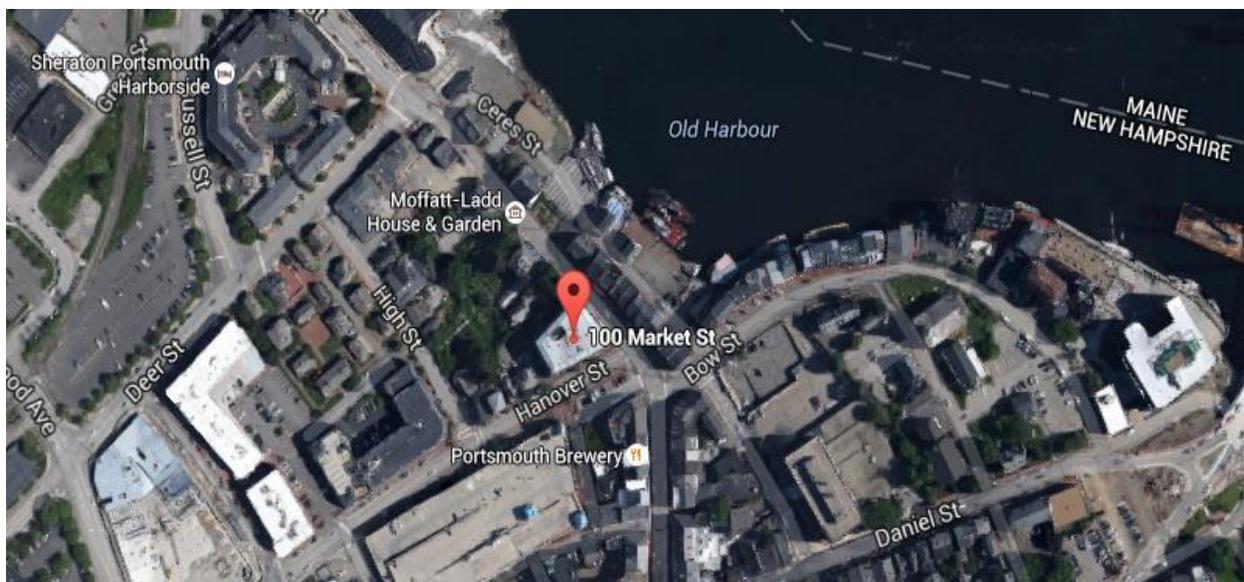
- *“Reef” Product Line:* This is the primary line of products sold by Echo Co., and consists of all products relating to the beach, including tee-shirts, tank tops, snapbacks, and towels. It caters to consumers who enjoy relaxing and spending time on the coast.
- *“Peak” Product Line:* The secondary line of products sold by Echo Co. includes long sleeve shirts, beanie hats, and socks, all of which are designed with inspiration from the mountains and forests of Northern New England. This product line targets consumers with an active lifestyle that consists of hiking, climbing, and exploring.

PRICING

The pricing for Echo Co. products will be a premium pricing strategy, representing products of higher quality. For example, because the contracts with “green” producers yields a higher cost per product, the retail prices for Echo Co. products will be marked up as follows.

Item	Cost to Produce	Retail Price	Markup %
Short Sleeve Shirt	\$ 19.00	\$ 35.00	% 84.2
Long Sleeve Shirt	21.00	40.00	90.5
Snapback Hat	16.00	25.00	56.3
Beanie Hat	9.00	20.00	81.8
Towel	9.00	20.00	81.8
Tank Top	15.00	25.00	66.6
Socks	4.00	10.00	150.0

COMPANY LOCATION



The headquarters and main retail location for Echo Co. will be a 6,400 square foot facility on 100 Market Street in downtown Portsmouth, New Hampshire. The state of New Hampshire does not charge a sales tax, and boasts the lowest income tax rate out of all New England states (Loopnet™).

IMMEDIATE DEVELOPMENTAL GOALS

1. Establish business partnerships with clothing manufacturers.
2. Obtain resources such as computers, retail displays, and in-store décor.
3. Recruit and hire additional employees.
4. Implement an interactive marketing campaign to promote the company.
5. Develop a system for analyzing sales once the company is opened to the public.

INDUSTRY ANALYSIS

Overview:

Echo Co. will be a member of the “retail apparel” industry as its clothing and accessories will be sold at its in-store location and online. The retail apparel industry has existed for centuries, but has grown exponentially since the introduction of strategic branding in the early to mid-1900s. Also, mass-production facilities in Asia have helped both large and small companies reach a wider range of customers (Wagner, 2016).

Industry Size:

The retail apparel industry in the U.S. is valued at \$225 billion, of which \$183.01 billion is generated via sales made in physical clothing store locations and \$55.5 billion was generated via online sales in 2014. (Statista, 2015). Furthermore, the retail apparel industry is expected to grow to from \$285 billion in 2025, representing the growth potential for a new company in this industry.

Consumers:

The potential consumers in this industry come from three different segments, as indicated below.

- *The locals*, including those living within five miles of the physical location. According to Loopnet™, approximately 36,743 individuals live within five miles of the 100 Market Street location, and spend a total of \$15,356,650 per year on clothes.

- *The visitors*, including those who visit and/or shop in the town of Portsmouth, NH. According to Loopnet™, approximately 4,150,000 tourists visit the Portsmouth and spend money in the city.
- *The online shoppers*, including those who buy Echo Co. products via the online store. According to research from Statista, 205 million consumers in the U.S. purchase products digitally, with an average of \$2,960 spent per online shopper.

Government Regulations:

- *Truth in Advertising*: The Federal Trade Commission (FTC) regulates and enforces false advertising laws in the United States. The FTC ensures that retailers don't reveal information intended to trick the consumer. This is a factor that must be accounted for by Echo Co. to ensure that all information in advertising is accurate and relevant.
- *Consumer Protection*: Both federal and state laws are set in place to protect consumers from unfair business practices. For example, companies must follow through with any promises (written or verbal) that were made to companies. Echo Co. will account for this issue by having open channels of communication between employees and customers.
- *Punitive Damages*: This law allows consumers to seek punitive damages from a company in response to an offending action. The purpose of this punishment is to discourage other businesses from committing the same unlawful actions. Therefore, Echo Co. employees will be consistently analyzing its business practices to ensure that customers are treated as fairly as possible.

TRENDS AND STRATEGIC OPPORTUNITIES

The current trend among retailers and online retailers is to sell clothing for a cause. Companies are beginning to offer to donate a portion of its sales to organizations, or support sustainable business practices such as giving back to the community. To align with this trend, Echo Co. will sell clothes and accessories made of 100% recycled material, and will participate in interactive campaigns encouraging customers to participate in the recycling efforts.

Another major trend in the specialty apparel retail industry is the increased flexibility for consumers' purchase and payment options. This trend mainly focuses on the technological experience, especially for online shoppers. Therefore, the Echo Co. website must have an

easy-to-use User Experience Design (UXD) for online shopping as well as multiple payment options for both online and in-store use.

TARGET MARKET

The primary target market for Echo Co. consists of young millennials searching for an active and adventurous lifestyle. This ideal customer is one who appreciates high-quality clothing and values a company that provides a positive impact on the environment.

- Age: 18-30
- Gender: Males and Females
- Education: High School or College Graduate
- Occupation: Blue Collar or White Collar
- Income: Middle to Upper-Middle Class (\$32,000-\$68,000 annual income).
- Marital Status: Single
- Ethnicity: All

The Secondary target market for Echo Co. includes Generation X individuals with families and children who are 10 or older. This type of customer is family-oriented and values a company such as Echo Co. that operates with sustainable business practices that will benefit future generations.

- Age: 30-50
- Gender: Males and Females
- Education: College Graduate or above.
- Occupation: White Collar
- Income: Upper-Middle Class to Upper Class (\$68,000-\$150,000 annual income).
- Marital Status: Married
- Ethnicity: All

TRENDS AND STRATEGIC OPPORTUNITIES

One of the major marketing trends is a process called “super-targeting.” This trend places a high emphasis on consistent branding across all platforms to ensure that all pieces of the marketing campaign are integrated with one another. A key aspect of super-targeting is to engage with the individual, which can be done through social media or in person. This process helps companies acquire new customers, retain current customers, and re-acquire dormant customers.

Echo Co. will take advantage of this strategic opportunity to create a personal connection with customers. To do this, each marketing element will be fully integrated with another, especially with the social media pages. For example, the customers can attend the events hosted by Echo Co. and post pictures on social media. Echo Co. will then interact with the customers on the social media platform, which establishes a personal connection.

COMPETITION

Direct Competition:

- *Vineyard Vines®* offers products designed for the preppy, outdoor-oriented consumer. The 18 year old New England based company obtained \$308 million in sales during 2014 through both online and retail locations (Lieber, 2015).
- *Ivory Ella®* is an online specialty apparel retailer from Groton, Connecticut. The company donates 10% of its profits to a non-profit “Save the Elephants” foundation. Since the company was founded in 2015, it has donated over \$580,000 to the foundation (ivoryella.com).
- *Life is Good®* is a lifestyle clothing company from Boston, Massachusetts. The organization sells T-shirts designed for an active, happy lifestyle and donates 10% of its profits to its non-profit foundation for kids. Since 2013, Life is Good® has donated \$9.5 million to children in need of support (lifeisgood.com).

Indirect Competition:

- *L.L. Bean™* a specialty apparel and equipment retailer from New England generated \$1.61 billion in sales in 2014 from its outdoor-themed clothing and accessories (llbean.com). Because the company’s main focus is on outdoor equipment including kayaks, canoes, and shoes, it is an indirect competitor to Echo Co.
- *Timberland®* is a shoe company from Stratham, New Hampshire that specializes in boots, but has also branched out to clothes and other lifestyle apparel. In 2014, Timberland® generated a total revenue of \$1.7 billion (Brohan, 2014).
- *Patagonia®* is an environmentally friendly clothing and equipment company headquartered in Ventura, California. In 2013, the company had annual sales of \$570 million (Ryan, 2014). However, it is an indirect competitor to Echo Co. because it specializes in active equipment rather than apparel.

SWOT ANALYSIS OF COMPETITORS STRENGTHS/WEAKNESSES

Strengths	Weaknesses
<p>Vineyard Vines®</p> <ul style="list-style-type: none"> • Strong brand recognition • High quality clothing • Positive brand image <p>Ivory Ella®</p> <ul style="list-style-type: none"> • Support a charitable foundation • Large Social Media presence (1million followers on Instagram™) • Trendy clothing options <p>Life is Good®</p> <ul style="list-style-type: none"> • Large variety of t-shirt options • Consistent branding • Strong market share (over 4,000 profitable stores) 	<p>Vineyard Vines®</p> <ul style="list-style-type: none"> • Expensive clothing prices • Lack of Corporate Social Responsibility (CSR) • No presence on the West coast <p>Ivory Ella®</p> <ul style="list-style-type: none"> • Low-quality clothing material • No physical store locations • Overpriced clothing <p>Life is Good®</p> <ul style="list-style-type: none"> • Outdated clothing styles • Lack of social media presence (only 40k Instagram™ followers) • Overpriced clothing
Opportunities	Threats
<p>Vineyard Vines®:</p> <ul style="list-style-type: none"> • Open a physical location on the west coast • Begin a charitable campaign to establish CSR awareness <p>Ivory Ella®</p> <ul style="list-style-type: none"> • Manufacture clothes with higher-quality material • Open physical store locations • Build brand recognition through social media <p>Life is Good®:</p> <ul style="list-style-type: none"> • Update clothing options • Target the younger consumer via social media 	<p>Vineyard Vines®:</p> <ul style="list-style-type: none"> • Summer-themed apparel is seasonal • Competition from similar brands is becoming more widespread <p>Ivory Ella®:</p> <ul style="list-style-type: none"> • Negative changes in demand due to future consumer trends • Low-cost competitors undercutting prices <p>Life is Good®:</p> <ul style="list-style-type: none"> • Companies with trendier products gaining more interest • Low-cost competitors undercutting prices

POTENTIAL FUTURE COMPETITORS

The potential direct competitors in the future are companies that decide to make 100% of its products from sustainable and/or environmentally friendly resources. These companies

would be direct competitors of Echo Co. because they would be satisfying the same need for “green” clothing options.

The other potential competitors of Echo Co. are companies that are currently indirect competitors producing clothing that is not eco-friendly. These companies have the possibility of becoming a direct competitor if they decide to switch to environmentally-friendly manufacturing process.

BARRIERS TO ENTRY FOR NEW COMPETITORS IDENTIFIED

It is important to note that Echo Co. will be the first company to create branded clothing out of 100% recycled water bottle material. This means the organization will have the first-mover advantage in the specialty retail apparel industry, as no other company has satisfied the need for clothing in exactly this way. Therefore, it will be more difficult for a company to offer branded clothing made from a material similar to the apparel produced and sold by Echo Co.

Another key barrier to entry for a company seeking to make clothes out of recycled materials is high costs because organic, all natural, and other “green” resources are more expensive than mass-produced man-made materials.

MARKETING PLAN & SALES STRATEGY

KEY MESSAGE

The purpose of Echo Co. is to create a positive feeling about recycling, and creating a safer, healthier world for future generations. The idea is to attract customers that will “echo” our mission and share our earth-centered philosophy with the rest of the world. Therefore, the Echo Co. slogan and marketing campaign theme is “**Embrace Tomorrow.**”

BRANDING

A key aspect to lifestyle apparel brands is to establish and maintain a consistent brand. This brand will portray the intended image of the company, which is a fun, active, and environmentally responsible organization. Therefore, the following branding elements will be used.

- Primary Logo



- Secondary Logo



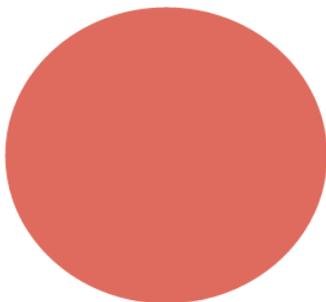
- Trade Character: "Echo" the Parrot



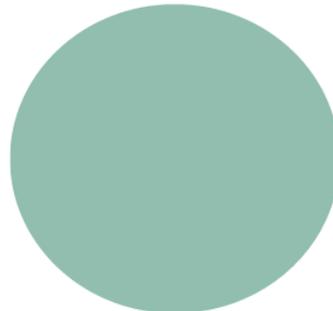
- Font: "Loved by the King"

Echo Co.
"Embrace Tomorrow"

- Primary Color: Coral



- Secondary Color: Aqua



OPTIONS FOR MESSAGE DELIVERY

The Echo Co. “Embrace Tomorrow” marketing campaign will be delivered via four channels: (1) social media, (2) online website/mobile application, (3) visual advertisements, and (4) partnerships with businesses and schools. Each of these is listed in detail below.

Social Media:

- *Instagram™*: The Echo Co. Instagram account will be the primary way to showcase the active lifestyle promoted by the company. Therefore, a majority of the pictures posted will be of real people promoting the fun-loving, outdoor lifestyle of Echo Co. Furthermore, the company will feature submitted content from customers who post pictures on Instagram with the hashtag #EmbraceTomorrow or tag Echo Co.
- *Twitter®*: This account will be used as another way to interact with businesses and customers. The Echo Co. page will “retweet” posts from other businesses and customers, and also answer any questions asked by consumers.
- *Pinterest™*: In contrast to the Instagram™ and Twitter® accounts, the Echo Co. Pinterest™ page will entirely focus on featuring new products. Potential customers will have the opportunity to “pin” the posts, as well as follow the links to the website and/or mobile application.
- *Snapchat™*: This is the newest of the social media platforms, and is primarily used by the younger generation (ages 13-30) for quick updates throughout the day and sharing some of life’s random moments with others. Echo Co. will utilize this opportunity to connect with the younger audience by creating a “Snap Story” to provide an inside look to the day-to-day activities of the company.

Website/Mobile Application:

The focus of the Echo Co. website is simplicity. The user will be able to easily navigate between just three sections: (1) products, (2) Core Values, (3) and Contact. To purchase products from the website, users can create an Echo Co. account. In return, consumers will be able to receive a free reusable water bottle with their first purchase to encourage them to echo the mission of environmental responsibility, as well as a free bumper sticker.

The mobile application will be similar to the website as the user can login and access their account information. The user can post pictures, update account settings, and purchase products on the Echo Co. mobile application. Furthermore, the app will keep track of how much money the user has spent at Echo Co., and will offer a \$10 gift certificate for every \$100

spent. The app will be compatible with iOS, Android, and Windows mobile operating systems.

Visual Advertisements:

- *Recycling Bin Advertisements:* The town of Portsmouth, NH currently has garbage cans along the streets and popular areas, but no bins designated for recycling. In order to promote recycling efforts, The Echo Company will offer to pay to place recycling bins across the town with Echo Co. branding on each bin.
- *Posters:* To promote the location of the Echo Co. location in Portsmouth, the company will place posters in local businesses, bathrooms, and bulletin boards that will be visible by members of the target market. In an effort to be interactive with customers, all posters will be made from pictures submitted by Echo Co. consumers.

Partnerships:

The Portsmouth Chamber of Commerce will be a key marketing resource and partnership for The Echo Company. The company can become a chamber member for just \$200. In return, Echo Co. will gain access to a large network of businesses, a voice in the decisions of the local economy, as well as a visual presence as a member of the local community.

To broaden the customer base, The Echo Company will co-brand its products with schools. For example, the company will establish partnerships with high schools and colleges to become representatives for the recycling initiative. In return, Echo Co. will provide custom clothing with both The Echo Company's and the school's logo, which will then be sold in the respective school's store.

The Echo Company will also utilize brand ambassadors at colleges to showcase the products. The strategically selected brand ambassadors will receive free clothing if they continue to represent the company by posting pictures with the product, generating interest, etc. This marketing method has been successfully implemented by companies such as Vineyard Vines® and Ivory Ella® to attract interest from the college market.

SALES PROCEDURE

The online sales procedure takes place via the customer's account. To purchase a product, the user must login to the Echo Co. website, add items to their cart, and then proceed to checkout. The user will then receive an e-receipt and email confirmation regarding their purchase, and the product(s) will be shipped within a stated number of business days.

The sales procedure for the physical store location will be much different. Echo Co. sales associates will be present in the store to assist with customer's questions. Employees will be

instructed to use the “10 foot rule,” meaning that any customer within 10 feet of the employee must be greeted with a warm welcome and kind smile. When the customer is finished shopping, they go to the cash register to checkout. At this point, the customer can pay traditionally with cash or credit/debit cards, or they can pay with the Echo Co. mobile app and receive an e-receipt and rewards points.

OPERATIONS

BUSINESS FACILITIES

The physical location will be separated into two sections: office and retail space. The office space will include 3 offices and a conference room used by the three company executives. The 1,500 square feet of retail space will be used for product display and sales, and will be operated by three sales associates at a time.

PRODUCTION PLAN

All Echo Co. products will be produced in a Fair Trade Certified™ factory in Sri Lanka called “Green Garment Factory” that specializes in using recycled water bottles to create clothing (Sri Lanka Export Development Board, 2015). The responsibly-made products are then directly shipped without a middle-man (to reduce markup costs) to the store.

Products that are purchased online are shipped directly from the producer in Sri Lanka to the customer’s address as indicated by their account information. This shipping process is possible by using Amazon’s shipping services as a means to reach The Echo Company customers.

There is no need to keep a back stock of inventory at the physical location, because Echo Co. will use a Just-In-Time (JIT) system to keep low inventory levels. This will allow the company to eliminate costs associated with warehousing products. Also, the manufacturing will be able to transition from one type of product to another quickly because Echo Co. will not be requiring excess production of a single item.

WORKFORCE PLAN

The goal is to implement a workforce system where employees enjoy high job satisfaction and low turnover. To do this, The Echo Company will be one of open communication and a fun atmosphere. All employees—regardless of their title—will attend a weekly meeting to

set goals for the week discuss ideas on how the company can be improved. This places a significant emphasis on teamwork, which is a key component of the Echo Co. lifestyle.

The work environment will also be fun because of the high-energy environment. The store will be decorated with an outdoor theme with music playing in the background. Additionally, employees will be encouraged to go outside and enjoy fresh, local air during extended breaks.

TECHNOLOGY

The technology can be broken down into three sections: (1) individual employee, (2) company, (3) and customer.

- *Individual employee:* Each employee, including the executives and sales associates, will have access to a company-issued laptop. The laptops are to be used for fulfilling day-to-day activities such as email communication, creating documents, and research. All employees will be provided with a custom email account (e.g., khicks@echo.co.com) powered by “Google™ My Business” which will allow for sharing files on Google™ Drive.
- *Company:* The most important aspect of the company’s technology at the physical location is the cash registers. The sales associates will be able to work the registers to help customers checkout when they are finished shopping. The registers will be integrated with the customer’s mobile application to allow for easy payment and transfer of information.
- *Customer:* The customer’s technology, as previously stated, will be in the form of a mobile application available on most smartphones. The application will allow the customer to post pictures, shop for Echo Co. products online, and pay for the items automatically.

MANAGEMENT & ORGANIZATION

KEY EMPLOYEES

The following is a breakdown of the key employees of The Echo Company, LLC.

- *Kyle Hicks: Chief Executive Officer.* Responsible for managing business relations, day-to-day activities, and implementing short and long term plans.
- *Matthew Barnes: Chief Financial Officer.* Responsible for accounting, pricing, payroll, and other financial duties.

- *Reed Mills*: Chief Marketing Officer. Responsible for branding, website development, and the social media accounts.
- *Sales Associates*: Responsible for assisting customers, stocking inventory, and working the cash register at the store's physical location in Portsmouth.

BOARD OF DIRECTORS & INVESTORS

The board of directors will consist of five individuals, all of which are investors in the company. Each member of the board has equal voting rights, despite the fact that they own a disproportionate share in the company. The breakdown of ownership from the five board members is listed below.

- Kyle Hicks (CEO): 30%
- Matthew Barnes (CFO): 20%
- Reed Mills (CMO): 20%
- David Bulk (Investor): 15%
- Tony Barnes (Investor): 15%

David Bulk and Tony Barnes, the outside investors will serve as important consultants to The Echo Company. Both individuals are well-established businessmen and have each founded successful companies in the past. They know what it takes to start and maintain a profitable business, which is why they will serve as significant board members.

PLAN FOR IDENTIFYING KEY PARTICIPANTS

The executive staff and investors have already been identified. Each participant is active, business-savvy, and holds the values of operating an environmentally-friendly company.

The plan for identifying the other key participants, such as sales associates, will be to recruit from local colleges. The Echo Co. executive staff will attend job fairs at schools in the area to identify students with an outgoing and friendly personality. Those potential employees will then be formally interviewed to determine how willing the applicants are to participate in our company and "echo" our mission. Once the employees are hired, they will have the chance to be promoted in the future when the company grows.

COMPENSATION & INCENTIVES

All executive staff members (including Kyle Hicks, Matthew Barnes, and Reed Mills) will be paid on a salary basis. The annual compensation will be equal to the respective percentage

of profits based on the ownership share held. Employees on a salary income receive payments quarterly, and are provided with the following benefits.

- *Casual dress code:* Business-casual clothes can be worn or Athletic/Outdoor clothes featuring Echo Co. products.
- *Flextime:* 40 hour per week minimum can be completed any time between 8:00am – 6pm, Monday – Saturday.
- *Paid Time Off:* 15 days per year, including vacation, sick time, and personal time.

Sales associates will be paid on an hourly basis. Full time sales associates will earn \$12 per hour, whereas part-time sales associates will earn \$10 per hour. These employees will be paid bi-weekly, and are provided with the following benefits.

- *Casual Dress Code:* Echo Co. apparel can be worn with Jeans, Khakis, or appropriate length shorts.
- *Overtime:* Employees will be paid 1.5x their normal rate if time spent at work exceeds 40 hours during a given week.
- *Suggestion bonuses:* Employees are given bonuses for contributing an idea that is used by the company. The monetary size of the bonus will be determined by the board of directors based on the impact the idea has on the company.

LONG-TERM DEVELOPMENT

LONG-TERM GOALS

While the short-term goal for the company is to break-even after two years of operation, the long-term goals are separated into five, ten, and twenty-year increments.

- *Five-Year Goal:* To purchase the entire 6,000 square foot building located on 100 Market Street in Portsmouth. The extra office space will be used to hire additional office employees to work under the command of the executives.
- *Ten-Year Goal:* To open a secondary retail locations to be placed in Boston, MA, Newport, RI, and Hartford, CT. These are famous New England cities that host millions of tourists per year for sightseeing, shopping, and more. This will require roughly \$350,000 in capital per location.
- *Twenty-Year Goal:* To donate a total of \$1,000,000 to organizations supporting recycling efforts. This can be achieved if total online and in-store profits reach \$10,000,000 over the twenty-year operating period.

RISK ANALYSIS

The five major types of risk affecting The Echo Company include (1) Strategic, (2) Operational, (3) Financial, (4) Compliance, and (5) Reputational Risk.

- *Strategic Risks* may be realized from changes in the retail industry. For example, updated technology or shifts in consumer preferences can drastically affect the way Echo Co. operates to achieve its goals. To minimize this risk, continuous market research will be conducted by performing surveys and talking to customers in order to identify consumer trends.
- *Operational Risks* could happen due to internal failures such as from the employees or the online server, or from external sources such as suppliers failing to meet deadlines. This type of failure results in lost work time that could be better spent performing normal daily tasks. To reduce this risk, all employees will be thoroughly trained to handle known failures.
- *Financial Risk* deals with handling money and maintaining a profit. Some of the risks include rising interest rates, inflation, and foreign exchange rates. To minimize this type of risk, the company will operate with as little debt as possible to avoid paying extra interest due to rising rates. Therefore, the business will be patient and finance new ventures from the company's profit, rather than taking additional debt.
- *Compliance Risk* refers to the chance that laws set in place by agencies such as the Occupational Safety and Health Administration® (OSHA) and Environmental Protection Agency (EPA) are not followed properly. These laws are constantly changing and getting updated due to problems that arise in the workplace. Therefore, it is necessary for the company executives to stay up-to-date on regulations to avoid penalties, fees, and other compliance risks.
- *Reputational Risk* may result from bad publicity that negatively affects the consumers' perception of The Echo Company and its products. For example, as an environmentally-friendly organization, the goal is to portray a theme of community and social responsibility. However, any publicized news that shows a conflict with that brand image could reduce demand for Echo Co. products. To reduce this risk, The Echo Company will pursue certifications from Fair Trade™, the Better Business Bureau® (BBB), and the National Science Foundation® (NSF).

LONG-TERM STRATEGY

The key to the long-term strategy is to maintain a consistent image as an environmentally-friendly organization and to establish branding that complements such an image. This type of business plan is sustainable because it will continue to address the issue of recycling in order to help make the world a better place for the future generations.

Therefore, The Echo Company is willing to be patient and pursue a slow growth strategy by acquiring customers who truly care about the cause we support. These types of customers are likely to become repeat customers and brand-loyal to The Echo Company.

Once significant demand for the products has been established and the company is proven to be profitable, Echo Co. will be ready to invest in product line extensions to stay ahead of products that are reaching the end of their life cycle.

FINANCIALS

ACCOUNTING SYSTEM

The accounting system Echo Co. will use to keep track of its finances is QuickBooks® Online powered by Intuit®. This system is perfect for small business because it is both inexpensive and easy to use due to its workflow navigation. Also, QuickBooks® is fully-compatible with mobile devices, enabling the accountant to analyze or post transactions conveniently.

Furthermore, QuickBooks® is the perfect software for Echo Co. because it is programmed to handle point of sale (POS) transactions as well as online sales, which are the two main sources of revenue for the company.

FINANCIAL PROJECTIONS

To determine the profitability of The Echo Company through its first year of operation, four financial statements were created: (1) Sales Projection, (2) Expense Budget, (3) Income Statement, and (4) Balance Sheet.

- *Sales Projection:* Based on analyses of past performance from other companies as well as seasonal sales trends, a reasonable sales projection could be made. The anticipated gross sales for the first year totals \$1,219,100 (See Projected Sales in Appendix 2A).
- *Expense Budget:* The total expenses for one year of operation is \$1,086,987. This includes total startup costs of \$37,631, total fixed costs of \$395,836 and total variable costs of \$653,520 (See Expense Budget in Appendix 2B).

- *Income Statement:* The income statement indicates that The Echo Company will operate at a loss of \$43,187 during its first year of business, as shown below.

Income Statement The Echo Company, LLC For Period Ending June 1, 2018		
Revenue		% of Sales
Gross Sales	\$ 1,219,100	100%
Less Returns/Allowances	\$ 100,000	8%
Net Sales	\$ 1,119,100	92%
Expenses		
Startup Costs	\$ 37,831	3%
Fixed Expenses	\$ 400,636	33%
Variable Expenses	\$ 723,820	59%
Total Expenses	\$ 1,162,287	95%
Net Loss	\$ (43,187)	-4%

- *Balance Sheet:* This financial statement shows the total assets equal the company's total liabilities and owner's equity at \$175,097, as indicated below.

The Echo Company, LLC Balance Sheet For Period Ending June 1, 2018	
Assets	
Cash	\$12,000.00
Accounts Receivable (AR)	\$39,266.00
Property, Plant and Equipment (PP&E)	\$37,831.00
Inventory	\$86,000.00
Total Assets	\$175,097.00
Liabilities	
Accounts Payable (AP)	\$10,000.00
Debt	\$43,187.00
Total Liabilities	\$53,187.00
Shareholders' Equity	
Common Stock and Additional Paid-In Capital (APIC)	\$73,146.00
Retained Earnings	\$48,764.00
Total Shareholders' Equity	\$121,910.00
Total Liabilities + Owner's Equity	\$175,097.00

REFERENCES

- Banthebottle.net. (2015) Bottled Water Facts. Retrieved from <https://www.banthebottle.net/bottled-water-facts/>
- Brohan, M. (2014). Timberland eyes annual web sales of \$245 million in five years. Retrieved from <https://www.internetretailer.com/2014/09/19/timberland-eyes-annual-web-sales-245-million-five-years>
- Fishman, S. (2016). How to Form an LLC in New Hampshire. Retrieved from <http://www.nolo.com/legal-encyclopedia/new-hampshire-form-llc-32113.html>
- Ivory Ella®. (2016). Retrieved from <http://ivoryella.com/>
- Lieber, C. (2015). Vineyard Vines and the Enduring Power of Prep. Retrieved from <http://www.racked.com/2015/3/5/8148405/vineyard-vines>
- Life is Good®. (2016). Retrieved from <http://content.lifeisgood.com/kidsfoundation/what-we-do/>
- L.L. Bean™. (2015). L.L. Bean, Inc. Reports 2014 Net Revenue Results. Retrieved from http://www.llbean.com/customerService/aboutLLBean/newsroom/stories/150311_LLBean_Fiscal_2014_Results.html
- Loopnet™. (2016). Portsmouth Commercial Real Estate. Retrieved from <http://www.loopnet.com/New-Hampshire/Portsmouth-Commercial-Real-Estate/>
- Ryan, K. (2014). The Bottom Line: Patagonia, North Face, and the Myth of Green Consumerism. Retrieved from <http://groundswell.org/the-bottom-line-patagonia-north-face-and-the-myth-of-green-consumerism/>
- Sri Lanka Export Development Board. (2015). Apparel. Retrieved from <http://www.srilankabusiness.com/apparel/>
- Statista. (2015). Facts on the Apparel Market in the U.S. Retrieved from <http://www.statista.com/topics/965/apparel-market-in-the-us/>
- QuickBooks®. (2016) QuickBooks Makes Online Accounting Simple. Retrieved from <http://quickbooks.intuit.com/online/>
- Wagner, N. (2016). Analysis of the Retail Apparel Industry. *Demand Media*. Retrieved from <http://smallbusiness.chron.com/analysis-retail-apparel-industry-70514.html>

APPENDIXES

1. PRODUCTS & MARKETING MATERIALS

Reef Product Line Samples:



Peak Product Line Samples:



Appendix 1B: Reef Clothing Line Poster



Appendix 1C: Peak Clothing Line Poster



Appendix 1D: In-Store Display



Appendix 1E: In-Store Display



2. FINANCIAL STATEMENTS

Appendix 2A: Projected Sales for Year 1

	Fiscal Year Begins Jun-17												Annual Totals
	Jun-17	Jul-17	Aug-17	Sep-17	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	
SS T shirts sold	250	500	700	800	900	1000	1200	1000	1100	1200	1500	1700	11850
Sale price per unit	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 35	\$ 414,750
Cat 1 TOTAL	\$ 8,750	\$ 17,500	\$ 24,500	\$ 28,000	\$ 31,500	\$ 35,000	\$ 42,000	\$ 35,000	\$ 38,500	\$ 42,000	\$ 52,500	\$ 59,500	\$ 414,750
LS T shirts sold	200	400	600	800	1000	1200	1500	1200	1300	1400	1500	1700	12800
Sale price per unit	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 40	\$ 512,000
Cat 2 TOTAL	\$ 8,000	\$ 16,000	\$ 24,000	\$ 32,000	\$ 40,000	\$ 48,000	\$ 60,000	\$ 48,000	\$ 52,000	\$ 56,000	\$ 60,000	\$ 68,000	\$ 512,000
Snapback hats sold	100	200	300	350	300	250	350	250	250	250	300	350	3250
Sale price per unit	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 25	\$ 81,250
Cat 3 TOTAL	\$ 2,500	\$ 5,000	\$ 7,500	\$ 8,750	\$ 7,500	\$ 6,250	\$ 8,750	\$ 6,250	\$ 6,250	\$ 6,250	\$ 7,500	\$ 8,750	\$ 81,250
Beanie Hats sold	10	20	30	40	60	150	300	300	300	300	250	200	1810
Sale price per unit	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 36,200
Cat 4 TOTAL	\$ 200	\$ 400	\$ 600	\$ 800	\$ 1,200	\$ 3,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 5,000	\$ 4,000	\$ 3,000	\$ 36,200
Towels sold	100	200	300	300	150	100	200	100	100	150	250	300	2250
Sale price per unit	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 20	\$ 45,000
Cat 5 TOTAL	\$ 2,000	\$ 4,000	\$ 6,000	\$ 6,000	\$ 3,000	\$ 2,000	\$ 4,000	\$ 2,000	\$ 2,000	\$ 3,000	\$ 5,000	\$ 6,000	\$ 45,000
Tank Tops sold	100	200	300	400	300	300	400	200	250	300	400	500	3650
Sale price per unit	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30	\$ 109,500
Cat 6 TOTAL	\$ 3,000	\$ 6,000	\$ 9,000	\$ 12,000	\$ 9,000	\$ 9,000	\$ 12,000	\$ 6,000	\$ 7,500	\$ 9,000	\$ 12,000	\$ 15,000	\$ 109,500
Sock Pairs sold	20	40	80	150	200	200	300	150	150	200	250	300	2040
Sale price per unit	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 10	\$ 20,400
Cat 7 TOTAL	\$ 200	\$ 400	\$ 800	\$ 1,500	\$ 2,000	\$ 2,000	\$ 3,000	\$ 1,500	\$ 1,500	\$ 2,000	\$ 2,500	\$ 3,000	\$ 20,400
Monthly totals: All	\$ 24,650	\$ 49,300	\$ 72,400	\$ 89,050	\$ 94,200	\$ 105,250	\$ 135,750	\$ 104,750	\$ 113,750	\$ 123,250	\$ 143,500	\$ 163,250	\$ 1,219,100

Appendix 2B: Expenses Budget

The Echo Company, LLC			
Fiscal Year Begins		17-Jun	
Startup Expenses	Amount	Expense Per Unit	Total Cost
Apple MacBook Laptops	5	\$ 998.00	\$ 4,990.00
Elo POS System	3	\$ 1,033.00	\$ 3,099.00
Mannequins	5	\$ 105.00	\$ 525.00
Retail Display Racks	5	\$ 209.00	\$ 1,045.00
Center Store Display	1	\$ 1,699.00	\$ 1,699.00
Store Shelving	10	\$ 1,399.00	\$ 13,990.00
Retail Checkout Counter	1	\$ 1,428.00	\$ 1,428.00
Large Custom Pictures	3	\$ 320.00	\$ 960.00
In-store Decorations	20	\$ 30	\$ 600.00
Conference table	1	\$ 1,298.00	\$ 1,298.00
Office Tables	3	\$ 249.00	\$ 747.00
Office Chairs	10	\$ 125.00	\$ 1,250.00
Office Supplies	10	\$ 20.00	\$ 200.00
Legal Fees	1	\$ 6,000.00	\$ 6,000.00
Total			\$ 37,831.00
Fized Expenses	Amount	Expense In Year	Total Cost
Labor - Full Time Employees	2	\$ 24,000.00	\$ 48,000.00
Labor - Part Time Employees	2	\$ 12,000.00	\$ 24,000.00
CEO Payroll	1	\$ 73,146.00	\$ 73,146.00
CFO and CMO Payroll	2	\$ 48,764.00	\$ 97,528.00
Payouts to Investors	2	\$ 36,573.00	\$ 73,146.00
Monthly Lease Payment	12	\$ 6,348.00	\$ 76,176.00
Utilities	12	\$ 400.00	\$ 4,800.00
Monthly Insurance	12	\$ 320.00	\$ 3,840.00
Total			\$ 400,636.00
Variable Expenses	Amount	Expense Per Unit	Total Cost
Short Sleeve Tee Shirts	11850	\$ 19.00	\$ 225,150.00
Long Sleeve Tee Shirts	12800	\$ 21.00	\$ 268,800.00
Snapback Hats	3250	\$ 16.00	\$ 52,000.00
Beanie Hats	1810	\$ 11.00	\$ 19,910.00
Towels	2250	\$ 11.00	\$ 24,750.00
Tank Tops	3650	\$ 15.00	\$ 54,750.00
Socks	2040	\$ 4.00	\$ 8,160.00
Marketing - Posters	1000	\$ 1.20	\$ 1,200.00
Marketing - Recycling Bins	100	\$ 140.00	\$ 14,000.00
Marketing - Website Fee	1	\$ 100.00	\$ 100.00
Repairs/Maintenance	1	\$ 5,000.00	\$ 5,000.00
Miscellaneous	1	\$ 50,000.00	\$ 50,000.00
Total			\$ 723,820.00
Grand Total			\$ 1,162,287.00