



Bethune-Cookman University
Center for Entrepreneurship & Economic Development
1555 Lincoln Street
Daytona Beach, FL 32114
Casandra R. Stroy, Director
Telephone: 386-481-2940
Email: stroyc@cookman.edu



5401 S. KIRKMAN ROAD, SUITE 310
ORLANDO, FL 32792
P: (407) 409-3284 ▪ F: (888)240-4062
navapets.com ▪ info@navapets.com
JANEL YOUNG, PRINCIPAL OWNER

2015

1st Place Local Winner

Summary

Winning Product Description

Nava Pets is a line of organic pet care products focusing on cats and dogs that are unrefined, safe, and gentle to use. The **Nava Pets** line consists of the following: 1) Organic Dry Pet Conditioning Shampoos; 2) Organic Dry Flea & Tick Shampoos; 3) Organic Liquid Shampoo; 4) Organic Pet-Itch Relief Oil and Spray; 5) Organic Pet Paw Balm; 6) Organic Grooming Kits, and 7) Organic/Natural Pet Treats.

InnovateHER Local Challenge Competition

The InnovateHER Local Competition consisted of 10 inquiries. Of the inquiries, six business plan applications were submitted. The challenge was a pitch competition that concluded the day of activities held by CEED in observance of Entrepreneurship Month. Three judges reviewed the submissions and listened to the three-minute pitch which was followed by questions and answers provided by the applicants. The judges scored the entries based on the InnovateHER criteria, business plan submission, and pitch.

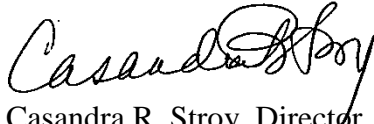
Statement of Support

The Center for Entrepreneurship and Economic Development (CEED) at Bethune-Cookman University was established in support of the underrepresented populations in the southeastern region that includes Volusia County and the City of Daytona Beach. The InnovateHER is a unique opportunity for those desiring to take an entrepreneurial approach in providing an innovative solution to an issue or problem. More importantly the InnovateHER challenges entrepreneurs in particular those who head more than 50% of the households nationwide to creatively provide products and services that improves the quality of life for those groups that significantly impacted by females.

NavaPets examined the needs of the most neglected of families, yet one of the more important members of the family, the pet. Family pets are important to the unit because for the most part they give the youngest members something to care for, generate a sense of pride and responsibility. Therefore, it is only natural that the family pet be considered as part of improving the quality of life in general. Based on the formula that is part of the CEED Model (ICE) $\text{Innovation} + \text{Collaboration} = \text{Entrepreneurship}$, NavaPets meet each of the criteria identified.

The product is innovative because it provides a wholesome, safe and healthy product for the pet owner and pet. Further, it is targeting a growing market as society is more health conscious and strategic in the selection of organically made products for use and consumption. The principals of NavaPets identified areas of collaboration which provides a competitive edge in the market. Understanding the mechanics of organic products and their importance to the market positions NavaPets for continued growth and sustainability. This is an entrepreneurial approach to providing quality products for the consumer that seeks high quality products for grooming and maintaining a healthy pet.

On behalf of the Center for Entrepreneurship & Economic Development Local Challenge Competition, we are submitting **NavaPets** as the winning entry for the InnovateHER Challenge receiving the highest score. The event was held on November 4, at 6:00 pm on the campus of Bethune-Cookman University.

A handwritten signature in black ink, reading "Casandra R. Stroy". The signature is fluid and cursive, with the first name "Casandra" being more prominent than the last name "Stroy".

Casandra R. Stroy, Director
Center for Entrepreneurship & Economic Development
Bethune-Cookman University
Daytona Beach, FL 32114



BUSINESS PLAN

5401 S. KIRKMAN ROAD

SUITE 310

ORLANDO, FL 32792

P: (407) 409-3284

F: (888)240-4062

JANEL YOUNG, MBA

PRINCIPAL OWNER

Business Plan Contents

1.0 Executive Summary	7
1.1 Mission.....	8
1.2 Objectives	8
1.3 Keys to Success	8
2.0 Company Summary.....	9
2.1 Start-up Summary	9
3.0 Products	9
4.0 Market Analysis Summary	10
4.1 Market Segmentation.....	11
4.2 Market Penetration	12
4.3 Target Consumer Market.....	13
4.4 Competition Summary	13
5.0 Marketing and Sales Strategy	14
5.1 Competitive Edge	14
5.2 Marketing Strategy.....	14
5.3.1 Sales Forecast	15
5.3.2 Distribution Strategy.....	16
6.0 Management and Personnel Summary	17
6.1 Personnel Plan	17
7.0 Financial Plan Summary.....	18

1.0 Executive Summary

Nava Pets is an all-natural pet care company. Our commitment is to create solutions in an Organic, Eco-friendly manner to resolve common pet issues. We manufacture a line of organic pet care products that are unrefined, safe, and gentle to use. We passionately believe that pet owners desire to provide their pets with the same healthy and long lifestyle that they expect for themselves. Its founder, Janel Young, MBA is an animal advocate, health enthusiast, as well as a previous pet and business owner. Nava Pets was formed in 2013 to bring these unique products into the marketplace. An advisory board team of various industry professionals has been established to provide assistance in executing with the upgraded product launch. Start-up costs for the expansion will be used to finance or lease a physical warehouse location, upgraded manufacturing equipment, product inventory, and cash flow.

Most of today's pet owners treat their pets as family members and are interested in purchasing products of the same quality and healthy ingredients that they would expect for themselves. As a pet owner, maintaining clean grooming for your dog or cat is a daily responsibility. This includes keep their fur skin healthy, odor free, and eliminating common pests such as fleas and ticks. If not treated properly, poor grooming could lead to long term health issues for the pet as well as the owner they live with.

In response, Nava Pets is preparing to launch a new organic line of pet care products. The Nava Pets line consists of the following: 1) Organic Dry Pet Conditioning Shampoos; 2) Organic Dry Flea & Tick Shampoos; 3) Organic Liquid Shampoo; 4) Organic Pet-Itch Relief Oil and Spray; 5) Organic Pet Paw Balm; 6) Organic Grooming Kits, and 7) Organic/Natural Pet Treats.

Using the finest certified organic and food grade ingredients, we created a unique herbal blends that are gentle and safe for pets. We carefully selected each ingredient based on supportive research of their healthy or repellant benefits and created a balance formula that is appropriate for all types of dogs and cats. That's why our products are fresh and simple, containing no oils, artificial ingredients or fragrances. Many of our herbal ingredients are well known and currently being used in other organic pet products or recognized as supplements by natural, holistic or preventative health specialists.

Nava Pets' will market individuals and/or families whose central focus is creating a healthy lifestyle for their whole family. Their pets are included within that family unit. The potential for those individual consumers is strong because 55% of U.S. households own a cat or dog. Based upon the 2010 Census report, that number represents 154,782,078. They associate, research, and advocate good living tied to organic and local food or non-food products. Always expecting to buy high quality ingredients that work as preventative agents to heal the body, yet love vivid tastes or smells. Pets' desires are perceived similar to their owners and their parents are willing and able to purchase these products in hopes for them to live a long life as well. Much of their shopping experiences consist of stores or online marketplaces that feature products that abide to a certain green standard, transparency, and branding.

Nava Pets will establish sales and distribution channels with these criteria to ensure mass availability of our line. While there are many competitors who sell similar dry shampoo products, very few offer an organic line that work for both dogs and cats. Many pet owners determine purchases based on its usage, type of ingredients used, and costs. At Nava Pets, we believed our organic line meets and exceeds these traits as well as the unique blend offers a competitive niche.

1.1 Mission

At Nava Pets, our mission is to provide health and wellness for your best friend naturally. The company's products are:

- Functional – intended to treat specific pet care concerns in an effective manner
- Naturally organic – containing only natural ingredients, with at least 70% of ingredients from a certified organic supplier.
- Eco-friendly – created taking into consideration the safety of pets, their owners and the environment

We understand that most pet owners treat their pets as family members, and are therefore interested in providing the same quality and healthy environment that they would expect for themselves.

While focusing on safe and healthy products, we also take into consideration the differences between a pet's senses and that of their owners, focusing on developing products that will be pleasing to the owners, and also have an appealing taste or smell to their pets.

1.2 Objectives

- Develop a profitable, sustainable business that develops, manufactures and distributes quality naturally organic pet products.
- Establish the company's brand as an innovative, quality provider of naturally organic pet care products.
- Form distribution channels and achieve sales volume targets within the first (3) years of operation.
- Actively promote pet safety, health, and wellness.
- Support pet associations that provide adoptions, rescue, and promote the humane treatment of animals.

1.3 Keys to Success

- **Quality products at a competitive market rate.**

The company's ability to achieve its objectives is dependent of establishing manufacturing capabilities and quality control procedures that ensure that quality standards of the products, while maintaining a competitive pricing structure.

- **Strong distribution channels.**

The company will distribute its products directly to consumers via various Internet channels, and will focus on expanding its distribution through pet boutiques and natural food stores.

- **Developing branding and customer loyalty.**

Developing brand recognition and building customer loyalty among consumers that favor natural and organic products is key to the company's success

- **Secure adequate funding and resources.**

The company must secure funding through various channels to support the following projects: 1) build up its manufacturing capabilities in order to fulfill distribution requirements; 2) maintain positive cash flow during initial growth phase; and 3) continue research and development of new products to expand line.

2.0 Company Summary

NAVA Pets is will be a registered FL C-Corporation entity. The company will be managed and owned by Janel Young, MBA along with oversight from an advisory board and the hiring of professional or consultation services such as a Veterinarian Consultant.

2.1 Start-up Summary

Start-up funds needed for the company total \$55,500(+/-) and will be distributed as follows:

- Machinery equipment to produce cost of goods, ingredients inventory; trademark fees and prototyping.
- Corporate brand development: website design, marketing materials and advertising.
- Administrative costs: legal fees, licensing and other general administrative costs.
- Physical location: interior improvements, office equipment, software and miscellaneous purchases.

Start-up costs will be financed using a combination of owner/family investments, grants or crowd funding, and loans. If possible we will also seek pre-paid individual and commercial sales.

3.0 Products

Nava Pets' will manufacture and debut a new and improved pet care organic line for household pets. The Nava Pets line consists of the following:

- 1) Organic Dry Pet Conditioning Shampoos (5 Scents);
- 2) Organic Dry Flea & Tick Shampoos (3 Scents);
- 3) Organic Liquid Shampoo;

- 4) Organic Pet-Itch Relief Oil and Spray;
- 5) Organic Pet Paw Balm;
- 6) Organic Grooming Kits;
- 7) Organic/Natural Pet Treats (Various Flavors)

All products will be manufactured onsite. If product line demand exceeds our manufacturing capacity then we would be open to contracting with to a larger private-label manufacturer. Over the next three years, Nava Pets will continue expand their brand by introducing new complimentary products or services based upon customer and market demand.

3.1 Why Organic Pet Supplies?

Many customers demand natural and organic products to maintain the healthy lifestyle they desire. **Why not offer the same natural and organic body care products for their pets as provided for humans?** Families love and pamper there animals in various ways. Pets play a major role as an extended family member. This includes strong purchasing influence on many essential and non-essential purchases. Majority of those purchasing decisions are made on their behalf by women. **In U.S. households, women account for 80% as the primary family shopper.**

When buying pet shampoo, you may ask yourself, **"Why buy Organic?"** The answer lies with the materials and the by-products of the manufacturing process. Traditionally manufactured pet products are made with synthetic fibers. The companies that produce such products are polluting the environment greatly. These companies release millions of pounds of toxic chemicals into the air, water, and soil. This alone can cause your pet, and you, to be exposed to these poisons that are harmful. The release of these chemicals also causes biodegradation in the soil and water, and the dangerous toxins are also carried into the troposphere, the lowest atmospheric layer, where they will remain, causing damage for long periods of time.

As if the deterioration of our environment isn't enough, the products that these companies produce are harmful to our pets as well. In 2007, there was a major recall on pet food when the FDA discovered that the wheat gluten used in the pet food was tainted with melamine. Melamine is a chemical substance used in plastic, and is thought to be used to make the pet food to appear to have more protein. Melamine is extremely harmful to animals because it causes the formation of crystals in the kidneys, which can progress to kidney failure. Many dogs and cats have died from eating food tainted with melamine.*

Buying organic supplies gives you the peace of mind knowing that you are providing the best food & supplies for your pet. By utilizing organic products you will improve the quality of life and longevity of your pet. Also, many companies that produce organic pet products are environmentally conscious, using all natural materials throughout the manufacturing process. This gives you all the more reason to buy organic eco-friendly supplies for your pet.

*Reference: **Scott Van Etten** Copyright © 2009

4.0 Market Analysis Summary

The overall Supplies/OTC Medicine market demand for natural and organic pet products or services from manufacturers is expected to reach an estimated record yearly growth

of close to 6%; reaching close to \$6 billion by 2015. More specifically, sales of non-food natural and organic pet supplies increased 107 percent, to \$356 million, between 2004 and 2009, with revenues expected to reach \$885 million in 2015. Nava Pets' product would be marketed within the pet supplies segment. After careful research study, the following factors have contributed to the Supplies/OTC Market success and growth:

- 1) U.S. household expenditures on pet products and services have outpaced spending in most other consumer categories.
- 2) Past combined growth rate of 87.5% during the periods of 1994-2004 shows demand remains strong.
- 3) Market driven by humanization of pets within U.S. households.
- 4) Trending shifts towards natural and preventive health practices and products for pets will continue to fuel market growth. APPA: http://www.americanpetproducts.org/press_industrytrends.asp

One marketing company, Market Research, states that "inadequate marketing has resulted in annual sales returns well below the level this market should deliver," which indicates that growth in this market could be much stronger if marketing efforts were more sophisticated than they are in the current fragmented markets. Market Research: <http://www.marketresearch.com/>

Based on our industry research, we think we have opportunities to attract customers from the following market groups:

- Natural food stores
- Pet Stores/Boutiques
- Individual consumers

The first two groups were selected because they offer growth outside of the "usual" pet products consumer; their reception of the product will help in establish product distribution, brand awareness and influence individual consumer purchases.

4.1 Market Segmentation

The four target market segments selected for this product are grocery specialty stores, pet stores/boutiques and individual consumers. Each segment listed and described below in detail.

Natural Food Stores

The 2012 *Natural Foods Merchandiser's* Market Overview presented statistics on store operations and the state of the natural products industry. From \$1.9 billion in 1980 to \$37 billion in 2011, sales in the natural products retail channels have come a long way. The sales contributions consist of natural and organic foods, dietary supplements and other natural products through such diverse channels such as food, drug and mass retailers; multilevel marketing; health care practitioners; mail order; and the Internet are also included in the \$91 billion natural products industry.

To complete industry sales subtotals from smaller natural product retailers, product sales in all of these store categories were added up, totaling \$37 billion in natural products, supplements and other (including personal care, books, household products and pet products) and \$11.4 billion in organic food and nonfood products. Organic

figures were also compared and reconciled against findings from the Organic Trade Association's 2012 Organic Industry Survey data, also compiled by *NBJ* in the first quarter of 2012.

Specifically to pet category, the 2011 Market Sales include the following:

- \$670 million in total sales
- 4.5 % increase from 2010
- \$210 million in organic sales
- 7.3% increase from 2010

Pet Stores/Boutiques

Pet owners will invest in products as disposable income rises. IBIS World's Pet Stores market research reports that pet ownership will continue to rise, driving revenue growth in this industry, particularly within the pet food segment. Further, the trend of pet indulgence is increasing the popularity within the pet food segment. Further, the trend of pet indulgence is increasing the popularity of diverse pet services such as grooming, walking and even pet therapy. Nonetheless, specialty pet stores continue to compete with supermarkets and big-box stores that carry large inventories of similar products at lower prices.

More than half (63.8%) of the Pet Stores industry's revenue comes from two specialty supply retailers: PetSmart and PETCO. The other portion of the industry consists of family-owned stores, small franchises and small chains of pet stores. The industry has a moderate level of concentration with the top four companies generating an estimated 68.8% of the industry's revenue. Although there is a moderate degree of market share concentration, small operators are still able to find niche markets in their geographical locations, and rarely expand beyond those areas.

IBIS World estimates that by the end of 2014, the industry will have about 13,613 pet stores/boutiques, of which about 59.1% will be operated by a small business with no employees.

Individual Consumers

The largest number potential of buyers for these products are individual consumers. Industry experts estimate that more than 55% of U.S. households own at least one pet cat or dog; many own multiple pets. The 2010 Census reported a total population of 281,421,960; 55% of that number represents our potential individual consumer market, 154,782,078.

4.2 Market Penetration

Ninety-one (91%) percent of pet owners consider their animals a part of the family, according to a recent online poll by Packaged Foods in 2010, a market research firm in Rockville, Md., and nationwide sales reflect that. Sales of non-food natural and organic

pet supplies increased 107 percent, to \$356 billion, between 2004 and 2009, with revenues expected to reach \$885 million in 2015.

Based upon these additional findings, Nava Pets was clearly able to identify the following market niche which to launch its product line to:

Sales of non-food natural and organic pet supplies

This market segment is certainly large enough to handle another product entry and Nava Pets could remain a standing competitor. Industry experts report that the pet products industry is competitive and highly fragmented with no clear brand leadership, and underutilized marketing opportunities.

4.3 Target Consumer Market

Our target group is college educated singles, families or Baby Boomers whose household income is greater than \$55,000. They usually work in the professional roles, management or retired. This segment is driven by experiences in all aspects of their lives. They are at the forefront of the 'foodie' craze. They eat for pleasure, for health or for some idealized vision of family life. They are biased toward natural, organic or locally sourced food. They shop at farmers markets, specialty retailers and grocery stores that cater to their food sensibilities. They are big consumers of more exotic type foods that enable them to experiment and be creative in their meal planning. They do plan their purchases but will buy on impulse if something interesting catches their eye.

4.4 Competition Summary

We have many competitors in the pet products industry. However, the following list below is a sample of major competitors that sell similar dry powder shampoo product as well as estimates of their product penetration that is currently available for sale. However only two (2) of these brands would qualify as non-food natural and organic pet supplies. Most of these brands are done by private labeled manufacturing; so product specific market penetration analysis is not readily available. A price comparison analysis was also done and the Nava Pets' line is within that competitive mean rate. The mean rate was \$1.87 per ounce.

- Naturvet - Petco and Pet Supermarket Stores, Online Retailers
- Only Natural Pet* - Only Natural Pet Store, Petco Online only, Online Retailers
- Four Paws Magic Coat - Petco, PetSmart and Pet Supermarket Stores, Online Retailers
- Zodiac - Petco and PetSmart stores, Online Retailers
- Eco-Me* - Online Retailers, PetSmart Online

Current consumer buying habits for pet supplies are driven primarily by the products' functionality, ingredients and price level.

5.0 Marketing and Sales Strategy

Nava Pets' marketing strategy is to provide high-quality naturally organic products that are effective to pet care needs while being environmentally and socially responsible. We want our products to be the standard by which similar products will be measured in our target market.

Strategic Assumptions:

- Our customers treat their pets as family members and care about their health and well-being.
- Many of our end-users have high quality expectations for their pets because of their lifestyle selection of food and non-food goods.
- Products adopted by the commercial markets and online channels will lead to brand establishment, acceptance and recognition.
- Individual consumers will more readily use our products due to the natural and organic components.

Profits will be used for new product development and incremental improvements for existing products, and to expand our marketing and sales efforts to establish our line as a national brand.

5.1 Competitive Edge

As pet owners become more aware of product recalls, harmful artificial and chemical additives; has placed a strong, growing demand for natural and organic pet supplies that provide preventive and healthy treatment for animals. The Nava Pets' pet care line is within great timing for market entry. For example, our dry conditioning shampoos in the market, will be the first USDA Organic Dry Shampoo. These eliminates most negative effects on pet skin while having effective results in eliminating odors, healthy fur growth and/or naturally repel fleas and ticks. Our product provides a sustainable competitive advantage for the following unique reasons:

- Our herbal blend consists of minimum of 70% certified organic ingredients, which is the first (1st) of its kind for this niche product type.
- These products contain no essential oils which our competitors use which can have toxic or deadly effects over long term use.
- This line is designed specifically for the pets' health and wellness needs; while providing pet-friendly scents that smell pleasant to the owners.
- Each product is eco-friendly because there are no artificial ingredients or fragrances.
- A portion of our proceeds will go towards various pet rescues or agencies to promote pet wellness and adoptions.

5.2 Marketing Strategy

In the first year of operation, our marketing strategy will be to establish brand name, product line, sales and distribution channels. Marketing efforts will include trade show participation; submitting product packages to wholesalers or distributors, and advertising online as well as trade and lifestyle magazines. In subsequent years, we will expand our marketing efforts to include airing cable/prime television commercial spots, sponsoring various pet shows, events and industry conferences.

5.3 Advertising Strategy

Health and organic lifestyle consumers are informational intensive; they heavily rely on the web/social media than any other outlet. In order for Nava Pets to reach out to our primary base target; we will create and promote brand-style advertisements, such as linking through micro-websites that provide the full story for the pet consumer. Also will work with selective, major online and pet media outlets like the Chicago Tribune, Dog/Cat Fancy and The New York Times in key markets across the country that have an organic or green conscious theme.

5.3 Sales Strategy

The company intends to focus its initial sales efforts directly and through distribution outlets to establish product reliability and brand recognition for the company aggressively. This strategy will generate less net profit per bag, but increase sales due to higher volumes. The company will identify and work with these prospects directly and with industry representatives to secure clients. Sales directly to individual consumers will be serviced through the company's website, through catalogues and select online marketplaces that are company operated (i.e. eBay, Amazon, Bonanza).

Initially, Nava Pets will manufacture product line in batches of 500lbs. and ship out orders directly to individuals, drop ship, and wholesale clients. Order processing, manufacturing, delivery and shipping will be managed using electronic data interchange (EDI) methods to minimize order processing times, facilitate order tracking and optimize customer and vendor information management will also be done internally. All shipping vendors (i.e. USPS, FedEx, and UPS) will be used based upon client's order size, location, and required order delivery time.

To ensure that we are meeting (and hopefully exceeding) customers' expectations, consumers will be asked to complete a satisfaction survey, products reviews and social media regarding the level of service received from the beginning of the sales process to delivery and installation (where applicable), including follow-up and future service needs.

5.3.1 Sales Forecast

The sales forecast table shows Nava Pets has taken a conservative scenario approach for the next three years of operations. Our start-up year reflects growth estimates of what

may occur when introducing a new product to the mass market. Sales may fluctuate due to weather seasons, flea/tick cycles as well as new product demand or budgetary cycles from individual and commercial clients.

Individual consumer sales may also fluctuate seasonally, but we are estimating flat monthly sales for all market segments with minimum annual sales growth of 10% on average of the low and high end industry expert sales forecasts. This time table is flexible and can be accelerated based on demand.

Based on current economic indicators, we set the direct cost of sales to increase at a minimum rate of 5% for the first three years of operation. This too is flexible and can be adjusted based on changes in the economy. Cost of sales includes manufacturing, packaging and delivery costs.

5.3.2 Distribution Strategy

At Nava Pets, we realize strategic distribution is imperative for us to establish brand presence, product recognition and a strong competitive advantage. After careful research and market testing, we determined our distribution will be primarily driven by the following objectives: a) to broaden market coverage; b) enlisting product support with retail partners and c) establishing many channel outlets nationally. These channels are divided into three main categories: 1) Direct/Online Sales; 2) Retailers (Wholesalers) and 3) Distributors. Each will channel will progress in phases over a three year period. These level phases are subject to demand, channel types, and market share.

Distribution Phases:

Level 1 – Target independent natural food stores, pet boutiques of 100 locations or less and other independent online pet channels directly, through small distributors or outsourced sales reps and manufacturing reps (i.e. Tree of Life, Sweet Bay, Amazon.com and Wag.com).

Level 2 – Target independent, regional or national retail chains of natural food stores, pet stores of 300 locations or less directly, online and through mid-large size pet or natural food sales brokers/ reps, manufacturing reps and distributors. As well as continue expanding other independent online partnerships (i.e. Publix, Whole Foods, PETCO and All Natural Pet Store).

Level 3 – Target national retail chains of natural food stores, pet stores of 500 locations or more directly, online and through mid-large size pet or natural food sales brokers/ reps, manufacturing reps and distributors. This would include securing shared distribution through selective discount retailers and/or exclusive private label contracts (i.e. Fresh Market, Trader Joe's, Target, and PetSmart). Start expanding into selective international retail markets that are within our target market group (i.e. UK).

6.0 Management and Personnel Summary

The management team of Nava Pets consists of a unique partnership with the principal owner, external counsel, professional consultants and an advisory board. Ms. Janel Young recognizes the importance of building a strong team while minimizing the company's fixed costs, and retaining a flexible structure that will incorporate additional expenses only as they become necessary to the company's growth. This company will seek to create the appropriate personnel infrastructure, along with the oversight of senior level executives on a regular basis.

Ms. Young, MBA, is the company founder and principal owner of Nava Pets, Inc. She has over 10+ years of managerial, operational and technical expertise in areas such as financial services; consulting; real estate; marketing and education. Ms. Young has strong business, customer service and sales foundation and has worked in environments ranging from starting small businesses to working in Fortune 500 companies and government agencies. This broad range of skills, experiences and strong passion for animal advocacy, formed the launch of this new and exciting company venture. Key personnel have been selected and confirmed to form this group partnership. These areas covered include: accounting, legal, technology, personnel and veterinarian services.

6.1 Personnel Plan

Nava Pets, Inc. will initially need to hire the following category positions for the expansion:

Managing Director:

- Ms. Young will initially serve as managing director and oversee all aspects of the company operations such as business development, inventory operations, and client management. As well as confer with the board regularly for guidance in strategic implementation through company's growth phases.

Manufacturing & Quality Control:

- Production Lead and Assistant - Two staff persons for product production, shipping and delivery. These positions will coordinate all aspect of order fulfillment, manufacturing and other duties as needed. Quality control management will be handled initially by the managing director. Additional production staff will be added as needed when production volumes continually increase.

Sales:

- Sales Representative - One independent contractor, preferably with pet industry experience to assist with business and distribution development as well as account sales management for the company. Commissioned sales would be based upon a tier level incentives and/or bonuses due order size, sales amount, product frequency. As sales increase will hire and/or outsource pet sales teams and brokers.

Administrative and Accounting Support:

- Administrative Assistant/Bookkeeper - One staff person will assist with any administrative activities such as receptionist, customer service, accounts

payable/receivables and office logistics. Full accounting and payroll services will be handled through outsourced professional services. The costs related to the manufacturing staff have been included in the products' manufacturing costs as described in more detail in the company's financial exhibits. The sales staff position is commissioned based and has been included in the Profit & Loss statement as a variable Sales Expense and calculated as a percentage of sales volume. The administrative support staffer and managing director salaries estimates are included under Personnel expenses based upon the number of hours worked per week. The company will focus on providing a rewarding and respectful work environment to its employees. It is the company's long-term plan to offer its employees comprehensive employee benefits. However, due to cost constraints, employee benefits will be limited initially to those required by law.

7.0 Financial Plan Summary

Startup costs include the acquisition of production equipment, beginning raw materials inventory, and start-up expenses necessary to establish the production facility and commence operations. Most of the initial Advertising & Promotion expenses related to the improvements of the existing website and social media. It is anticipated that the needed equipment would be financed through a bank loan, and the remainder of the needed funds for inventory and cash flow would be obtained through a combination of stockholder's contribution, grants and crowdfunding.

Sales growth projections have been projected for three different distribution channels: direct/online, wholesale distribution to the retail trade, and sales to Distributors, with the largest contribution coming for the Distributors' channel. The Company's ability to meet projected sales is therefore largely dependent on its ability to reach agreements with its distributors. The Company is already in discussion with a number of distributors who have expressed an interest in entering into distribution agreements with the company.

The projections assume that all production will be done in-house, and include all expenses necessary to establish a production facility that will be capable of handling the projected volume. As the Company grows, it intends to seek agreements with third-party manufacturers to handle all or a portion of the manufacturing process. Once the company reaches a sufficient level of profitability and accumulates a cash reserve, it plans to reinvest profits in R & D in new products, existing product and operational improvements in efforts to expand marketing and sales efforts nationally. Consistent with the Company's objectives, it also intends to utilize a portion of its profits to support non-profit organizations such as pet adoptions, pet rescue agencies and/or at the owner's discretion. These expenses will be itemized in the later years of the business, and are not reflected in the current financial projections.

7.1 Financial Worksheets - Income Statement

NAVA PETS

Financial Projections for the first year of operations

INCOME STATEMENT

	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
SALES:													
Direct & Online Sales	1,749	1,749	1,749	2,624	2,624	2,624	3,498	3,498	3,498	4,373	4,373	2,624	34,980
Retail Trade	217	217	434	434	759	759	1,464	1,464	1,952	1,952	2,440	2,223	14,313
Distributors	0	14,990	0	14,990	14,990	0	14,990	14,990	14,990	14,990	22,485	14,990	142,405
TOTAL SALES	1,966	16,956	2,183	18,047	18,373	3,383	19,952	19,952	20,440	21,314	29,297	19,836	191,698
DIRECT COST OF SALES:													
Direct & Online Sales	419	419	419	628	628	628	837	837	837	1,046	1,046	628	8,372
Retail Trade	106	106	211	211	370	370	713	713	951	951	1,189	1,083	6,975
Distributors	0	7,010	0	7,010	7,010	0	7,010	7,010	7,010	7,010	10,515	7,010	66,597
TOTAL COST OF SALES	524	7,535	630	7,850	8,008	998	8,561	8,561	8,799	9,008	12,751	8,721	81,944
GROSS PROFIT	1,442	9,421	1,553	10,198	10,365	2,385	11,391	11,391	11,641	12,306	16,546	11,115	109,754
GROSS PROFIT %	73.33%	55.56%	71.14%	56.51%	56.41%	70.50%	57.09%	57.09%	56.95%	57.74%	56.48%	56.03%	57.25%
EXPENSES:													
Accounting & Legal	1,700	450	450	450	450	450	450	450	450	450	450	450	6,650
Advertising & Promotion	500	500	500	500	500	500	500	500	500	500	500	500	6,000
Depreciation	353	353	353	353	353	353	353	353	353	353	353	353	4,233
Insurance	50	50	50	50	50	50	50	50	50	50	50	50	600
Interest	175	173	170	168	165	163	160	158	155	152	150	147	1,935
Payroll	2,764	3,084	3,798	3,063	3,053	3,773	3,258	3,258	3,243	3,229	2,854	3,250	38,628
Payroll Taxes (Approx 8%)	221	247	304	245	244	302	261	261	259	258	228	260	3,090
Shipping and postage	100	100	100	100	100	100	100	100	100	100	100	100	1,200
Rent	750	750	750	750	750	750	750	750	750	750	750	750	9,000
Repairs and Maintenance	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Supplies	150	150	150	150	150	150	150	150	150	150	150	150	1,800
Telephone	200	200	200	200	200	200	200	200	200	200	200	200	2,400
Travel	175	175	175	175	175	175	175	175	175	175	175	175	2,100
Utilities	300	300	300	300	300	300	300	300	300	300	300	300	3,600
TOTAL EXPENSES	7,638	6,731	7,499	6,704	6,690	7,466	6,906	6,904	6,886	6,867	6,460	6,885	83,636
NET PROFIT (LOSS) BEFORE TAXES	(6,196)	2,690	(5,946)	3,494	3,674	(5,081)	4,485	4,487	4,756	5,440	10,086	4,230	26,118

7.1 Financial Worksheets - Cash Flow

NAVA PETS

Financial Projections for the first year of operations

CASH FLOW

	Pre-Startup EST	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Cash on Hand (beginning of month)	0	9,919	3,657	6,278	260	3,681	7,279	2,119	6,523	10,926	15,596	20,946	30,941	9,919
CASH RECEIPTS														
Loan from Owner	5,000													
Grants/crowdfunding	20,000													
Bank Loan	30,000													
Cash Sales		1,966	16,956	2,183	18,047	18,373	3,383	19,952	19,952	20,440	21,314	29,297	19,836	191,698
TOTAL CASH RECEIPTS	55,000	1,966	16,956	2,183	18,047	18,373	3,383	19,952	19,952	20,440	21,314	29,297	19,836	191,698
Total Cash Available (before cash out)	55,000	11,885	20,613	8,461	18,307	22,053	10,661	22,071	26,475	31,366	36,910	50,243	50,777	201,617
CASH PAID OUT														
Total Cost of Sales		524	7,535	630	7,850	8,008	998	8,561	8,561	8,799	9,008	12,751	8,721	81,944
Accounting & Legal		1,700	450	450	450	450	450	450	450	450	450	450	450	6,650
Advertising & Promotion		500	500	500	500	500	500	500	500	500	500	500	500	6,000
Insurance		50	50	50	50	50	50	50	50	50	50	50	50	600
Interest		175	173	170	168	165	163	160	158	155	152	150	147	1,935
Other taxes		0	0	0	0	0	0	0	0	0	0	0	0	0
Payroll		2,764	3,084	3,798	3,063	3,053	3,773	3,258	3,258	3,243	3,229	2,854	3,250	38,628
Payroll related expenses		221	247	304	245	244	302	261	261	259	258	228	260	3,090
Printing & Postatge		100	100	100	100	100	100	100	100	100	100	100	100	1,200
Rent		750	750	750	750	750	750	750	750	750	750	750	750	9,000
Repairs and Maintenance		200	200	200	200	200	200	200	200	200	200	200	200	2,400
Supplies		150	150	150	150	150	150	150	150	150	150	150	150	1,800
Telephone		200	200	200	200	200	200	200	200	200	200	200	200	2,400
Travel		175	175	175	175	175	175	175	175	175	175	175	175	2,100
Utilities		300	300	300	300	300	300	300	300	300	300	300	300	3,600
SUBTOTAL	0	7,810	13,913	7,776	14,200	14,346	8,111	15,114	15,112	15,331	15,522	18,858	15,254	161,348
Loan Principal Payment		418	421	425	426	429	431	434	436	439	442	444	447	5,192
Capital purchase (specify)	35,223													0
Materials inventory	3,777													0
Other startup costs	6,080													0
TOTAL CASH PAID OUT	45,081	8,228	14,334	8,201	14,626	14,775	8,542	15,548	15,548	15,770	15,964	19,302	15,701	166,540
Cash Position (end of month)	9,919	3,657	6,278	260	3,681	7,279	2,119	6,523	10,926	15,596	20,946	30,941	35,077	35,077

7.1 Financial Worksheets – Balance Sheet

NAVA PETS

Financial Projections for the first year of operations

BALANCE SHEET

		As of the End of:											
	Beginning	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12
ASSETS													
Current Assets													
Cash in Bank	9,919	3,657	6,278	260	3,681	7,279	2,119	6,523	10,926	15,596	20,946	30,941	35,077
Accounts Receivable													
Prestart up Expenses	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830	4,830
Inventory	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777	3,777
Total Current Assets	18,526	12,264	14,885	8,867	12,288	15,886	10,726	15,130	19,533	24,203	29,553	39,548	43,684
Fixed Assets													
Build Out	-	-	-	-	-	-	-	-	-	-	-	-	-
Equipment	32,200	32,200	32,200	32,200	32,200	32,200	32,200	32,200	32,200	32,200	32,200	32,200	32,200
Fixtures	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023
Signs	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Fixed Assets	35,224	35,223	35,223	35,224	35,223	35,223	35,224	35,224	35,223	35,223	35,224	35,223	35,223
Accumulated Depreciation		(353)	(705)	(1,058)	(1,411)	(1,764)	(2,116)	(2,469)	(2,822)	(3,174)	(3,527)	(3,880)	(4,233)
Net Fixed Assets	35,224	34,871	34,518	34,166	33,813	33,460	33,108	32,755	32,402	32,049	31,697	31,344	30,991
Other Assets													
Utility Deposit	500	500	500	500	500	500	500	500	500	500	500	500	500
Rent Deposits	750	750	750	750	750	750	750	750	750	750	750	750	750
Total Other Assets	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
TOTAL ASSETS	55,000	48,385	50,653	44,283	47,351	50,596	45,084	49,135	53,185	57,502	62,500	72,142	75,925
LIABILITIES													
Current Liabilities													
Accounts Payable	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-
Long Term Liabilities													
Bank Loan	30,000	29,581	29,159	28,736	28,309	27,880	27,449	27,015	26,578	26,139	25,698	25,254	24,807
Total Long Term Liabilities	30,000	29,581	29,159	28,736	28,309	27,880	27,449	27,015	26,578	26,139	25,698	25,254	24,807
TOTAL LIABILITIES	30,000	29,581	29,159	28,736	28,309	27,880	27,449	27,015	26,578	26,139	25,698	25,254	24,807
EQUITY													
Stockholder's Equity	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000	25,000
Retained Earnings													
Total Current Year Profit/Loss		(6,196)	(3,506)	(9,453)	(5,958)	(2,284)	(7,365)	(2,880)	1,607	6,363	11,802	21,888	26,118
TOTAL EQUITY	25,000	18,804	21,494	15,547	19,042	22,716	17,635	22,120	26,607	31,363	36,802	46,888	51,118
TOTAL LIABILITIES & EQUITY	55,000	48,385	50,653	44,283	47,351	50,596	45,084	49,135	53,185	57,502	62,500	72,142	75,925

7.1 Financial Worksheets – Summary of Assumptions

NAVA Pets

Financial Projections for the first year of operations

Summary of Significant Assumptions

START UP COSTS		START UP FUNDS	
Capital Equipment:		Cash from personal savings	5,000 9%
Furniture & Fixtures	3,023	Grants/crowdfunding	20,000 36%
Machinery	32,200	Loan from bank (equipment)	30,000 55%
Total Capital Equipment	35,223	Total Start Up Funds	55,000 100%
Preopening Expenses:			
Rental deposit	750		
First month rent	750		
Utility Deposits	500		
Accounting and legal	1,500		
Insurance	460		
Advertising & Promotions	2,000		
Printing Set Up fee	120		
Total Preopening Expenses	6,080		
Opening Inventory			
Raw materials	2,738		
Labels and bags	607		
Product samples	432		
Opening Inventory	3,777		
Total Start Up Expenses	45,081		
Cash Available for Working Capital	9,919		
SALES AND COST OF SALES			
Sales price per unit:	Direct/Online Sales - Based on current sales price, which is in line with average & mean price per ounce of key competitors. Wholesale price - Suggested retail price / 1.5, plus shipping costs Distributors price - Wholesale price /1.5, plus shipping costs		
Cost per unit	Cost per unit includes: (1) Raw materials, including shipping costs, based on cost of product formula to manufacture a product batch, divided by bag size ; (2) Packaging and labels, (3) estimated labor costs. For wholesale units, estimated cost per unit also includes sales commissions.		
Number of units sold	Direct/online sales - Projected based on monthly unit sales, using existing unit sales as a starting point, and increasing gradually throughout the year. Wholesale sales - Based on the number of projected retail stores times estimated orders of 10 bags per order intially and increasing to 15 towards the end of the year. Reorders estimated every 60 days Distributors - Assumes 3 distribution arrangements during the period, with estimated orders of 10 cases per order, and reorders every quarter.		
EXPENSES:			
Accounting, Legal & HR	Accounting: Initial cost to set up accounting system, and monthly retainer to accounting firm for tax compliance and assistance as needed Legal: Initial assistance with lease, distribution and other contracts, and monthly retainer for legal assistance as needed HR - Estimated cost of payroll processing company to handle all payroll related matters, including payroll tax compliance		
Advertising & Promotion	Includes cost of improving existing website, and developing advertising and promotion plan		
Depreciation	Based on straight line depreciation over estimated useful life as follows: Machinery and production equipment - 7 years, Office furniture - 5 years, Computer equipment - 3 years		
Insurance	Cost of Commercial General Liability Policy (\$1 million per occurrence, \$ 2 million aggregate)		
Interest Expense	Projections assume that the equipment will be financed through a bank loan for a 5 years period at an interest rate of 7%.		
Payroll & payroll taxes	Based on estimated number of employees, as described in the Business Plan, plus estimated payroll taxes of approximately 8%. At this point, the company assumes no other employee benefits will be offered. Production compensation costs in excess of those allocated to Cost of Sales are included in Administrative Expenses		
Shipping & postage	Shipping costs related to wholesale and sales to distributors have been included in Cost of Sales. Shipping costs related to purchase of raw materials have been included in inventory costs, and Cost of Sales. Printing & postage expense includes estimated amount needed to cover shipping of samples and other miscellaneous printing/shipping needs		
Rent	Includes estimated amount to lease a 1,200 square foot warehouse space, including CAM.		
Utilities	Estimated utilities in connection with warehouse space		
BALANCE SHEET:			
Receivables/ Payables	At this point, the projections assume that all inventory purchases are paid, and all sales are collected in the month in which they occur. While that has been in the case in the transactions that have occurred to date, it is anticipated that larger inventory purchases as well as sales to distributors may have a lag of approximately 30 days. The impact of the lag on cash flow needs has not yet been included in the projections, and may increase the amount of cash needed for cash flow during the start-up period.		