
Business Plan for

School Survival Kits

March 4, 2013

Rami Saker, Gordon Wong, and Chris Lincoln

Executive Summary

At University School, we do not receive a list of required school supplies before the start of the new school year. We are instructed to meet with each class on the first day of school and let each instructor tell us what is required. This leads to an extremely hectic evening after the first day of school. After three years of this highly inefficient and stressful process, we recognized a business opportunity. Through our experiences over our high-school careers, we knew exactly what to expect from our teachers. We knew we could help our fellow students and their parents by providing a complete turn-key package of school supplies that could be pre-ordered and pre-packaged before the start of school. Even more convenient, we would have the Survival Kit ready for pick-up on the penultimate days before the start of school.

We ran a pilot test of this business last year and we generated about \$2,000 in sales revenue, which yielded about \$1,000 in gross profits. Because of the nature of this venture, almost no upfront investment is needed. No supplies are purchased until after the parents have paid for their order. Subsequently, this upfront revenue coupled with many seasonal sales and promotions allowed us to make the necessary purchases at a minimal cost. As a result, we received very high returns on investment nearing above 1,200%.

In the University School market, our primary competitors include school supply stores such as Office Max and Staples. Although our competitors offer a low price, we offer several advantages. Our kit is specifically designed to ensure the student has all the necessary school supplies to start the year off right, without the back- to-school hassle. Plus, our turn-key package is delivered right to school.

Although the supplies included in the Survival Kits will ultimately be going to the student, the target customer in the US market is the busy, hardworking parent.

The primary method of acquiring this customer will be through the University School email/ mail service in addition to the school's website. Our pilot test last year yielded great success with minimal effort.

This year, we will be communicating our message, through word of mouth, flyers, email, the US website and the school's social media accounts. Additionally, through our association with US Textbooks (our school's textbook sell-back business) we will be able to effectively reach most of our target market.

There is tremendous room for potential growth outside the University School community. Also, our plan to expand this business through our internship program with partnering schools gives us increased potential. We are very enthusiastic about our three-year growth potential for School Survival kits which we've projected to reach revenues of over \$30,000 in year 3.

Business Description

Every year, around late August and early September, students across the nation face a major problem they need to solve in order to start the school year off on the right foot: What school supplies will they need? Both the night after the first day of school, or possibly before school even starts, scores of parents and their children rush to crowded office supply stores, only to navigate through the disorganized aisles. Often there are arguments between the parents and their children, sometimes there are hurt feelings, and possibly even a few tears, only to arrive home angry, frustrated, and cursing the school that requires this last minute shopping. However, there is a solution to this problem: one that doesn't include the tears, the frustration, and the waste of time. Rather, the solution includes relief, a sense of security, a guarantee that the student will have all the necessary supplies they need. This solution is School Survival Kits.

At University School, we do not receive a list of required school supplies before the start of the new school year. We are instructed to meet with each class on the first day of school and let each instructor tell us what is required. This leads to an extremely hectic evening after the first day of school.

After three years of this highly inefficient and stressful process, we recognized a business opportunity. Through our experiences during our high-school careers, we knew exactly what to expect from our teachers. We knew we could help our fellow students and their parents by providing a complete turn-key package of school supplies that could be pre-ordered and pre-packaged before the start of school. Even more convenient, we would have the School Survival Kit ready for pick-up on the penultimate days before the start of school.

At University School, each survival kit includes: five (5) one and a half-inch, high-quality binders; five (5) two-pocket folders; four (4) 100-sheet spiral notebooks; 400 sheets of college ruled quality filler paper; two sets of 8 binder tabs; 80 sheets of graphing paper; one graphing composition notebook; seven (7) mechanical pencils; twelve (12) blue and black pens; three-pack erasers; one ruler; one pencil pouch; three (3) highlighters. It sells for \$98.

We conceived this idea in the late spring of 2012. We subsequently ran a pilot test to see if our kit would be well-received. With some very simple marketing consisting of one email, we sold over \$2000, yielding a gross profit of about \$1000.

This was encouraging to us, and as a result, we decided to build upon our success and expand the business in the best possible manner. With a well executed marketing plan, in addition to expanded channels of communication and an increased amount of distribution we expect our future rollouts and revenues to increase significantly.

Competitive Advantage

Product and Service Advantages over the Competition

In the University School market, our primary competitors include school supply stores such as Office Max and Staples. Although our competitors offer a low price, we offer several advantages. Not only do they lack the knowledge and the expertise of our school's academic environment, big box stores also severely inconvenience the customer. Unlike most office supply stores and other venues for getting school supplies, we provide an easy, convenient and assuring solution to a problem faced by nearly all parents across the nation.

School Supply Kits is specifically designed to ensure the student has all the necessary school supplies to start the year off right, without the back-to-school hassle. After all, having the right materials is an integral part of a student's academic success. In addition to the sense of security and relief, we also conveniently deliver the boxes right to the school just as the beginning of the school year approaches. There is no longer a need fear not having the right supplies, to drive around from store to store to get the "right" notebook, to waste valuable time arguing and bickering over pencils. Rather, one simply needs to order the School Survival Kit online via the school's website, and picks up the kit before the beginning of school. This kit transforms a previously burdensome and stressful process into a seamless and convenient experience.

Marketing

Although the supplies included in the School Survival Kits will ultimately be going to the student, the target customer is the busy, hardworking parent. This is a busy parent who is forced to waste time spending countless hours rushing through an office supply store in a frantic attempt to get all the school supplies their child will need for the upcoming school year. Our target market is the less price sensitive, busy parent who is focused on their child's success.

The primary method of acquiring customers will be through the University School email and mail service in addition to the school's website. In order to use these school marketing services, however, all student businesses must donate exactly 50% of their profits to University School and the University School Entrepreneurship Institute.

Furthermore, we are able to use the school's direct billing system to the families for an additional 5% of our profits. Using the school billing service gives us upfront cash to purchase the necessary supplies for the kits. Although these might seem to be hefty costs, we believe the sales revenue gained from these methods will offset the costs.

Last year, we were able to sell 20 School Survival Kits with minimal marketing. We will be communicating our message, this year, through word of mouth, flyers, email, and the US website plus targeted messages through the school's social media accounts. Additionally, through our association with US Textbooks (our school's textbook sell-back business) we will be able to effectively reach most of our target market and have additional promotion and visibility.

All of these marketing techniques will not only proudly display our slogan, but also our guarantee. This will show clearly that we sell peace of mind and ensure that the customer's student will be well prepared.

Here is an example of a marketing slogan:

"School Survival Kits, take the hassle out of back-to-school shopping!"

Future Plans

Thus far, we have only explained our plan within the University School market. There is tremendous room for potential growth outside the University School community. We plan on expanding to other schools through an internship program.

We want to work with partner schools and teach the business to a designated intern. We plan on giving these interns the unique opportunity of managing the distribution and sales within their school in return for an agreed percentage of profits to be split between the intern and the school. We also provide the student within that school an opportunity to build upon their entrepreneurial interests and to have something concrete and unique to put on their college resume.

For the purpose of this plan, we have assumed a profit sharing of 33% to the founders and 67% to the partner to be split between the school and the intern.

We have already begun negotiations with Hathaway Brown and plan on expanding to other schools in the near future. Each partner school will ultimately have its own unique school supply kit catered to its academic needs and its own marketing strategy. Because each school is different, there is no “one size fits all strategy” we can use. As a result, we need to ensure that we are using the most effective means to get the word out in the differing markets. This strategy is to be determined by our intern who will have a greater understanding and knowledge of their unique market. Nevertheless, we plan that such a strategy will not differ significantly from the one we used in the US market. This strategy, coupled with the administrations’ strong support and sponsorship will allow us to effectively help our business grow. Following this plan, within five years of steady and safe expansion, we can potentially reach over 20 schools in the region. In ten, we can possibly expand all over the state.

University School

Methods	Description	Target Market	Amount to be Spent
E-mail	To US students/parents with prices, contact info, product description, and picture	Parents and students throughout the school	\$0*
Web site	US website. With prices, contact info, and an online order form	Parents and students	\$0
Flyers	Contact info, description of product, picture	Parents and students	\$75
Facebook and Twitter	Posts and updates using the school's social media pages	Parents and students	\$0

*The amount to be spent is \$0; however, there is a required donation associated with using the US email list and billing system.

Partner Schools

Each high school is different. There is no single marketing strategy we can use to cover all the different markets effectively. Rather, each partner school will have a unique and effective strategy for that school's market. This strategy is to be determined by our intern at the school in coordination with the school's administration. Nevertheless, this marketing strategy can be used as a GENERAL guideline for we do not expect the strategies at the differing schools to differ greatly from this one.

Economics of One Unit

Economics of One Unit			
Product/Service unit description: One University School Survival Kit			
Selling Price per Unit:*			\$98
Cost of Goods Sold per Unit:			
<i>Avg. supplies per box**</i>	\$ 45.29		
Labor***			
Total Cost of Goods Sold per Unit:		\$45.29	
Other Variable Costs per Unit:			
<i>Boxes</i>	\$5		
Total Other Variable Costs per Unit:		\$5.00	
Total Variable Costs per Unit:			\$50.29
Gross Profit per Unit:			\$47.71

* Price based on University School Kit. The prices may be different depending on the differing school needs

** cost estimations based on pilot year. Costs are subject to change depending on prices and various specials at the time of the purchase. We have begun negotiations with wholesale companies that distribute office supplies to office supply stores across the nation for a possible cut in prices.

*** there is no labor because all workers will be paid with a percentage of the profits.

Three Year Revenue Projections

Year	Projected Unit Sales	Projected Revenue
Year 0 Pilot	20	\$1,960
Year 1 Annual Projection*	100 (60US)(40HB)	\$9,800
Year 2 Annual Projection (with expansion to 3 schools)*	180 (80US)(60HB)(40)	\$17,640
Year 3 Annual Projection (with expansion to 5 schools)*	320 (100US)(80HB)(60)(40)(40)	\$31,360

*Due to the nature of our business, we only sell in quarter 3.

Projected Income Statement

FIRST YEAR INCOME STATEMENT			
	# Units	Unit Price/Cost	Total
Revenue:	100	\$98.00	\$9800
Cost of Goods Sold:	100	\$45.29	(\$4,529)
Other Variable Costs	100	\$5.00	(500)
Total Variable Costs:			(\$5,029)
Gross Profit:	100	\$47.71	\$4,771
Annual Operating Costs			
Marketing Plan:		(\$75)	
Total Fixed Operating Costs:			\$75
Pre-Royalty cost profit			\$4696
Other: Royalty Costs and Profit Sharing (Includes labor distribution)	(\$3146.32) (1887.79 (67% of U.S. profits) +1258.52 (67% of HB profits))		
Net Profit:			\$1549.68

Shipping costs were non-existent because the companies we purchased our supplies from offered free shipping as long as a certain amount of money was spent (we exceeded that amount by a lot). Labor costs are included in a previously agreed upon royalty. We estimated a generic 67% /33% split between the partnering school and us respectively.

Initial Investment Needed to Start Business

Item	Cost
Flyers	\$75
Gas	\$15
TOTAL START-UP INVESTMENT	\$ 90

Breakeven Analysis

Our total fixed operating expenses over our gross profit yields a breakeven amount of 1.6 or 2 kits to be sold. (\$75.00/47.71)

School Survival Kits-

Take the hassle out of Back-to-School shopping!

Make Shopping For School Supplies Easy!

Our Survival Kits come at the start of school with everything your child will need. It contains all the necessities for your child to succeed in school. From binders to highlighters the Kit has it all. We sell you peace of mind. Our Kit is guaranteed so that if you are missing anything, we will give it to you free of cost.*

5 Binders
400 Sheets of College Ruled paper
Ruler
3 Highlighters
Spiral Notebooks
5 Folders
And much more...

When: Delivered before school starts and available at start of school for pick up.

Where: Your school!

Time: 9 AM to 3 PM

Other: Email us with orders or questions. Make the start of school easier and have us do the hassle of shopping for you.

Email: Gwong13@us.edu

Number: 216-577-0197



Survival Kit
rsaker13@us.edu

Survival Kit
gwong13@us.edu

Survival Kit
clincoln13@us.edu

Survival Kit
rsaker13@us.edu

Survival Kit
gwong13@us.edu

Survival Kit
clincoln13@us.edu

Survival Kit
rsaker13@us.edu

Survival Kit
gwong13@us.edu

Survival Kit
clincoln13@us.edu

Survival Kit
rsaker13@us.edu