

1. Executive Summary

Business name: Fundy Banjos

Mission Statement: Fundy Banjos is dedicated to crafting high-quality, one-of-a-kind banjos that blend traditional craftsmanship with innovative design, resonating with the soulful history of the instrument and catering to individual musician preferences.

I am committed to the pursuit of excellence, ensuring that every banjo I build is a testament to precision, passion, with the goal of sonic perfection. By sourcing the finest materials and leveraging my artisanal skills, Fundy Banjos aims to transcend the ordinary, delivering instruments that inspire creativity and elevate musical experiences.

Founders/Ownership: Fundy Banjos operates as a sole proprietorship under the ownership and leadership of Alex Nemet, a Canadian Forces veteran. Over the past five years, my commitment has been to mastering the art of crafting banjos and achieving the highest possible sound quality.

Location: Based out of Steam Mill, Nova Scotia, near the Bay of Fundy and in the Annapolis Valley.

2. Business Description

Product Offering: Presently, I specialize in crafting open-back banjos with pot sizes of 11" and 12". My recent acquisition of tools has expanded my capabilities to include the creation of resonator banjos, adding a new dimension to my repertoire. Setting me apart in the market, I have the advantage of crafting one-of-a-kind banjos.

An example of this was my ability to tailor a banjo pot to a distinctive 4" depth for a specific customer (as opposed to a standard 2.5" - 3" pot). This level of customization is a testament to my flexibility and dedication to meeting individual preferences. In a market where such unique specifications are rare, my workshop stands as a hub for personalized craftsmanship, ensuring that customers can obtain bespoke instruments not readily available elsewhere.

As I look toward the future, my commitment to innovation goes beyond banjos alone. I am eager to share that my journey in instrument-making will continue to evolve, with plans to expand my skills to include the crafting of other instruments such as violins and guitars. This strategic move not only reflects my passion for the art of instrument construction but also positions my workshop as a hub for comprehensive and personalized craftsmanship.

Plan B Transition:

In the event that the banjo and instrument-centric business encounters difficulties, I plan to seamlessly transition my workshop to cater to a broader market. This expanded approach will include fine furniture making, utilizing both hand and power tools to create bespoke pieces of exceptional quality. Additionally, with the CNC machine and laser engraver acquired through funding, I will venture into sign making for individuals and businesses, offering personalized and intricately crafted signs. In the military I developed the technical skills necessary to work with computers and high tech equipment. Additionally my live-in partner of 4+ years is a computer animator and professional graphic designer that will be available to collaborate on any creative designs for customers.

Diversifying the Product Line (if plan B is necessary):

By leveraging my acquired skills and tools, the workshop would become a hub for fine craftsmanship beyond instrument-making. The transition to fine furniture making will tap into the demand for custom, handcrafted furniture pieces which I also have a passion for. Simultaneously, the CNC machine and laser engraver will be instrumental in producing detailed and precise signage, and custom wooden creations, opening up new avenues for creativity and customer engagement.

Plan B Market Expansion:

This diversified approach not only ensures the continued success of the workshop but also broadens the customer base. Fine furniture appeals to those seeking unique, handcrafted pieces for their homes, while personalized signage caters to businesses and individuals looking for distinctive displays. This adaptability positions the workshop to thrive in a variety of markets, showcasing the resilience and versatility of the business.

Seamless Implementation:

The transition plan includes a seamless shift in marketing strategies, emphasizing the new offerings while maintaining the commitment to personalized craftsmanship. By incorporating the acquired CNC machine into sign-making processes, the workshop will stay at the forefront of technology in the crafting industry.

In summary, the flexibility demonstrated in the Plan B transition ensures that my workshop remains resilient, and adaptable to market demands and I will be able to expand into new creative endeavors, thereby securing a sustainable future for my business.

Target Market: My primary clientele comprises musicians and collectors with an appreciation for finely crafted instruments. Interestingly, I've also catered to guitar

players who, despite lacking banjo-playing skills, were captivated by the allure of my instruments and chose to add them to their collection. One appealing thing about the banjo market is that most banjo players are not ever satisfied with just one instrument no matter how well crafted it is. Each banjo is unique, and different banjos sound better and play better in different environments.

Market Need: My venture into banjo crafting originated from a personal need – a quest for an instrument of exceptional quality and craftsmanship that was notably absent in Canadian music stores. The factory-produced banjos from Deering and Goodtime, in my perception, lacked a distinctive character. Seeking a handcrafted instrument typically meant engaging with an artisan and enduring a lengthy 1-3 year waiting period. Following my tree-planting stint in British Columbia, I traveled across Canada, visiting numerous music stores, finding no instruments that resonated with my preferences. So I built three banjos for myself. Since then, musicians have sought me out to build them a custom instrument for the same reason.

Competitive Advantage: To my knowledge, I am the sole banjo builder operating a business in pursuit of this craft in Nova Scotia. This exclusive position makes me the primary choice for artists who value supporting local artisans and are seeking a tailor-made instrument within the region. And while my immediate focus is on Nova Scotia, I envision a broader market reach extending across North America.

Currently established as the sole banjo builder in Nova Scotia, I am keen on broadening my horizons by reaching customers not only within the local community, but also across the United States and Canada. By harnessing the power of e-commerce, my bespoke banjos will be made accessible to a wider audience, allowing musicians and enthusiasts from Nova Scotia, the USA, and Canada to experience the unique craftsmanship that defines my instruments. This strategic approach ensures that while the local market remains a primary focus, the allure of my tailor-made banjos extends seamlessly to a broader North American clientele.

In Canada, there are two notable banjo builders. Jason Romero of British Columbia boasts a three-year waitlist, and Rickard Banjo of Ontario has established a distinct style for their instruments while crafting their own metal hardware. Differentiating myself, I aim to craft my own unique style, aspiring to be recognized as one of the sought-after brands in Canada and potentially the United States.

While Jason Romero of British Columbia is renowned for his high-end banjo craftsmanship (his banjos start at \$6000CAD), a potential downside lies in the three-year waitlist that prospective customers must endure to secure one of his instruments. Moreover, the list opens up for new orders only once a year, adding an

element of exclusivity that might not align with the immediate needs or timelines of musicians.

This extended waiting period can pose a challenge for musicians who are eager to acquire a handcrafted banjo promptly. In contrast, my approach involves not only offering a unique style that sets me apart but also ensuring a more accessible and timely acquisition process for customers. By aiming to be recognized as one of the sought-after banjo brands in Canada and the United States, I aim to provide musicians with an alternative option that combines craftsmanship with a more streamlined and efficient ordering experience. This distinction positions my brand as a viable choice for those seeking quality banjos without the extended waiting periods associated with certain competitors in the Canadian market.

Contrasting with these accomplished builders, the majority of banjos available in Canada are factory-made products by Deering and Goodtime. These mass-produced factory-made instruments lack customization and often fall short in terms of build and tonal quality, setting my one of a kind handcrafted banjos apart in a class of their own.

3. Marketing and Sales Strategy

Marketing Strategy: Channeling a substantial portion of marketing efforts into the online sphere, I will sustain a dynamic presence on Instagram. This will involve consistently generating engaging content, including promotional videos that not only showcase the craftsmanship of the banjos but also feature my own playing, providing a firsthand experience of the instruments in action. Emphasizing the online accessibility, a dedicated website will be made available, allowing customers from all over North America to easily place orders and explore the unique features of each instrument.

Capitalizing on the influence of my past clients, many of whom are musicians regularly performing in public spaces, I will leverage their visibility to amplify the reach of the Fundy Banjos brand. Notably, one of my clients recently received the prestigious Music Nova Scotia award for Best Bluegrass/Americana Album of the Year in 2023, adding a significant association to the brand's name.

Furthermore, I will actively participate in renowned old-time and bluegrass festivals across Nova Scotia and Canada, strategically positioning the instruments for exposure to a wider audience. Recognizing the growing trend of online shopping, the bulk of sales will be directed through the established website, providing a seamless and convenient experience for customers. While maintaining a virtual stronghold, I will complement these efforts by establishing a physical presence as a casual vendor at local markets, including well-attended venues such as the Wolfville Farmers Market and Halifax Seaport Market. This dual approach aims to create a comprehensive marketing

strategy, combining the advantages of online accessibility with the tangible experience of interacting with the instruments in person.

Pricing Philosophy:

Over the past four years, Fundy Banjos has strategically evolved its pricing structure, reflecting a commitment to excellence, quality craftsmanship, and a unique balance in the market.

Starting Point (4 years ago): Initiated at \$1500 per banjo, this foundational pricing allowed for market testing and gauging product reception.

Intermediate Stage (Few years ago): Progressing to \$2500, the pricing adjustment aligned with the growing confidence in the product's quality and craftsmanship.

Recent Pricing (Latest batch): With the latest batch of banjo commissions, the pricing reached \$3000. This pricing tier underscores the continued dedication to refining craftsmanship and delivering instruments of higher quality.

Future Aspiration: The trajectory aims towards a range of \$3750-4000, a reflection of the growing confidence in the banjos' impact on musicians' lives. This pricing evolution underscores the commitment to establishing fair compensation for the expanding level of craftsmanship and ensuring the sustainability of the business.

Balance of Pricing, Quality, and Craftsmanship:

Fundy Banjos maintains a unique equilibrium between pricing, quality, and craftsmanship. Unlike more established brands like Jason Romero, the gradual approach to pricing aligns with my growing experience and recognition. The emphasis on top-notch craftsmanship, the use of premium materials, and a careful market analysis contribute to a pricing strategy that reflects my dedication to excellence.

The pricing structure acknowledges the dynamic nature of the market and the need to strike a balance that appeals to both musicians and collectors seeking outstanding instruments. As the brand continues to gain recognition, the evolving pricing philosophy ensures that each banjo remains a testament to the meticulous craftsmanship and unwavering commitment to delivering instruments of the highest quality.

My pricing strategy is anchored in a careful analysis of the market, aligning with the competition while emphasizing top-notch craftsmanship and the use of premium

materials. Striving for excellence in build quality, utilizing the finest hardwoods and metalwork available, I ensure that each banjo is of the highest quality I can make.

Production Cost Breakdown and Efficiency Enhancement:

The creation of Fundy Banjos involves a meticulous production process, where each instrument represents a harmonious blend of quality materials and skilled craftsmanship. The typical material costs for crafting a banjo amount to approximately \$1000, contingent on the specific banjo model. This includes an allocation of \$750 for metal hardware and \$250 for wood and veneers.

Building each banjo demands a substantial time investment, approximately 100 hours of dedicated craftsmanship. The intricate construction methods are continually refined to strike a balance between reducing production time and maintaining an unwavering commitment to uncompromised quality.

Recognizing the pivotal role of efficiency in the crafting process, the integration of a CNC (Computerized Numerically Controlled) cutting machine stands as a top priority. This cutting-edge technology is envisioned as an additional, highly efficient team member in the workshop. Its implementation is poised to revolutionize banjo crafting by significantly streamlining the production process, ensuring precision, and enhancing overall efficiency. The adoption of a CNC machine aligns with the commitment to delivering exceptional banjos while optimizing the production workflow for sustained success.

4. Operations

Production Process: In my dedicated workshop, meticulously curated over three years with specialized tools for my unique building style, I personally handcraft each instrument. Seamlessly blending traditional hand tools with modern power tools, I transform rough-milled lumber into a work of art—a beautiful banjo that resonates with quality and character. Notably, all banjo rims undergo an in-house steam-bending process.

Quality Assurance: My commitment to refining the construction process remains unwavering, as I aim for excellence and a standard nearing perfection with each new banjo crafted. I strategically limit my production to 3-4 instruments at a time, allowing me to dedicate undivided attention to each, ensuring precision and aesthetic beauty in every detail. Drawing from my personal experience as a banjo player, coupled with direct conversations with clients to grasp their unique playing styles and requirements, I guarantee that every instrument is tailored to play exactly as it should.

5. Management and Team

Team Members

Fundy Banjos operates as a sole proprietorship under the ownership and leadership of Alex Nemet, a Canadian Forces veteran. With over five years of commitment to mastering the art of banjo crafting, Alex is the driving force behind the business. While the sole proprietor, Alex benefits from the creative and technical support of a live-in partner, a professional graphic designer, bringing a unique blend of artistic flair to the workshop. Additionally, there is ongoing guidance and mentorship from a business consultant at CBDC and close connections with friends who are seasoned craftsmen.

Skills and Experience

Background:

- Military background with a 9-month advanced promotion to Corporal.
- Recognition for exceeding peers, a letter from Captain for transfer to Officer, and exceptional adaptation skills highlighted in a Personnel Evaluation Report (PER).
- Subject matter expert on an 8-million-dollar radar system, securing a 6-year stay at the highly sought-after 8ACCS rapidly deployable unit.

Educational Journey:

- Electronics Engineering Technician Diploma from St. Lawrence College, Kingston ON.
- Pursued studies in psychology at Dalhousie university with a nearly 4.0 GPA, showcasing a commitment to academic excellence.
- Shifted focus to woodworking, leveraging skills learned from father, grandfather, and current mentors who are experts in craftsmanship.

Passion for Craftsmanship:

- Established a nearly fully equipped workshop specializing in crafting open-back banjos and recently expanding into resonator banjos.
- Demonstrated craftsmanship with the ability to tailor banjos to unique specifications, showcasing flexibility and dedication to meeting individual preferences.

Entrepreneurial Spirit:

- Maintains a strong work ethic, often starting work in the shop at 5:30 or 6 am and ending the day after dark.
- Mentored by experienced individuals in woodworking, wood finishing, and client relations.

- Able to work alone, with sustained passion, attention to detail, and a drive for success.

Military Adaptability:

- Successfully adapted to diverse military roles, including being a subject matter expert and pursuing a transfer to an officer position through the UTP NCM program.

Multidisciplinary Skills:

- Diagnosed with ADD, possessing the advantage of hyperfixation, attention to detail, and sustained passion and drive for success.
- Recognized for achievements in various organizations, including the Chief Scout Award presented by the Governor General of Nova Scotia.
- Very proficient with technology, computers, website design, and search engine optimization for online marketing.

Innovation and Adaptability:

- Constant pursuit of learning new skills and crafts, making for a seamless transition to instrument making if necessary.
- Involved when I was young in Cubs, Scouts, Ventures and received the Chief Scout Award from the Lieutenant Governor General of Nova Scotia.
- Recognizes the need for constant innovation to stay interested and engaged.

Entrepreneurial Drive:

- Participated in the Junior Achievement business program, demonstrating an early desire to be an entrepreneur.
- Ran a successful Juice Cleanse Business in Halifax for 3 years. I broke even the first month after my first press release caused people to order my juice from all over Nova Scotia.

Adaptability and Ambition

- Emphasizes adaptability, creativity, and a willingness to transition the shop to diversified income-generating ventures if needed.
- Plans to be a sought-after luthier in Nova Scotia and North America, while understanding the potential risks and challenges.

Financial Approach:

- Averse to debt, prioritizing grant money and interest-free loans for business expansion.
- Acknowledges the need to continue tree planting in British Columbia in the early years of the business for financial stability.

This comprehensive set of skills and experiences positions me as a versatile and dedicated entrepreneur, ready to make a significant impact in the world of instrument craftsmanship and beyond.

Advisors or Consultants

Andre Gaudet - business consultant with CBDC

Mark Reuten of Nomad Boat Building (British Columbia) - mentor and woodworking/business consultant. I have almost daily conversations with him about instrument making, woodworking, and boat building. Mark is always available to provide me guidance. I have learned a great deal from him over the years.

Ryan Hardison - I consulted a banjo builder in the USA to find out which CNC machine would work well for the banjo business. He did extensive research and went through a few models before finding the best one for instrument making.

6. Financial Plan

Startup Costs

I've eliminated rental expenses by owning the workspace which is heated and usable all year. Over the past three years, I've strategically built up a comprehensive tool collection, with the majority of high-cost tools already acquired.

Revenue Projections

To date I have not deployed any focused advertising, and have only been selling through word of mouth and limiting my production to three banjos per year. I moved to the Annapolis Valley three years ago, and have been slowly building up my shop. Before my shop was completed, I had to drive 45 minutes to CFB Greenwood to build my banjos at the wood hobby club. My father has been the president of the wood hobby club for at least 20 years, and I am an active member and supervisor/volunteer at the facility. I help by opening the shop for other service members at least once a month for 5 hours, and I assisting them with operating the machinery and making wood purchases.

Break-Even Analysis

Funding Requirements

Short term/immediate goals (listed in order of priority):

Strategic Equipment Investments:

1. CNC Machine \$7000

Introducing a CNC machine will not only distinguish my work from competitors but also enhance efficiency by enabling simultaneous operations. This technology is poised to revolutionize the way I handle multiple tasks, setting Fundy Banjos apart in the industry. This will save me time, and add precision to my tasks.

2. Spray Room In Workshop \$1500

Currently, my workshop lacks a dust-free spray room, posing a considerable challenge. This not only introduces unwanted dust into my finishing work but also restricts my ability to craft additional banjos simultaneously during the finishing process. While I have received training from skilled furniture makers in the art of spray finishing, the absence of proper equipment is a limiting factor. Acquiring dedicated spray equipment and establishing a dedicated spray room would not only mitigate these challenges but also significantly enhance my efficiency. The implementation of such improvements could potentially save a week's worth of work on each banjo, transforming and optimizing my finishing techniques.

3. Blown-in insulation for workshop ceiling \$600

At the moment my workshop is not insulated, so I'm losing a lot of heat in the winter. Insulating the 1/3 of the shop where I work out of would lower my heat bill and make it more comfortable to work out of during the cold months.

4. Thickness Sander \$2500

The addition of a thickness sander empowers me to produce custom veneers in-house. This not only provides a unique touch to my creations but also significantly reduces shipping costs and duties and taxes associated with purchasing veneers from external manufacturers.

5. Used Jointer \$700

Having a jointer available at home rather than driving to the wood hobby club would save me 1.5hrs of driving every time I need to mill up the wood for my banjos.

Total amount requested for short term: \$12,300

Mid term goal (6 months to 1 year):

Laser cutter/engraver - Glowforge Plus \$8000

Investing in a laser engraver and cutter holds the potential to revolutionize my craftsmanship. With this tool, I could craft exceptionally distinctive inlays into various materials, including wood and non-ferrous metals like brass or copper. The versatility of a laser engraver would open up possibilities for creating a wide array of custom designs in wood and plastic, allowing me to set my work apart in a unique and innovative manner. Beyond banjo making, this equipment would also position me to diversify into crafting signs and custom woodworks, offering a flexible and creative Plan B for reaching a broader market if ever needed.

Long term goal (between 1 to 2 years):

. Metalworking equipment (more of a long term goal ~2-3 years) ~\$5000

The incorporation of metalworking equipment represents a strategic step towards full customization. This investment will allow Fundy Banjos the capability to craft my own hardware, ensuring unparalleled uniqueness in our products. With this in-house capability, we gain a competitive edge by offering fully customizable parts that are exclusive to our brand.