

# BUSINESS PLAN

## Double Blessings Inc.

**Double Blessings** designs and markets eco-friendly breastfeeding products. Our premier line - **San Diego Bebe®** - is a line of nursing pillows designed for discreet nursing in public. We offer two sizes, one for a single baby and a larger version for twins. Eco-friendly, hypo-allergenic, non-toxic and foam-free, we never use fire-retardant chemicals or toxic glues. We pride ourselves in manufacturing the healthiest choice nursing pillows on the market today. Our pillow design is patented, with unique features, including a cool built-in *Privacy Cover™* for discreet nursing in public and a *Comfort Bolster™* that prevents baby from rolling off the pillow.



**Sandy Clark, CEO | Product Developer**

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# **BUSINESS PLAN**

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**Sandy Clark, CEO | Product Developer**

Submitted October 23, 2015

# **1. EXECUTIVE SUMMARY**

## **1.1 Product**

Double Blessings designs and markets eco-friendly breastfeeding products. Our premier line - San Diego Bebe® - is a deluxe line of eco-friendly nursing pillows for singletons and twins. Eco-friendly, hypo-allergenic, non-toxic and foam-free, we never use fire-retardant chemicals or toxic glues. We pride ourselves in manufacturing the healthiest choice nursing pillows on the market today. Our pillow design is patented, with unique features, including a cool built-in Privacy Cover™ for discreet nursing in public and a Comfort Bolster™ that prevents baby from rolling off the pillow.

## **1.2 Customers**

My target audience is pregnant and newly post-partum women. According to the latest findings (The CDC's Breastfeeding Report Card), the percent of US infants who begin breastfeeding is high at 77%, however, that rate drops to less than 30% by just three months. The American Academy of Pediatrics recommends exclusive breastfeeding for the first six months. As a long-time breastfeeding advocate, my goal is to increase those numbers by offering supportive tools to encourage and empower more women to breastfeed at birth and to breastfeed for as long as possible during the first year.

Breastmilk contains antibodies that helps babies fight off viruses and bacteria, lowers their risk of having asthma or allergies, and exclusive breastfeeding for the first 6 months, without any formula, results in fewer ear infections, respiratory illnesses, and bouts of diarrhea. Breastfeeding may also help children avoid a host of diseases that strike later in life, such as type 1 and type 2 diabetes, high cholesterol, inflammatory bowel disease, and some cancers. In fact, preemies given breast milk as babies are less likely to have high blood pressure by the time they're teenagers.

## **1.3 What Drives Us**

I have just developed a new nursing pillow, with the same patented features and benefits, that will be more cost-effective to manufacture. I have also expanded this line with newly-developed key accessories like eco-friendly washable nursing pads, nursing cover-ups, pillow covers, toppers and positioning pillows. My focus in the past has been to build my brand through wholesale and retail, but moving forward, I would like to pursue licensing and private label possibilities. This will allow me to grow my business by focusing my time on product

development and brand expansion, and eliminating the cost of maintaining and managing a warehouse.

## **2. COMPANY DESCRIPTION**

### **2.1 Mission Statement**

At Double Blessings, we are committed to developing baby products that are safe and healthy. Extremely passionate about sourcing materials free of toxic chemicals for our products, we believe there is a new generation of eco-conscious parents who want affordable, safe and healthy options without sacrificing function and quality.

### **2.2 Principal Members**

- Sandy Clark - CEO, Product Developer, Business Manager
- Karmen Stanovich - Sales, Sourcing
- Heather Kirk - Website, Marketing, Social Media

### **2.3 Legal Structure**

Double Blessings Inc incorporated as an S-Corp, March 2001 in California.

## **3. MARKET RESEARCH**

### **3.1 Industry**

Double Blessings is part of the juvenile product industry. Over 4 million babies are born in the U.S. every year, so companies that make baby products have a broad and ever-changing

audience. Reports from retail industry monitors show that total U.S. spending on baby products was at least \$23 billion in 2013. Online sales alone - selling everything from baby clothes and furniture to strollers, toys and diapers - has grown at an annual rate of 14.5% from 2008 to 2013, to \$5.6 billion. The CDC reports that 77% of women breastfeed, with that number steadily increasing each year as more women are being educated - and influenced - by the tremendous health benefits of breastfeeding.

## **3.2 Customers**

Our target customer is the prenatal mother who makes her buying decisions during her 2nd and 3rd trimester. Although some women make the decision to breastfeed (or not) until the time she gives birth, she will then make the decision to purchase breastfeeding support products at a big box store or online (often from the hospital gift shop, birthing center resource center or even via Amazon from her hospital bed).

## **3.3 Competitors**

There are currently eight nursing pillows available in the marketplace right now. The top two brands are Boppy® (by Chicco) commanding \$40 million in annual sales, and My BrestFriend® (by Zenoff), with \$5 million in annual sales. Double Blessings is obviously a very small fish in a very large pond, who needs help expanding and promoting a tremendously worthwhile and innovative product.

## **3.4 Competitive Advantage**

San Diego Bebe® Nursing Pillows has several major advantages over our competition:

1. Made with a patented polyfiber inner pillow and without any added toxic chemicals or glues, it is:

- Free of fire-retardant chemicals
- Hypo-allergenic & non-toxic
- Eco-friendly & recyclable
- Odor-free, glue-free, foam-free, lead-free & Phthalate-free
- Available in two sizes: for a single baby and for twins

2. Our design has patented features that are unique amongst our competitors:

- **Privacy Cover™** - Vented cover-up allows airflow & discretion while nursing in public.
- **Angled Surface** - Encourages proper positioning, latch & swallow.
- **Comfort Bolster™** - Prevents baby from rolling off.
- **Back Pillow** - For optimum posture & comfort.
- **Adjustable Fit** - Secures pillow to mom.

3. We are competitively priced, include many features for optimum breastfeeding support and comfort - at home and in public - and, is a safe and healthy choice for newborns and their moms.

4. We have won over a dozen industry awards for product innovation including the 2015 Eco-Excellence Award in the Nursing Pillow category at Natural Child World Magazine. And, a few years ago, we won the Nursery Product of the Year award at the Australia Toy Industry show in Melbourne.

### 3.5 Regulation

There are numerous federal and state regulations that impact the juvenile products industry, including the Consumer Product Safety Commission (CPSC) and the National Highway Traffic Safety Administration (NHTSA). The baby products industry is also subject to voluntary standards and retailer requirements.

The American Society for Testing and Materials, ASTM, is a highly regarded non-profit organization that publishes standards for materials, products, systems and services. In addition, the Consumer Product Safety Improvement Act (CPSIA) is one of the largest-reaching federal requirements affecting the Juvenile Products Industry. In 2008, CPSIA gave the CPSC a significant role in creating and enforcing federal requirements as they pertain to children's products. In addition to staying informed and in compliance with state and federal standards, I have our products tested with a juvenile-product-certified 3rd party lab (Intertek) before we begin manufacturing.

## 4. PRODUCT/SERVICE LINE

### 4.1 Product or Service

I was inspired at a San Diego beach one day when I witnessed a young mother unsuccessfully nursing her baby. As the mother struggled to keep a blanket across her shoulder for privacy while her baby wailed from heat and hunger, I vowed then and there to design a product that would help resolve the issue of privacy while nursing in public. This was a totally relevant

observation for me, because when I was nursing, I wanted complete discretion. It's different for everyone, but for me, nurturing my baby during our breastfeeding sessions, was this intimate time that only we shared. And covering up around others was what enabled me to nurse anytime — anywhere — for two years.

For a long time, there have been limited choices in nursing pillows. As other products entered the marketplace over the years, they all seemed similar to the standard crescent-shape polyfill design, varying only slightly in size or fabric. Other pillows are made with inexpensive polyurethane foam, toxic resins and fire-retardant additives.

San Diego Bebe's inner pillow is innovative in its manufacturing process for several reasons. First and foremost, we use polyfiber and polyfill, a baby-safe, foam-free alternative, which eliminates the requirement to treat our product with toxic fire-retardants. I became aware (and concerned, as a parent) after I read a Duke University study on toxic chemicals in baby products. I sent our San Diego Bebe® to Duke to be tested and reviewed by the team that conducted the study. Duke Chemical Scientist Dr. Heather Stapleton, the nation's leading fire-retardant research specialist and team leader, and a new mother herself, said,

“It's wonderful to find a nursing pillow on the market that is not treated with chemical flame-retardant additives in the filling material. San Diego Bebe® is not only a very supportive pillow with amazing features for discreet nursing, but is also free of flame-retardant chemicals that have been shown to cause adverse health effects in animal studies. I applaud this manufacturer for taking steps to produce high quality products that meet the same flammability standards without using these chemicals.”

In addition to using an eco-friendly inner pillow, we have developed special tools to cut our shape from one piece and we never use any toxic glues. Secondly, our contoured and angled design promotes proper positioning, latch and comfort. Finally, our removable and washable covers are loaded with mom-inspired, patented features and benefits. An attached vented Privacy Cover™ hides in an integrated perimeter pocket when not in use. When needed, mom just reaches in, and lifts the elasticized neck strap over her head for instant privacy. It detaches easily with Velcro™ for easy machine wash and dry. The angled and contoured surface works in tandem with an innovative Comfort Bolster™ that prevents baby from rolling off the pillow surface. Two side Bottle Holsters® hold water bottles on the right-hand side to keep mom hydrated while nursing. All of these features are new designs to the world of nursing pillows.

Currently, we have the following designs:

**San Diego Bebe® Deluxe** - firm support polyfiber inner pillow with plush covers, in two models:

- **Singleton** - for nursing one baby
- **Twin** - for nursing twins simultaneously

As with any business, we have learned from our mistakes and evolved. Manufacturing cost is key. We have just received our final product samples to expand the San Diego Bebe® line. Now introducing:

- **San Diego Bebe® Soft Eco-Nursing Pillow** - soft polyfill inner pillow with bamboo or organic cotton
- **San Diego Bebe® Washable Waterproof Stay-in-Place Pillow Topper**
- **San Diego Bebe® Washable Eco-friendly Nursing Pads**
- **One-piece Nursing Cover-Up**
- **San Diego Bebe® Twin Inflatable Travel Nursing Pillow**

## 4.2 Pricing Structure

Double Blessings price points are:

- San Diego Bebe® Deluxe Singleton, \$59.99
- San Diego Bebe® Deluxe Twin, \$69.99
- San Diego Bebe® Soft Eco-Nursing Pillow, \$49.99
- San Diego Bebe® Washable Waterproof Stay-in-Place Pillow Topper, 2-pack \$9.99
- San Diego Bebe® Washable Eco-friendly Nursing Pads, 3-sets \$19.99
- One-piece Nursing Cover-Up, \$24.99
- San Diego Bebe® Twin Inflatable Travel Nursing Pillow, \$39.99

## 4.3 Product/Service Life Cycle

Our San Diego Bebe® Deluxe line is currently available for sale online and in stores. Our newest products in the **San Diego Bebe® Soft** line are currently being tested per CPSIA standards. Once testing is completed, we can begin production. However, samples are completed and on-hand.

## 4.4 Intellectual Property Rights

Double Blessings holds a US patent for the nursing pillow design (#8,418,295). We also have a US trademark on the San Diego Bebe® name and logo.

## 4.5 Research & Development

We just completed a year-long search for new developments in the textile industry, and are hoping to partner with a North Carolina-based textile company that is launching an anti-microbial fabric for use in our nursing pillow covers, cover-ups, and toppers. Our desire would



be to collaborate with them on an expanded baby category line that would include other nursery accessories such as bedding and bath products, as well.

We continue to monitor customer feedback via:

- Amazon reviews
- Bloggers
- Social media - Facebook & Twitter
- Email comments
- Juvenile trade shows - to monitor and observe market trends

We find tremendous insight by listening directly to the mothers and hospitals that are using our products, and utilize their feedback as a virtual focus group, to constantly improve and evolve our products. We find that this young generation of eco-conscious parents are educated and savvy, and anxious to share their thoughts, good or bad. This constructive criticism is paramount to developing new products and growing our brand.

## **5. MARKETING & SALES**

### **5.1 Growth Strategy**

To grow our company, Double Blessings is focusing now on pursuing licensing, private label and co-branded projects. We have seen a trend in the baby feeding market of companies who sell breastpumps. Now that insurance companies are obligated to cover the cost of expensive breastpumps (to encourage continued breastmilk feeding so women can return to work), there has been tremendous growth and increased competition in this area.

We have seen these companies expand their breastpump-only focus to include expanded nursing accessories. Several large companies have already licensed existing nursing pillows and we are now in a position to jump into this marketplace with our newest line. We are in the process of creating marketing strategies for approaching a number of these companies (i.e., Medela®, Lansinoh®, Avent®) with our new San Diego Bebe® Soft line of products. We will continue to retail and wholesale our existing inventory until depleted.

### **5.2 Communication**

Double Blessings will continue to communicate with customers and our target market by:

- Sending out monthly MailChimp emails offering coupons and Daily Deals targeted at our website customers to return to our website

- Sending out monthly MailChimp emails to our distributors, retailers and hospital buyers with shipping specials, wholesale discounts, new fabric choices (seasonal) and new product launches
- Continuing to use social media (i.e., Facebook, Twitter, Pinterest, bloggers), engaging our followers with educational updates in the eco-industry and juvenile marketplace
- Sponsoring advertisements on Amazon
- Engaging in occasional flash sales (i.e., Zulily, Bumblebean, BabySteals) to continue promoting brand awareness
- Keeping website current and fresh
- Continuing education of our owners and staff by attending and exhibiting at juvenile product trade shows, healthcare forums, and webinars
- Advertising in key baby magazines that target prenatal/postpartum mothers

## 5.3 Prospects

Currently, we have one person in charge of sales. As we grow, we realize we need to expand our sales team to handle outreach, sales and marketing. We have had discussions with an outside sales and marketing company, which would financially make sense over hiring staff at this point. In the meantime, we will continue to sell:

- On our retail website
- On Amazon
- To wholesale accounts

As we expand into production of the next line of products, we know we will need to also expand our sales team. This is a new venture for us, so this is a learning curve we are approaching very cautiously.

# 6. FINANCIAL PROJECTIONS

## 6.1 Profit & Loss

	Year 1	Year 2	Year 3
Sales	\$100,000	\$100,000	\$110,000
Costs/Goods Sold	\$35,000		

<b>GROSS PROFIT</b>	\$65,000	\$100,000	\$110,000
<b>OPERATING EXPENSES</b>			
Salary (Office & Overhead)	\$12,000	\$12,000	\$12,000
Payroll (taxes, etc.)	\$1,300	\$1,300	\$1,300
Outside Services	\$2,600	\$0	\$0
Supplies (office & operation)	\$300	\$300	\$300
Repairs & Maintenance	\$300	\$0	\$0
Advertising	\$7,500	\$0	\$0
Car, delivery & travel	\$4,000	\$4,000	\$4,000
Accounting & legal	\$1,700	\$1,700	\$1,700
Rent	\$1,600	\$0	\$0
Telephone	\$3,500	\$1,200	\$1,200
Utilities	\$400	\$0	\$0
Insurance	\$1,800	\$1,800	\$1,800
Taxes (real estate, etc.)	\$950	\$950	\$950
Interest	\$4,000	\$4,000	\$4,000
Depreciation	\$0	\$0	\$0
Other expenses	\$5,000	\$5,000	\$5,000
<b>TOTAL EXPENSES</b>	\$46,950	\$32,250	\$32,250
<b>NET PROFIT BEFORE TAXES</b>			
Income Taxes	\$800	\$800	\$800
	\$17,250	\$66,950	\$76,950
<b>NET PROFIT AFTER TAX</b>			
Owner Draw/Dividends	\$6,000	\$6,000	\$6,000
<b>ADJUSTED TO RETAINED</b>	\$11,250	\$60,950	\$70,950

## 6.2 Cash Flow (01/01/2015 to 12/31/2015)

	<b>Pre-Startup EST</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>	<b>Total Item EST</b>
Cash on hand	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000
<b>CASH RECEIPTS</b>					
Cash Sales					\$0
Collections from CR Accounts					\$0
Loan/Cash Injection					\$0
<b>TOTAL CASH RECEIPTS</b>	\$0	\$0	\$0	\$0	\$0
<b>TOTAL CASH AVAILABLE</b>	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

<b>CASH PAID OUT</b>					
Purchases					\$0
Gross Wages					\$0
Outside Services					\$0
Supplies					\$0
Repairs & Maintenance					\$0
Advertising					\$0
Car, delivery & travel					\$0
Accounting & legal					\$0
Rent					\$0
Telephone					\$0
Utilities					\$0
Insurance					\$0
Taxes (real estate, etc.)					\$0
Interest					\$0
Other expenses					\$0
<b>SUBTOTAL</b>	\$0	\$0	\$0	\$0	\$0
Loan principal payment					\$0
Capital purchase					\$0
Other startup costs					\$0
Reserve and/or Escrow					\$0
Others withdrawal					\$0
<b>TOTAL CASH PAID OUT</b>	\$0	\$0	\$0	\$0	\$0
<b>CASH POSITION</b>	\$5,000	\$5,000	\$5,000	\$5,000	\$20,000

### 6.3 Balance Sheet

<u><b>Assets</b></u>	<b>Start Date: 10/23/2015</b>	<b>End Date: 10/23/2015</b>
<b>CURRENT ASSETS</b>		
Cash in bank	\$5,500	
Accounts Receivable	\$23,500	
Inventory	\$26,000	
Prepaid Expenses	\$34,000	
Other current Assets	\$4,000	
<b>TOTAL CURRENT ASSETS</b>	<b>\$95,000</b>	<b>\$0</b>
<b>FIXED ASSETS</b>		
Machinery & Equipment	\$24,000	
Furniture & Fixtures		
Leaseholder improvements		
Land & Buildings		
Other fixed assets	\$-14,000	
<b>TOTAL FIXED ASSETS</b> (net of depreciation)	<b>\$10,000</b>	<b>\$0</b>

<b>OTHER ASSETS</b>		
Intangibles	\$-3,000	
Deposits	\$2,000	
Other		
<b>TOTAL OTHER ASSETS</b>	\$-3,000	\$0
<b>TOTAL ASSETS</b>	\$102,000	\$0

<b><u>Liabilities &amp; Equity</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts Payable	\$27,000	
Interest Payable		
Taxes Payable		
Notes, short term (due in 12 months)	\$132,000	
Current part, long-term debt	\$28,000	
<b>TOTAL CURRENT LIABILITIES</b>	\$187,000	\$0
<b>LONG TERM DEBT</b>		
Bank loans payable	\$28,000	
Notes payable to stockholders	\$-44,000	
LESS: short-term portion		
Other long-term debt		
<b>TOTAL LONG-TERM DEBT</b>	\$-16,000	\$0
<b>TOTAL LIABILITIES</b>	\$171,000	\$0
<b>OWNER'S EQUITY</b>		
Invested Capital	\$100	
Retained Earnings	\$-69,100	
<b>TOTAL OWNERS EQUITY</b>	\$-69,000	\$0
<b>TOTAL LIABILITIES &amp; EQUITY</b>	\$102,000	\$0

## 6.4 Break-Even Analysis

<b>DIRECT COSTS</b>	<b>Fixed Costs (\$)</b>	<b>Variable Costs (%)</b>
Cost of Goods Sold	\$24,000	
Inventory	\$25,000	

Raw Materials		
Direct Labor		
<b>INDIRECT COSTS</b>		
Salaries	\$6,000	
Supplies	\$300	
Repairs & Maintenance	\$100	
Advertising	\$7,500	
Car, delivery & travel	\$10,000	
Rent		
Telephone	\$1,200	
Utilities		
Insurance	\$1,300	
Taxes		
Interest		
Depreciation		
Other Costs		
<b>Total Fixed Costs</b>	\$49,000	0%
<b>Total Variable Costs</b>	\$75,400	0%
	\$124,400	
<b>BREAKEVEN SALES LEVEL:</b>		

## 6.5 Financial Assumptions

### 6.5.1 Assumptions for Profit and Loss Projections

One of the key elements we have struggled with as a small business is with our manufacturer in China, who requires a 30% deposit upon submission of the PO, then the balance due within 15 days of the shipment being released. This has put a major strain on our financial resources. This is part of our decision to concentrate on licensing, private labeling or co-branding, where the financial investment will be the burden of the licensor.

Year 1 - is my YTD, operating as I have been, which is bearing the burden of financing my inventory orders myself.

Year 2 - I am eliminating warehouse expenses by moving my remaining inventory to Amazon FBA centers, reducing my overhead tremendously in rent, landline, internet, warehouse staff

expense, insurance. Also, assuming my salary remains the same, and my salesperson(s) is now on straight commission, rather than on salary, and eliminating as much overhead as possible, moving forward with focusing on just licensing/private labeling.

Year 3 - assuming a 10% increase in sales.

## **6.5.2 Assumptions for Cash Flow Analysis**

## **6.5.3 Assumptions for Balance Sheet**

## **6.5.4 Assumptions for Break-Even Analysis**