Business Plan
Samiah Davis
2018
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Executive Summary

Who Are We

The Lunch Cub is the merging of a backpack and a lunchbox to provide young children a fun, unique, and practical solution for carrying around their lunch. The Lunch Cub is a backpack in the form a cuddly teddy bear whose stomach doubles as an insulated compartment. Its fresh, it’s cute, and it’s about to be the must-have accessory for back to school.
The Lunch Cub is the brainchild of Samiah Davis: inventor, founder, and entrepreneur. Her vision was to create a one-of-a-kind product to enter into the insulated lunchbox industry. The result of this vision, The Lunch Cub, created to define its own niche within the market: A great combination for both parents and children for everyday use.

The Lunch Cub will launch as a single product sold online via: Facebook Marketplace, Shopify, and eventually its own dedicated e-business website. It will use Kickstarter as a means for a presale to raise startup costs and to introduce the product to the marketplace. This makes it a low risk and low overhead business that can be run from home. Social Media will be the driving force behind the marketing. Modest sales goals combined with low cost per unit makes the Lunch Cub highly likely to be profitable.

Ultimately the short-term goals are to introduce the brand, recoup the startup costs, and satisfy all legal and business requirements. Long term goals: establish the brand and diversify the product line, and expand the business.

**Lunch Cub Story**

The Lunch Cub evolved as an answer to a project in a high school technology class. Samiah created the first Lunch Cub by customizing a teddy bear with storage compartment and combining it with backpack straps. After showing the “prototype” and receiving strong interest from friends and family members, Samiah began to hand-make custom backpacks and sell them online, through means like Etsy.com and Facebook Marketplace. She made and sold nearly 100 units.

This “hobby” showed immediate promise and demand quickly outpaced production. Samiah realized that she had something, but came quickly to understand that her business acumen lagged behind her entrepreneurial instincts. With the encouragement of her family Samiah began to research and educate herself in the techniques and methods of starting up her own online
business. This ultimately led her to start her own drop-ship website for women’s
streetwear and athletic clothing. It was there that she learned first hand how to
successfully use social media marketing. Samiah joined the Future Business
Leaders of America Club in her sophomore year and began seeking advice and
mentorship. It was then that she felt the time was right to revisit the Lunch Cub
concept.

Samiah began to organize and develop a business plan. She settled on a
standard design and negotiated mass production with a factory in China;
Dongguan Yuan Kang Plush Toy Co., Ltd. She analyzed all of her start-up costs
and decided to use crowdsourcing as a means to launch. Kickstarter will
ultimately be used to raise capital for the presale of the Lunch Cub. This is a low
risk plan that can serve the product well during this initial warm-up period.
Performance of sales will point to how much this business can grow, but Samiah
sees this as the first step in establishing a new brand. By using her experience,
savvy marketing online, along with sound advice and planning Samiah seeks to
secure funding for the initial 500 units within 30 days of the Kickstarter launch.

Company Profile

Legal Form of Business

The Lunch Cub will be formed as an LLC and will be operated with team
management consisting of Samiah Davis and Yvette Davis, her mother. Since
Samiah is a minor, she is protected from legal liability in entering into contracts
with suppliers. This is why her mother is forming the LLC. Samiah will be the key
decision maker and will manage the day-to-day operations. Yvette will work
along with Samiah in an advisory capacity. Yvette assumes all the legal
responsibility of the company until Samiah is 18 years old, when she will
transition to the role of a silent partner. As an LLC the assets of the
management team are separate from personal assets in the event of a court
proceeding. Children’s products present many potential liabilities. For this
reason the attorney Alozie Etufugh, Esq, has been retained.

Effective Date of Business

September 1st, 2017.

Mission Statement

*The Lunch Cub: Leave no belly bare!*

Our mission is to provide a lovable and practical solution for bringing lunch to
school. With every contact, review, and sale the Lunch Cub seeks to build the
reputation of this brand.
Company Governance

Samiah Davis is responsible for: purchasing and ordering from overseas suppliers, documenting profits to assure costs are covered, tracking sales, marketing, shipping, and maintaining customer satisfaction. This may seem like a huge task for one person, but with the limited product line (at launch there will be just one model), it is realistic that she can manage The Lunch Cub. Assistance will also be provided by the utilization of Excel and Quickbooks, in order for Samiah to track the finances for the business.

Samiah is also responsible for updating the website and social media accounts with the latest information on The Lunch Cub. She is able to search for reliable promoters on social media to help spread the word about the developing website. She also keeps the Kickstarter, Facebook, and Instagram accounts updated to guarantee a smooth checkout for customers ordering online.

Locations and Facilities

The business will operate from Samiah’s home at 18 South Jasper Street Valley Stream, NY using social media marketing, Kickstarter for the initial pre-sale, Facebook Marketplace, and Shopify as the point of sales after that. Dongguan Yuan Kang Plush Toy Co., Ltd. in China will satisfy productions. The U.S Postal Service will be the main shipping provider. The company is planning the launch of its own dedicated e-commerce site based upon the results of the early returns.

Immediate Development of Goals

1. Develop a standard design
2. Establish a supply chain and producer
3. Satisfy all legal and organizational requirements. Secure or begin process to obtain trademarks, patents, and domains
4. Create online presence along various social media platforms
5. Develop marketing plan for Kickstarter and create promotional videos, advertisements, and digital content across multiple platforms

Overview of Financial Status

Startup Costs
Below is a rundown of the initial startup costs to get the Lunch Cub up and running. The business will be run out of the home so overhead will be very low. Samiah’s current laptop, phone, internet and cellular services will all satisfy the current needs of the business. She also has a dedicated workstation in her home and minimal needs for office supplies. Below is an outline of the additional costs necessary to launch the Lunch Cub.
First Sample of Lunch Cub $120
Second Sample of Lunch Cub $135
Third Sample $75
Website Domain $19/yr
Web Hosting $80/yr
Shopify Host $79/m
Trademark Fees $275-$375
Patent Fees $2800-$4000
Business Lawyer $1000
Advertising* $300+/m
USPS Boxes $0-$5/box
Shipping Labels $6-$12
Bank Fees $15/m
Facebook Store Plan $9/m

It is estimated that the initial startup can be funded for approximately $5,000 (most of the costs are legal fees concerning trademark and patent filings) with that investment coming from Samiah Davis. That capital was raised through a drop-shipping venture called www.virtual youth.net, and the sale of the first 100 handmade backpacks.

The cost of mass-producing the Lunch Cub has been negotiated with Dongguan Yuan Kang Plush Toy Co., Ltd. in China to be $3,500 for a run of 500 units. Production has been promised with a two-week turnaround time, with an additional two weeks to ship to the U.S and clearance through customs. An additional $2,400 is needed to ship those units from China to Valley Stream. The capital to pay for the initial run of 500 units will be secured through a pre-sale Kickstarter campaign launching on April 10, 2019. The goal of the campaign is 200 pre-sales of the Lunch Cub at $39.99 in 30 days ($5,248.50). The price will open at $29.99 for the first 50 sold, then $34.99 for the next 50, and then the price will bump up to $39.99 thereafter. Upon a successful campaign the first run will be ordered on May 11, 2019 or sooner depending on the speed of the presale, leaving adequate lead time to make the Lunch Cub available in time for July and back to school marketing.

*A detailed breakdown of the production costs and Kickstarter goals is on the next page*
This represents the costs of the Lunch Cub, factoring in importing them in from China and shipping them to US customers. I have included shipping which is a flat rate inside of the US from the USPS.

The sale price will increase incrementally to spur on initial sales. An additional $5 shipping charge is added on the Kickstarter pre-sales to cover the site's fees. After Kickstarter, sales will move to Facebook Marketplace, Shopify, and the website, shipping will be included in the 39.99.

The presale of 200 units on Kickstarter lowers the financial risk by covering the initial production costs.

### Product Costs

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<thead>
<tr>
<th></th>
<th>Costs</th>
<th>Cost per unit</th>
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<tbody>
<tr>
<td>Bears (500 Units)</td>
<td>3,500</td>
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<tr>
<td>Shipping from China</td>
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<td>US Shipping</td>
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<td>Thank You Cards</td>
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<td><strong>Total</strong></td>
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<tr>
<td><strong>Full Retail Price</strong></td>
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<td><strong>Markup</strong></td>
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### Kickstarter Pre-sale Goal 200 Units

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<tr>
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<th>Price</th>
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<td>2nd 50 Units</td>
<td>34.99</td>
<td>1,749.50</td>
</tr>
<tr>
<td>3rd 100 Units</td>
<td>39.99</td>
<td>3,999</td>
</tr>
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<td>Shipping Surcharge</td>
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</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
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<td>Kickstarter Fee</td>
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</tr>
<tr>
<td>Transaction Fee</td>
<td>5%</td>
<td>412.40</td>
</tr>
</tbody>
</table>

**Money Raised from Kickstarter Pre-sales of 200 Units**

7,423.20

**Production Costs**

7,404

Which include the Product Costs but only includes US Shipping for 200 units for the pre-sale
Industry Analysis

Description of Industry

Timeline of the Backpack: The backpack industry is a common industry across the world because many people depend on it: students, working professionals, travelers, and more. In 1938, the backpack was first invented to hold items used for hiking and traveling airplanes. The use of the backpack became extremely popular in 1967, after the satchel became convenient for customers. This led to the booming uproar of the backpack, leading to more advanced versions.

The backpack first began as a large and bulky bag with zippers used only for camping, hiking, and alpine recreation in the late 1930’s created by Gerry Cunningham in the United States. Gerry Cunningham began his mail-order business by selling his outdoor equipment to outdoorsy customers. The use of Gerry backpacks became more common due to the backpacks being easy to use and making the customers lives more efficient. In 1959, the United States Air Force started using these backpacks during the Vietnam War. Later in 1967, Murray Pletz remade the backpack changing the top loading design of the backpack to panel loading backpack to give it a more common and everyday look.

Size and Expected Growth: In 2015, roughly $68 billion worth of backpacks were sold internationally. In the United States alone, $2.7 billion of those backpacks are sold. The backpack industry has an average growth rate of 3.9% per year as of 2015, in tandem with the expected 4.3% increase in customers purchasing small business brand backpacks. The average price of a backpack is estimated around $44.99, with a broad range from economical to high end.

Timeline of the Lunchbox: The lunchbox industry is an industry used by many people from various locations due to their dependence and need for food. In 1950, the production of children's lunchbox began by a company called Aladdin Industries. The use of lunchboxes increased over the years when more features and eye-catching qualities were added such as media and entertainment licensing, and creative styles.

When lunchbox was first created they were made from light metals. Thermos, a famous food storage company, started in 1904 producing a vacuum flask to keep liquids either cold or hot. Throughout the 1950’s the common metal lunchbox had a handle and a clasp for children to store their packed meals from home. Over the next 10 years the lunchbox advanced into plastic models changing the shape of the lunchbox. Currently, there are many variations of a lunchbox made from different materials to help the customer.

Size and Expected Growth: According to a survey done by the Art Institute of 100 mothers of children in elementary school: these mothers purchase a new lunch box every two years. Mothers are more inclined to rescuing a product they
previously purchased to receive the products full value. The lunch box industry is expected to grow between 0.8% and 1.3% every year due to the industry being fairly small, but filled with large giants.

**Trends and Strategic Opportunities**

**The Lunch Cub’s Fit:** The increasing interest of parents purchasing new and unique products for their children continues every year in the backpack industry. Studies show, in 2017, parents spent $29.5 billion on school supplies for their children including backpacks and lunchboxes; on average parents spend $150 per child when shopping for school supplies. Backpacks from children brands such as Sprayground, Jansport, Skip Hop, and Disney have shown increased sales in the past three years.

**E-commerce:** The buying and selling of goods online have become more popular throughout the recent years. Since 2017, there was a 12% increase in sales from electronic commerce. The National Retail Federation predicts e-commerce sales will be between $427 billion and $443 billion dollars by 2018. Selling The Lunch Cub online on e-commerce platforms such as Amazon and Shopify will help expose the product to more online customers from various locations.

**Kickstarter:** Kickstarter is a crowdsourcing website that helps bring product ideas to life. Crowdsourcing is the practice of funding a project with small or large amount of money for either; a product, or a percentage of the company. So far Kickstarter has raised 3.5 billion dollars and 143,071 projects have been successfully funded. There have been many successful online businesses that developed their creative idea into a big business with the help of Kickstarter, like the Oculus Rift that sold for 2 billion to Facebook in 2014. Kickstarter also helps new businesses test their target audience using the website as a trial before launching.

**Social Media:** In 2017, about 81% of the United States population is currently on some form of social media, which is a 5% growth from the previous year. The most popular social network is Facebook with 159 million users monthly as of November 2017. Facebook is a great location to spread the word of the Lunch Cub due to Facebook Marketplace which allows businesses to sell their product for free to people all over the United States. Facebook is also a helpful platform due to the millions of users including parents. According to a survey in 2014, about 74% of parents of children under the age of 18, use Facebook. 81% are mothers and 66% are fathers. A large number of parents also participate in Facebook groups that connect parents with each other from all over the world.

**Single Product Development:** Recently many new businesses have started their brand with one simple product, which later developed into something big. Croc’s, a famous shoe manufacturing company, began selling their first pair with
only one style available in 2002. Since then the company has increased their revenue and diversified their product line by adding different colors, variations of shoes, and stick-ons to add to the shoe. Since December of 2015 Croc’s has made approximately $208.7 million in sales. Many other companies have launched with a single product line, established their brand and customer loyalty, and then broadened their line.

Online Promoting: There are many social media platforms that allow businesses to promote their existence through paid advertisement. Facebook Ads are purchased on an auction basis, where advertisers are charged based on either clicks, impressions, or actions from potential customers. Facebook also allows businesses to promote on Facebook News Feed and Instagram News Feed; Facebook owns Instagram. Since March of 2016, there were over 3 million business owners who promoted their business to a larger online audience.

Young Entrepreneurs: From 2014 to 2015 there was a 0.05% increase in young entrepreneurs who are either in high school, undergraduate school, or graduate school in the United States. To be an entrepreneur taking risks is a necessity. Articles on Forbes state that there will be a 1.2% increase of young entrepreneurs in the next 5 years. Any young adult can make their small idea into a business if they are willing to challenges themselves.

Female Entrepreneurs: In the United States, approximately 39.49% of new entrepreneurs are female. For about every 100,000 adult females about 230 of those are entrepreneurs; compared to 390 entrepreneurs for males. A female entrepreneur means more than financial success, but a leap forward for women defying odds. Being a female business owner in a male-dominated field helps level the playing field. Women are able to understand and relate more to other women. This is an advantage in creating businesses that targets mothers.

Target Market

The Lunch Cub has a broad target audience of parents of children ages 3 to 10 years old. While the Lunch Cub is designed to cater to the needs of children (i.e. cuddly, cute, and playful) it is their parents who play a significant role in purchasing products for their children.

Nearly 56% of products sold through e-commerce are children toy products and other products related to children. About 96% of Americans shop online, which consists of mainly parents and grandparents. The Lunch Cub is able to reach out to a wide customer base being an online business. Parents do not have to go out the store to purchase a Lunch Cub. This provides a great amount of potential customers spread out all over the world.

In the United States there about 8.2 million parents of children from the age 2 years old to 12 years old. The percentage of parents having children in the
United States has increased about 0.2%; the birth rate is about 12.2% as of 2015 which tends to increase or decrease depending on the year. The average cost to raise a child in the United States is $37,378 and is likely to increase by 22% in the next few years along with the annual amount of income earned.

**Social Science and Parental Needs**

When parents are shopping for products for their children they look for an emotional connection with the product, influence of others who have used the product, and their kids benefits from using the product. According to a study done by researchers at the University of Virginia, parents are more likely to buy products that other children have to assure their child will fit in with their peers. Other businesses often create a strong emotional connection to help parents feel a more personal connection while shopping. The combination of stuffed animal and backpack taps into these needs.

The Lunch Cub is able to create an emotional connection that satisfies the parents’ insecurities when it comes to their children. Based on a study done at the Art Institutes, 73% of mothers are likely to click on an advertisement that they can relate to on an emotional level. The insecurities parents face with their children are their children not fitting in with other kids from their school or area. The Lunch Cub is an original, novel product, and wearing one will give a child positive attention from their peers. This guarantees that they stand out.

The Lunch Cub is developing advertisement videos that tap into this concept. One can be seen here: [https://youtu.be/V-bCGDhr-N4](https://youtu.be/V-bCGDhr-N4)

Positive reviews are essential. If the product was not helpful or did not work right and a parent leaves a negative review it can lead to scaring off other parents from purchasing. With the help of using social media influencers The Lunch Cub will be able to promote to a range of customers who trust the influencer and are willing to test the product for themselves.

The potential for growth in this industry is very large since the business is online. The Lunch Cub will launch with one model available, look to establish strong customer satisfaction, and create brand awareness. With new models and a more diversified product line in the future, The Lunch Cub can inspire repeat back to school business. Keeping up with the demands of the target market is what makes the industry successful and competitive. The growth and survival of the Lunch Cub depends on how well the target market is reached, presented, and exposed.
Competition

E-commerce has some of the toughest competition for the Lunch Cub. The competitiveness of this industry is amplified because it is populated by many giants.

**L.L. Bean** is an outdoor enthusiast company that sells a variety of equipment online and in about 2,500 stores internationally. L.L. Bean offers a range of backpacks and lunch bags for children of most ages of a similar range as the Lunch Cub. L.L. Bean has backpacks and lunch bags that come in many colors and are able to be personalized all within the price range of $15-$90. There are about 40 million outdoor enthusiasts in America, which about 75% of enthusiasts are parents.

**Sprayground** is a rebellious backpack company that produces bags with various unique designs. Their target audience ranges between ages 13 to 24 both male and females. Sprayground offers limited editions of backpack that range in price from about $65 to $350.

**Jansport** is an outdoor adventure company that sells backpacks mainly online and in stores through other businesses. Jansport offers a small, but unique range of backpacks that costs between $33-$75.

**Eco Lunch Box** is an online business that sells a small collection of plastic free lunch container and lunch boxes. Eco Lunch Box lunch containers are waste free which benefits the environment. The price for a waste free lunch container costs about $8.50 to $45.00.

**Bentgo** is an online business that promotes healthy eating by selling reusable lunch containers for both parents and children. Bentgo Kids targets children ages 3 to 7 years old to promote healthier eating habits. Their reusable lunch container varies from $9.99 to $29.99.

**High Sierra** is an outdoor backpack company that produces a variety of backpacks from children to adults. The children’s backpacks come in selected colors and patterns. These backpacks fit children between the ages of 7 and up. The average price of a High Sierra backpacks is about $24 per backpack.

**Walmart** sells a large selection of products ranging from just about anything. The children’s backpacks sold by Walmart can range from sophisticated with minimal patterns, to a child’s favorite cartoon character. The backpacks sold costs between $8.99 and $44.99 depending on style.

**Where Does the Lunch Cub fit?**
The Lunch Cub is a unique product looking to find a niche in the backpack/lunchbox market. The Lunch Cub is not going to put an industry heavyweight like Walmart out of business, nor is it looking to compete at the
highest end of the market. It places itself competitively above the economy or value brands as a higher end, novelty product, but is priced on the lower side of the high-end retailers. It is a premium product at a lower price point than your average premium backpack/lunchbox. The Lunch Cub is a unique and eye catching product and that helps set it aside from competitors in others related niches.

**SWOT Analysis of Competition**

**Strengths:**
- The competitors are able to attract more since they have been established for a longer period of time
- The competitors are not just sold online, they are widely distributed and even have their own retail outlets
- Customers are more likely to stay loyal to a brand they are familiar with and trust as opposed to a new unknown brand
- Competitors offer a large variety of products for a larger age range of children
- Competitors are able to sell products to customers globally due to their use of international shipping and/or having been in stores internationally

**Weakness:**
- When it is not back to school time, customers might not see the need of a lunchbox or a backpack which will result in a decrease of orders
- The specific age group the product targets might limit the number of consumers using the product
- Since the backpack and the lunchbox industry are growing there is an increase of newer brands coming to market
- Competitors that sell mainly throughout their brick and mortar store will not be able to benefit from customers purchasing on the go

**Opportunities:**
- Online marketplaces give small businesses access to larger markets
- Unique designs have a draw among mostly static product lines
- Online marketing is direct, cheap, and effective
- Competitors have the opportunity to patent unique products to prevent lookalikes being produced
- The overhead of traditional brick and mortar retail outlets can be avoided by taking advantage of craft fairs, pop-up stores, and mall kiosks.

**Threats:**
- Smaller companies can be overwhelmed by the industry giants
- Negative reviews from customers can appear on search engines, Google, preventing future customers from purchasing
- Competitors that sell goods online face the risk of being hacked and having customers private information exposed
Potential Future Competitors
Potential future competitors include any upcoming online business in the near future that sell novelty backpacks and or lunch boxes that are similar or similar in areas as the Lunch Cub.

Online businesses that sell novelty adult backpacks do not provide a threat to the Lunch Cub because they target an older demographic.

Online businesses that sell teddy bears also do not pose any threats to the Lunch Cub because the Lunch Cub specializes in backpack lunch boxes.

The Lunch Cub needs to be vigilant in monitoring the arrivals of any new online businesses that sell similar products.

Issues with potential patents can allow copycats or knock-offs to flood the market.

Barriers to Entry for New Competitors
The size, resources, brand loyalty, and reach of the giants in the industry pose a barrier to new competitors. Also developing a new idea in a market that has so many options can be daunting. The Lunch Cub is joining the industry with a unique and eye catching product. The novelty design of the Lunch Cub sets it aside from the typical backpack creating an enticing new product.

Marketing Plan and Sales Strategy

Key Message
“Leave no belly bare.”

Message Delivery
With the help of advertising online like Facebook Ads, Google Adwords, email campaigns, Kickstarter, and Instagram Ads help spread the word of the Lunch Cub to a larger audience at a faster rate compared to traditional forms of advertisement.

Two commercials will be produced for the campaign. One: a commercial of a mother packing a lunch for her child on the way to school. The nervous child walks up to a crowd of students and gets positive attention for their novel new backpack/lunchbox. The child looks back and smiles at the mother.
Link: https://youtu.be/V-bCGDhr-N4

Two: A one minute infomercial featuring Samiah Davis explaining the launch of her company and featuring the Lunch Cub. These advertisements will play on Kickstarter, Youtube, and the various social media platforms to address the psychological needs of the parent and play to the excitement of a young female entrepreneur.
Logo
The Lunch Cub’s logo represents a combination of a paw print from a bear and a slice of bread used in a sandwich. The font is similar to the handwriting of a young child to help children relate to the logo. The earthy color scheme speaks to the nature of bears and bread, and color psychology relates brown with: relaxation, confidence, durability, wholesomeness, and comfort.

Some of Samiah’s Experience
Before starting the Lunch Cub, founder, Samiah Davis created an online website selling female clothing. The business was organized as a drop ship e-business called Virtual Youth (virtualyouth.net). Drop-shipping is a retail fulfillment method where a store does not keep the products it sells in stock which allows the merchant to purchase the product from a third party and have it shipped directly to the customer. Drop shipping creates an easier way for merchants to sell goods without the risk of not being able to sell the product.

Using drop shipping as a method on the e-commerce platform Shopify came with advantages and disadvantages. Samiah was able to create her own website, select a large range of products to sell using Aliexpress (aliexpress.com) as a third party merchant. She was able to research reliable suppliers to find clothing that matched her website. She had full control over fulfilling orders, customer service, social media marketing and more. While spreading the word about her website, Samiah used various forms of promotions.

A popular form of product promotion used is social media influencers. A social media influencer is someone with a large audience who is able to persuade their followers into: purchasing a product, visiting a store, or visiting a website. Throughout social media apps there are many social media influencers with thousands, even millions of followers. Samiah commonly used Instagram to communicate with influencers for her website. Influencers were paid on an hourly basis for the time needed to create a post on their website. For influencers with at least one hundred thousand followers, Samiah sent an article of clothing that cost between $5 and $12 to the influencer to wear and post pictures on their
social media accounts. You would be amazed how much help you can get from an influencer just by giving them a free sample.

Another outlet used by Samiah for virtualyouth.net was Facebook Advertisements. A Facebook Ad is an advertisement created by a business on Facebook that targets users based on user activity, demographic information, device use information, advertising and marketing partner-supplied information, and off-Facebook activity. Facebook Ads allowed Samiah to target potential customers for her website. More information and a breakdown of cost for these types of ads: https://adespresso.com/blog/facebook-ads-cost/

Technology
An online business presence will be integral to the Lunch Cub’s success. Many platforms like Kickstarter and Facebook have already been discussed. A dedicated website will be created using Shopify’s web building services. The website has everything about the Lunch Cub from ordering products, to tracking your order, safety information about how to clean and use the product, and an about page. Included at the bottom of the website are links to the Lunch Cubs social media accounts: Facebook, Instagram, Youtube and Pinterest. These social media accounts are the main forms of communication to connect with the followers to keep them updated on new products, sales, and giveaways.

Message Delivery
The Lunch Cub is always seeking a new way to get noticed by potential customers; with this the Lunch Cub has created numerous methods to target customers.

Facebook Groups: There are many popular Facebook Mommy Groups and Influencer Groups with thousands of members from various locations in the world. The Lunch Cub can use these groups create loyalty and a sense of connection between Samiah and the mothers in the group. These groups are powerful voices that can get the word out through the social media multiplier effect. Facebook Groups such as; Glam Gift Exchange, Mom’s Support Mom, Instagram Influencers Collaboration, and Influencer Marketing are all avenues being explored by Samiah.

Social Media Influencers: On social media apps such as Facebook, Instagram, and Youtube there are mother influencers who help promote a product and or brand. The Lunch Cub can benefit from this by sending a free backpack to an influencer with a large group of followers. The influencers will create posts and encourage their followers to follow the Lunch Cub’s social media account and check out the website. For every sale the influencer gets a customer to use their discount code, they will receive 5% of the order.

Instagram Shop: A recent update from Instagram now allows customers to buy directly from a business account. The Lunch Cub will be able to post pictures of
customers wearing the product then tag the link onto the photo. Next, the customer will be taken to a separate section, still on Instagram, to read more about the product and even purchase at a checkout. This speeds up the process of the customer having to go to the Lunch Cub’s website and find what exactly they are looking for. There is no significant charge to have this option besides payment transfer fees based on the customers preferred payment option.

**Facebook Marketplace:** Facebook Marketplace connects Facebook users with other user who are selling goods. In May of 2017, more than 18 million items were posted on the Facebook Marketplace. One of the most common products sold on the Facebook Marketplace are child and baby related products. The Lunch Cub is able to sell the product to Facebook Users in the United States without paying for promotions. This allows a more direct form of purchase and leads to more traffic to the website.

**Shopify:** Shopify is a Canadian e-commerce platform which allows businesses to use their services to sell products online and or point of sale. With the help of Shopify the Lunch Cub is capable of creating a secure online website, [www.thelunchcub.com](http://www.thelunchcub.com) With one simple website customers are able to buy directly from the Lunch Cub.

**RetailMeNot:** RetailMeNot is a website with a collection of coupons to various businesses. Most shoppers look up a coupon code prior to purchasing an item. If the Lunch Cub creates an account on RetailMeNot offering various eye-catching coupons, customers are more likely to buy the Lunch Cub. Depending on the discount code posted, sales will vary from 10% to 20% off.

**Pinterest Pins:** About 87% of Pinterest users have purchased something they have seen on Pinterest. 60% of users on Pinterest are women and also on Instagram. This large number of active shoppers helps connect people to brands and products. The Lunch Cub is able to use Pinterest by inserting Buyable Pins. Buyable Pins is a new idea developed by Pinterest, which allows businesses to post sponsored pins for users to see. If the user is interested in the product they are able purchase it directly from the pin. The cost per link to market the Pin to customers can range from $0.01 to $0.13.

**SEO:** Search engine optimization can increase the visibility of the Lunch Cub on search engines such as Google, Bing, and Yahoo, to connect potential customers based on their searches. For example: If a customer happened to search “teddy bear” on Google, the Lunch Cub will appear as a result on their search.

**Blogging:** In 2013, there were about 4.2 million mommy blogs located in the United States. Since 2016 the number of mommy blogs has increased by at least 200,000 thousand creating a strong marketing army for businesses. Many mommy bloggers use the social media website Facebook to help contact with other bloggers, mothers, and spread awareness about their blogs. The owner of
the Lunch Cub took advantage of the large number of mommy blogs by creating a personal connection with them. By doing so, Samiah was able to find helpful promoters through Facebook Groups who were more than willing to post pictures of the product and order from her. This helped Samiah sell her first 100 bears within a three month range. The bloggers posted pictures on their social media page, shared discount codes, and shared the product idea throughout other Facebook groups and blogs.

**Lunch Cub Marketing**

The Lunch Cub can be successful using the following marketing plan. The marketing methods that will be used for the Lunch Cub are:

- Communicating with “mommy groups” through Facebook
  - Engaging with target market personally
  - Direct marketing research
  - Answering questions
- Finding social media influencers on Instagram
  - Identifying potential influencers from mommy bloggers
  - Provide samples and compensation for influencers
- Launching a Kickstarter campaign
  - Presale fund-raiser
- Selling on Facebook Marketplace
  - Post-Kickstarter sales
  - Utilize Facebook advertising
- Creating content and a presence on Pinterest
- Post commercial/infomercial on Youtube

**Sales Methods**

**Pricing**

The Lunch Cub comes in one size with straps that are adjustable for children of most sizes. The regular price per unit is $39.99 versus a cost of $19.07. The price of the Lunch Cub was determined by: the price of competitors selling similar products, the uniqueness of the product, and several strategic and psychological factors.

A prestige pricing strategy is employed for the Lunch Cub. Although there are not any competitors offering a teddy bear-lunchbox-backpack; the $39.99 retail price places the Lunch Cub near the mid to high end of backpacks and near the top of lunchbox prices. It is justified by the uniqueness of the product and because prestige pricing is found to be effective in introducing new products, especially with a product like the Lunch Cub because it will be offered in a low production run.

**Breakdown of the Lunch Cub with Cost Analysis**

*see page 6*
Sales Procedures: There are a variety of options a customer can go through to make an order from the Lunch Cub. One common method is by going to the website hosted by Shopify, www.thelunchcub.com, and placing an order there. Another method is using the Facebook Marketplace, a potential customer can visit Facebook’s Marketplace as long as they are a registered Facebook user. From there the customer can browse thousands of items for sale. If the customer sees something they would like to purchase they simply message the Lunch Cub’s page about an order. After speaking with the customer the payment method, PayPal, is selected to assure customer satisfaction and then the order is placed. By her keeping her e-card reader on her, she is able to place an order for the customer by simply using the Shopify app on her cell phone.

Operations

Business Facilities

The Lunch Cub conveniently exists on all platforms of social media, Facebook, Instagram, etc., that the target market uses. In addition to using social media platforms the Lunch Cub can be easily accessed on the official website www.thelunchcub.com which currently allows customers in the United States to view the product.

Products

The Lunch Cub, Classic Design……………………………………………… $39.99

Production Plan

Upon a successful Kickstarter campaign raising potentially $7,423.20 in 30 days, the first order of 500 bears will be ordered. If the presales on Kickstarter are well above the goal of 200 (300 or more), 1,000 bears will be ordered. The bears will be made in a one-month time frame allowing them to ship before back to school. After the Kickstarter campaign ends, sales of the Lunch Cub will continue on Shopify, Facebook Marketplace and on the official website.

Workforce Plan

The owner of the Lunch Cub, Samiah Davis, will use her evenings to handle tasks required for operating the company with the assistance of a virtual assistant:

Evening: (4:00pm -9:00pm)

A review over recent sales will begin, collecting data information about sales and new customers and returning customers:
Viewing customers payment methods for risk, fraud, and or payment clearance - 30mins

Printing shipping labels and packaging orders - 1hr

Speaking to virtual assistant about posting on social media accounts - 1hr

Marketing search and review data from recent customers - 30mins

Engaging with promoters and customer service questions - 45mins

Messaging customers on Facebook Marketplace - 30mins

Posting in Mommy Groups of Facebook - 30mins

Data entry monitor sales- 15mins

All products and materials used to operate the online business will be kept at the home of the owner of the Lunch Cub.

Times allotted for the above will vary from day to day based on volume.

Management and Organization

Employees and Principals: Samiah Davis is the general manager. Yvette Davis, her mother, works as an advisor and is responsible for the legal requirements of the business. The Lunch Cub at launch is a single product line being sold online, so employees are not necessary. Production and shipping have been outlined earlier in the plan and Samiah will do all necessary legwork. She will do all management of social media, sales, and ordering as well.

Board of Directors Advisory Committee: Several advisors and mentors will help Samiah in this endeavor.

- Mario Bakalov - FBLA advisor and educator. Business teacher and resource
- Michael Esposito - Certified Public Accountant. Financial advice
- Alozie Etufugh – Etufugh Law. Legal retainer, business law
- Yvette Davis - Mother. For moral and emotional support and partner for legal purposes until Samiah is 18

Compensation: Because of the scale of this business Samiah and Yvette will be paid small dividends based on profits, and for tax purposes. As a minor it is Samiah’s intent to reinvest profits into the Lunch Cub while keeping dividends paid to her below $6,300 (legal limit before a minor has to file a tax return) per year until she turns 18.
Long Term Development

Short-Term and Long Term Development

Year One Goals

The goals for year one are modest. Starting a new venture is a challenge, and there can be many unforeseen obstacles (that will be addressed in the rationale below). So year one goals are as follows:

- Develop prototype Lunch Cub
- Secure domains, trademarks, and all other legal requirements
- Negotiate cost and solidify supply chain for production
- Create web presence, identify influencers, develop social media accounts, begin to create buzz
- Create promotional items and videos
- Organize and schedule Kickstarter launch for Spring 2019

Rationale:
A new venture requires planning. The enthusiasm for a new business must be tempered with practical judgment and realistic expectations. By taking year one to adequately plan the Lunch Cub, Samiah can vet suppliers, test procedures, satisfy legal requirements, and collect data.

In addition, throughout any plan you need to be flexible. Samiah learned this first hand through this year and has actually altered this plan during the FBLA competition. It was her initial goal to launch the Kickstarter campaign this Spring 2018. With changes in political climate between the US and China, uncertainties in potential tariffs, and some waffling by her Chinese supplier, has led Samiah to push back the Kickstarter campaign until Spring 2019. This will give her time to resolve those issues with the current supplier, and or possibly seek out a domestic option for production. (The financials in this plan still use the Dongguan Yuan Kang Plush Toy Co., Ltd pricing for the Lunch Cub, because as of 5/10/18 they have not been ruled out as supplier)

Risks:
1. **Effort vs. Reward.** The Lunch Cub is not trying to become a fortune 500 company; at least not yet. Its goal is to carve out a niche and function as a viable business that can run around a school schedule while Samiah continues to gain experience and learn. When crunching all the numbers and ultimately resolving all the supply and import issues, surprise expenses can completely throw off profits. It can create a situation where not enough money can be made to justify the effort. Either way the Lunch Cub is a valuable learning experience, and at this point will only cost some legal fees and prototype costs.
2. **Legal hang-ups.** Forming a business as a minor is difficult but not impossible. Having Samiah’s mother take on the legal responsibility is an
answer and a potential burden. This can be resolved with open and honest communication, and realistic goals.

Year Two Goals

Year two will be paved with the efforts in organizing the Lunch Cub during year one. By launching this venture as a Kickstarter campaign, Samiah can monitor and limit the growth of the Lunch Cub to a palatable amount. Thus the goals of the Lunch Cub in year two is:

- Launch Kickstarter campaign
- Launch e-commerce site
- Sell 500 units
- Recoup initial investment and fund second order of 500 units

Rationale:
By accomplishing the initial goal of the Kickstarter campaign (200 units on the presale; or more) funding will be secured to cover the costs for the initial run of 500 units, in time for back to school Fall 2019. By selling approximately 210 units the “break even point” will be reached. Selling an additional 90 units would secure funding for a second order of 500 backpacks. Judging by the rate of sales and back to school rush the reorder point will be at 300 units. Additional sales and profits will be reinvested into a new prototype backpack (Polar Bear Model).

Risks:
1. **Miss sales goals for Kickstarter.** Unfortunately, if the 150 mark in presales is not met inside of the 30 day goal, money is refunded to the “backers” as per the policy of Kickstarter. Lunch Cub is protected because no upfront money has been spent to cover the costs of the backpacks. Only modest losses in startup cost would be incurred, through the project would have to be completely scrapped or re-organized.
2. **Not hit the year one sales goal of 500.** Possible, but with a break-even point of approximately 210 sold units at $39.99, and the safety of Kickstarter presale, the Lunch Cub is a low risk enterprise.
3. **Underestimate the market.** Not too bad of an issue. Using Kickstarter for presales will measure initial demand, sales can be logged and monitored easily online, and larger orders from the supplier will be incrementally discounted.
4. **Patent or Trademark issues.** Patents take a long time to acquire if ever and are expensive. The Lunch Cub may not be unique enough or may fall into the “obvious” distinction, preventing it from securing a patent.

Year Three Goals

If year two goals are met or exceeded, operations in year three will start with well-stocked inventory, and tested procedures. Goals for year three are:

- Use profits to begin development of second model (white variation: Polar Bear)
• Sell and additional 500 units
• Become profitable

Risks:
1. **Demand declines.** With a limited product line and small business reach it is possible that demand is satisfied with one back to school season. This is balanced by investing the profits into the reorder to mitigate potential losses. Also the product can be ordered in “safe” quantities as necessary, to prevent massive overstock.

2. **Copycat products emerge.** Possible, but hopefully the concept is awarded a patent, though it many not be unique or “not obvious” enough to warrant one. Diversifying the line with the second model also inspires repeat business from satisfied customers.

**Year Four Goals**

With two steady years of potential sales success and accomplishing goals, year four will be when owner and sole proprietor, Samiah Davis will turn 18. The goals are:

- Take over CEO title and responsibilities
- Launch second product line: Polar Bear
- Develop additional products with the goal of the releasing one or more a year moving forward

Risks:
1. **Growing Pains.** It’s possible the company and sales grow rapidly beyond the estimations. At this juncture Samiah will be transitioning from high school to college and the rigors of maintaining an “after-school” business along with studies may be challenging. A partner or employee(s) could be necessary, splitting profits and or adding costs. Also a dedicated storage facility could be needed as well.

**Year Five Goals**

At this point there should be at least 3 different Lunch Cubs available, web sales and ecommerce site should be consistent and goals will be:

- Expand marketing budget and reach
- Seek retail partnerships

**Beyond**

The overall success of the Lunch Cub will be measured by the market. Sales will dictate growth and potential opportunities. The design of the business has been created to be operated out of the home with the ability to be balanced with the rigors of high school and ultimately college. Samiah has an entrepreneur’s spirit and this endeavor could ultimately yield partnerships with other brands like: Build-a-Bear, Hasbro, or even licensing opportunities with well established entertainment properties like Disney, or Warner. Much of that may depend on the ability to secure a patent, which could open the possibilities of being sold or
merged with another company. There is also the possibility that the Lunch Cub does not perform to expectations, or sales are underwhelming, or even that modest success here simply informs or finances the next opportunity for Samiah.

Financials

Accounting Systems

QuickBooks Plus is a reliable accounting software for small online businesses who need assistance to manage transactions, spending, and savings. QuickBooks Plus through Shopify always tracks orders and inventory of the products at once. For $25 a month QuickBooks Plus the Lunch Cub is able to organize information when it comes time for the owner to fill information out about taxes.

Shopify is a commonly used e-commerce platform that allows businesses to create a website to sell their goods or services online or through point of sale. Shopify accommodates businesses by making it easier to create a website without the knowledge of coding. Shopify also offers a point of sale option, this allows the owner to meet with potential customer on the go. The website platform even provides users with a free card reader which they can connect to the Shopify POS app. To use Shopify the month price costs either $29 a month, $79 a month, or $299 depending on how advanced a business is and their needs.

Cash Flow Assumptions

As a small business run out of the home that uses online retailing as a point of sales there are very few overhead startup costs. Brick and mortar facilities and storage are not necessary and some utilities are available from home, such as Wi-Fi and telephone.

Some general assumptions are:
- Sales will be greater in the Summer around the back to school rush
- This leaves potentially more time for product development during the Winter with production in the Spring
- The sales in the first two years remain steady in the warming up phase
- New models are introduced yearly after year two to encourage repeat customers and foster growth

Year One
- This year is dedicated to planning
- Costs are limited to the R&D of the Lunch Cub, and the legal fees
Year Two
- There are no sales from September to March, product launch in April
- January to April focused on planning and creating an online buzz
- Sales begin on April 10, on Kickstarter with a goal of 150 sales in 30 days
- The success of the campaign produces the capital to order the first 500 backpacks
- Sales transition from Kickstarter to Shopify and Facebook Marketplace in May
- Year one is based on total sales goal of 500 units

Year Three
- Sales continue on Shopify and Facebook Marketplace and the profits from year one are reinvested into a second order of 500 units
- R and D begins on a second style of Lunch Cub
- A dedicated ecommerce site is launched: thelunchcub.com
- Year Two is based on a sales goal of 500 units. Profits increase because the large fee paid for the patent application has been satisfied

Year Four
- Sales continue on Shopify and Facebook Marketplace and the website
- A second model is introduced
- The company becomes an LLC
- More money is spent in advertisement and projections are based on the sale of 750 units

Year Five
- A third model is released
- More money is spent in advertisement and projections are based on the sale of 1000 units
Financial Statements

Profit and Loss Projection (5 Years)

Lunch Cub

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Operating Expenses

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Total Expenses        | $ 5,165| $ 7,045 | $ 6,783 | $ 10,113| $ 15,378|

Net Profit            | (5,165)| 8,650   | 8,912   | 13,480  | 18,212  |

*The above projections are based on the following*

- Year one is dedicated to developing the prototype, securing patents and trademarks, and organizing the Lunch Cub for the Kickstarter campaign in Year 2.
- Year 2 is based on a successful Kickstarter campaign and selling the initial run of 500 units.
- Year 3 is based on selling 500 units.
- The spike in sales in Year 4 is due to the launch of a second model.
- Year 5 sees the release of a third model and expectations of a growth in sales.

**A breakdown of startup and production costs can be found on pages 5-6**

*** The 12-month cash flow chart on the next page is based on Year 2’s financial projections because Year 1 is spent mostly in research & development and the costs are mainly legal fees.
### Twelve-month cash flow

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<td>0</td>
<td>0</td>
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<td>0</td>
<td>175</td>
</tr>
<tr>
<td>Shipping from China</td>
<td>0</td>
<td>0</td>
<td>0</td>
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<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>2,400</td>
<td>0</td>
<td>0</td>
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</tr>
<tr>
<td>Miscellaneous</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
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<td>50</td>
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<td>50</td>
<td>50</td>
<td>50</td>
<td>50</td>
<td>600</td>
</tr>
<tr>
<td><strong>TOTAL CASH PAID OUT</strong></td>
<td>355</td>
<td>300</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>180</td>
<td>392</td>
<td>7,488</td>
<td>711</td>
<td>1,103</td>
<td>1,903</td>
</tr>
<tr>
<td><strong>Cash Position (end of month)</strong></td>
<td>2,300</td>
<td>1,945</td>
<td>1,645</td>
<td>1,465</td>
<td>1,285</td>
<td>1,105</td>
<td>925</td>
<td>745</td>
<td>3,602</td>
<td>-1,897</td>
<td>-608</td>
<td>2,288</td>
<td>8,293</td>
</tr>
</tbody>
</table>
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