

CONFIDENTIAL

Lumina Noctis

Botanicals & Herbal Apothecary

Business Plan

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Contact Information

Lindsey Martin
lindseymartinart@gmail.com
267-420-2656
<https://www.etsy.com/shop/LuminaNoctis>
600 Bayard Street Ext.
South Williamsport, PA 17702, USA

Executive Summary

The cosmetics consumer wants all natural products that are made purely from botanical ingredients. The makeup options widely available in the USA are full of synthetic chemicals that are not well regulated by the FDA, and the educated consumer wants better quality products that are safe and 100% natural. Lumina Noctis was created out of frustration with the lack of effective options available for natural and synthetic makeup on the marketplace today.

Lumina Noctis offers 100% pure botanical pigments to be utilized as natural plant makeup. 100% handmade and artistically packaged by owner Lindsey Martin, these pigments are made of the highest quality pure ingredients and offered at a very reasonable price. Lumina Noctis goes beyond just solving a problem and provides an innovative, superior solution, along with an aesthetically beautiful product presentation and meaningful brand experience.

The strongest market segments for Lumina Noctis products are informed, educated females, around the age of 15 and over, who love artisan, handmade, high-end natural products. Natural products at Lumina Noctis are elevated to a high level of standard in regards to product purity and craftsmanship, compared to the commercial cosmetics marketplace. The products are presented in an artistic way, with an attention to detail that inspires brand loyalty.

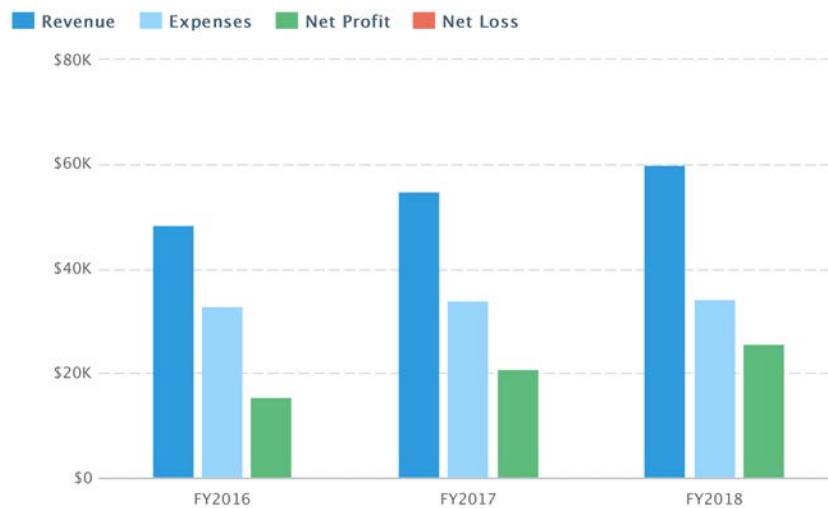
Compared to other cosmetic options available, Lumina Noctis botanical pigments are 100% natural, affordable, unique, multitasking, and healthy. Instead of merely masking and covering skin with harmful, unnatural chemicals, they enhance natural beauty and help to improve the health of skin. Owner and creator Lindsey Martin has a degree in art education and over a decade's worth of experience working as a freelance artist to contribute to the aesthetic appeal and branding of the business. This attention to detail on all levels and passion behind the business encourages strong consumer loyalty.

Expectations

Forecast

Lumina Noctis projects sales of \$48,501 during the fiscal year 2016, followed by \$54,901 in fiscal year 2017, and \$59,920 in fiscal year 2018. This assumes Lumina Noctis can sell an average of 100 blushes per week total at \$9.50-\$10.50 each. Owner and creator Lindsey Martin will draw a minimum salary from the business, in order to reinvest profits into growth. The focus for Lumina Noctis is on basic metrics: daily revenue, cost of ingredients, and profit margins.

Financial Highlights by Year



Opportunity

Problem & Solution

Problem Worth Solving

The problem with commercially available cosmetics is that the FDA does not require pre-market testing or health studies of the chemicals found in cosmetics (FDA 2005, 2010). With the exception of color additives and a few prohibited substances, cosmetics companies may use any ingredient or raw material in their products without government review or approval (FDA 2005). While the European Union has banned more than 1,000 ingredients from cosmetic use, the FDA has prohibited eight (FDA 2000a). Consumers are exposed to potentially harmful chemicals through a variety of applications on a daily basis. Furthermore, cosmetics often contain enhancers to allow these harmful chemicals to be absorbed deeper in the skin, causing a wide array of potential health problems.

Since the FDA does little to regulate ingredient safety, it has authorized the cosmetics industry to police itself through its Cosmetics Ingredient Review panel. In its more than 30-year history, the industry panel has declared only 11 ingredients or chemical groups to be unsafe (CIR 2012). Its recommendations on restricting ingredients are not binding on companies (FDA 2012). Biomonitoring studies have found that cosmetics ingredients, such as phthalate plasticizers, paraben preservatives, the pesticide triclosan, synthetic musks and sunscreen ingredients, are common pollutants in the bodies of men, women and children. Many of these chemicals are potential hormone disruptors (Gray 1986, Schreurs 2004, Gomez 2005, Veldhoen 2006).

Products found in the natural and organic section are often also riddled with synthetic chemicals. Organic and natural products can still contain petrochemicals, and certified organic products can contain as little as 10 percent organic ingredients (Certtech 2008). Federal law allows companies to leave some chemical ingredients off their product labels, including those considered to be trade secrets, components of fragrance and nanomaterials (FDA 2011). Most cosmetic marketing claims are unregulated, and

companies are rarely, if ever, required to back them up. The FDA says descriptions such as “hypoallergenic” or “natural” can “mean anything or nothing at all” (FDA 2000b).

These facts are frightening, as the typical cosmetics consumer has no idea what kinds of potentially harmful synthetic ingredients they are unknowingly exposing themselves to on a daily basis. It is especially disconcerting when it comes to makeup, as these ingredients get a chance to sit on the skin and be absorbed all day long. With education about these facts and the promotion of safer, natural, effective alternatives, Lumina Noctis can stand above the competition in regards to purity of ingredients.

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Our Solution

Lumina Noctis was created partially out of frustration with the lack of effective options available for natural and synthetic makeup. Commercially available makeup at drugstores and high end stores were discovered to be riddled with synthetic chemicals. Often times they did not work well, were rather expensive, were unflattering shades that the consumer was then stuck with, or were not truly 100% all-natural.

Owner and product creator Lindsey Martin realized while experimenting with her formulations that a higher concentration of pure natural ingredients lends itself to a product that is safe, beneficial, and truly effective, that consumers can feel good about using. This solution has been met with overwhelming approval by those who have tested out Lumina Noctis' botanical alternatives. Lumina Noctis is doing more than just offering a solution to a problem - it is empowering women all over the world to say NO to the disappointment of the commercial makeup options they have been offered, and to wholeheartedly embrace the integrity of a plant makeup revolution.

Beyond purity of ingredients and overall effectiveness, Lumina Noctis takes it one step further by offering a high end natural product at a very reasonable price. For less than the price of one potentially ineffective, synthetic chemical blush, consumers can enjoy a container full of pure botanical pigment that is healthy and in universally flattering shades. Consumers also wholeheartedly enjoy the idea of dusting their cheeks with flowers and plants every morning. Instead of letting harmful chemicals seep into their skin all day, customers can reap the goodness from utilizing the power of plants to enhance their natural beauty.

Target Market

The strongest market segments for Lumina Noctis products are informed, educated females, around the age of 15 and over, who love artisan, handmade, high end natural

products. The target customer often strives to support artists and small businesses as a matter of personal preference. On a global scale, they would have to have access to the internet as the business continues to grow. The global personal care products industry has revenue of about \$250 billion per year, according to the Personal Care Products Council.

The customer that shops online does so to find unique products they are unable to find in retail stores, as well as to enjoy a hassle-free, relaxing shopping experience. Many choose to support distinctive small businesses and artisans because they appreciate the value of a carefully crafted, inspired, quality product. They feel good about supporting passionate artists and small businesses that embrace community wellbeing by offering natural goods. Lumina Noctis caters to online shoppers by providing details about the products that are enjoyable for customers to read, showcasing the product's unique features. Lumina Noctis also offers superior customer service, viewing and treating customers as friends and supporters of the brand.

Competition

Current Alternatives

Lumina Noctis offers a unique aesthetic that has little competition. Natural products at Lumina Noctis are elevated to a high level of standard in regards to product purity and craftsmanship. The products are presented in an artistic way, with an attention to detail that inspires brand loyalty.

Our Advantages

Lumina Noctis offers high end products made with highest quality ingredients at a reasonable price. Compared to other cosmetic options available, Lumina Noctis botanical pigments are 100% natural, affordable, unique, multitasking, and healthy. Instead of merely masking and covering skin with harmful, unnatural chemicals, they enhance natural beauty and help to improve the health of skin.

The botanical powder blend used in Lumina Noctis blush has been historically used for treating acne, rashes and other skin conditions. The dark red root is also reputed as a

blood restorative and tonic that oxygenates and regenerates the red blood cells. From an aesthetic perspective, this wonderful all-purpose and good-for-your skin pigment works like a dream! The color goes on to impart a gorgeous, universally flattering natural pink color. Forget wasted money on synthetic blush made in a lab, tested on animals and most of the time isn't even the right color. Lumina Noctis 100% all natural plant makeup blush is all you need!

As a bonus, Lumina Noctis blush can also easily be utilized as a lip stain. A little of this blush goes a long way, so the small container can last for over a year with daily use. Customers also love the fact that Lumina Noctis utilizes flower petals in these formulations. Lumina Noctis' mission is to enhance women's daily lives by offering distinct, healthy, wholesome products that actually work. Beyond being effective, these items are meant to bring joy and an artistic spirit to wholeheartedly embracing what might otherwise be a mundane daily chore. The philosophy of Lumina Noctis is that life is to be embraced in all the details, both great and small.

Execution

Marketing & Sales

Marketing Plan

Lumina Noctis currently has its biggest following on Facebook and favorites via Etsy. Social media allows for immediate personal interaction as well as a cost-effective means of boosting brand loyalty and image. A new logo is currently in the process of being made, along with an entire cohesive branding package. A newly designed informative brochure on the benefits of Lumina Noctis' natural botanical pigments has begun to be distributed to potential customers, along with samples, business cards and promotional magnets. As the company grows, it would be important to branch out to include flyers and other advertisements on the internet, specifically on social media. Brand awareness is going to be important, so Lumina Noctis is dedicated to superior quality, a high end artistic aesthetic, and innovative, attention-grabbing products.

As the company grows, it would also be important to interact with bloggers who write about beauty products, especially natural beauty products. Lumina Noctis is currently working on collaborating with those who have an internet presence that fits the brand's image, and has a wide fan base fitting the target customer market. Video reviews, online demos, in-person demos, testimonials and continued unsolicited reviews on the Etsy shop page and Facebook page will be important to the success of the business.

As an online company, Lumina Noctis is mostly going to focus on cost effective, high impact advertising over online social media networks, partnering with multi-talented, like-minded individuals with many followers. These individuals will partner with Lumina Noctis on some mutually beneficial and collaborative creative work. This functions wonderfully because the collaborator and their followers will be carefully selected to fit the perfect target market for Lumina Noctis as a brand. These creative collaborations will function as advertising for Lumina Noctis in exchange for sponsorship of the talented individual by giving them free product packages.

Customers are encouraged to leave reviews about their experiences, which helps to solidify brand loyalty, goodwill, and helps future customers to feel secure by reading raving reviews. A free sample gift is included with purchase, which often times lead to many more sales and loyal, happy customers. Discounts, sales, excellent customer service and active customer engagement on social media all help solidify Lumina Noctis' reputation as an excellent small business with high standards.

As the business continues to grow, Lumina Noctis will utilize more methods of marketing that include print advertising, direct mail, newsletter emails, and local advertisement. The goal as the brand grows is to eventually get Lumina Noctis products into stores like Whole Foods, and into unique boutiques around the world.

Sales Plan

Lumina Noctis' Etsy site is equipped to accept many forms of payment, including Visa, Mastercard, American Express, Discover, and Paypal. It is easy to peruse, favorite, and add items to the cart. The entire process on Etsy is very streamlined, making it exceedingly easy for customers to make lots of purchases, fast. Purchases can also be easily made using the streamlined Etsy app.

Operations

Locations & Facilities

Lumina Noctis is entirely an online business right now. The studio where Lindsey works is located in her current residence, not in a separate location. This saves a lot of money compared to having a brick and mortar shop that requires rent and utilities to run. In the future, as the company grows, it would be easy to expand to purvey products at the local farmer's market, or to get a local studio at the Pajama Factory in Williamsport, PA. In the meantime, Lumina Noctis operates 100% online, which opens it up to the global marketplace, offering boundless opportunity for growth.

Technology

Lindsey uses her Moto X Republic phone as the main source of technology for her business. This includes easy, on-the-go access to apps such as Etsy Sell, Etsy, and social media apps used for marketing, access to the internet for ordering supplies, making lists, keeping track of orders, updating and responding to customers, engaging with customers, and providing quick responses to any inquiries. Lindsey uses Wunderlist to make and update lists on a daily basis to keep the company on track.

Equipment & Tools

Lumina Noctis currently has all the necessary equipment for a successful business venture, including a Canon EOS Rebel Ti1 DSLR camera with professional tripod, product photo

background, storage for ingredients, computer and software, and studio workspace. The proprietary method of mixing ingredients does not require the purchase of any new equipment.

Milestones & Metrics

Milestones Table

Milestone	Due Date
New Product- Foundation Powder	January 01, 2016
New Product- Herbal Lip Stain	May 01, 2016
New Product- Herbal Color Balm	June 01, 2016
New Product- Solid Botanical Perfume	August 01, 2016
Get Products into WholeFoods	September 01, 2016

Key Metrics

The focus for Lumina Noctis is on basic metrics: daily revenue, cost of ingredients, and profit margins. The botanical ingredients are not that expensive, and selling online is an inexpensive way of purveying goods. However, it is important to keep an eye on margins as the company grows to make sure that money is flowing in consistently.

Company

Overview

Lumina Noctis is a sole proprietorship, owned 100% by Lindsey Martin. Lindsey manages all aspects of the business, including product development, experimentation, creation, photographing, listing, marketing, sales, shipping, and customer service.

Team

Management Team

Sole proprietor Lindsey Martin has embraced the entrepreneurial spirit since the age of 15, when she first created a cartoon strip for her local newspaper which ran for many years. Since then, she has worked primarily as a freelance artist, with a passion for the natural world and a resourcefulness to seek innovative solutions to problems. Lumina Noctis serves as a multifaceted creative outlet that provides solutions, offering tools to empower and enhance natural beauty and weave essential layers of meaning into daily life with unique artistic flair. She has developed over 25 original botanical perfume blends along with many other original botanical product recipes, and is constantly formulating new ideas for future personal care products.

All Lumina Noctis items are handmade in small batches and infused with adoration for nature. Lindsey's artistic eye and highly attuned attention to detail coupled with a genuine desire to interact meaningfully with customers set Lumina Noctis apart. Passion for delivering highest quality products made from beautiful ingredients encourage customers to embrace life and to avoid settling for anything less.

Advisors

For business expertise and start up guidance, Lindsey seeks advice and counseling from her parents Brad and Sue Martin, who have an abundance of experience running their own successful business ventures. They are tremendously helpful and supportive in providing useful feedback towards all aspects of the business.

Lindsey is also striving to learn more about business management by taking a Small Business Management class at Pennsylvania College of Technology, taught by Professor Mark Ciavarella, who has been very helpful in instilling valuable knowledge about the world of business.

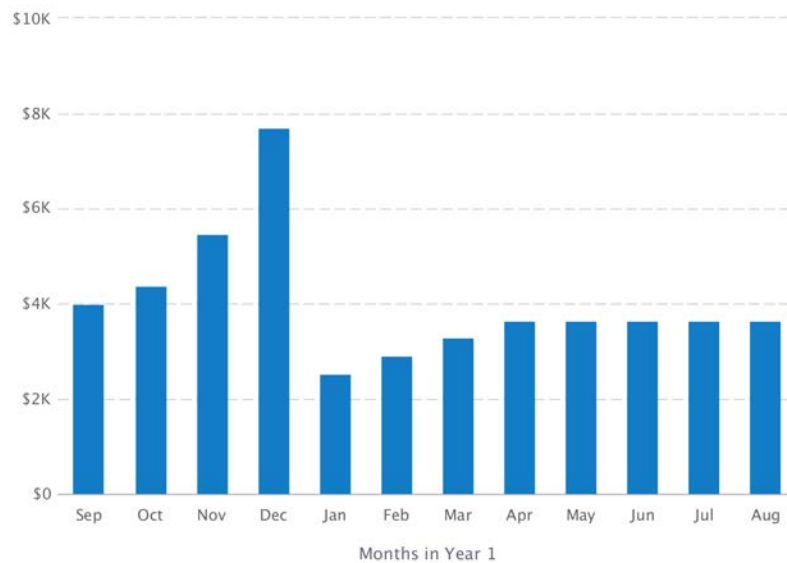
Financial Plan

Forecast

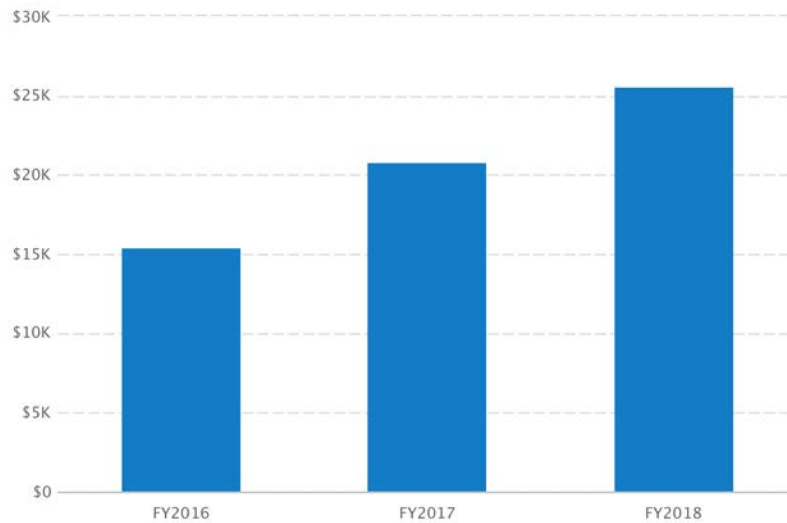
Key Assumptions

Revenue forecast was projected after researching the market and reviewing the historical market trends for Google retail sales. Lumina Noctis projects growth of 13% for fiscal year 2017, and 9% for fiscal year 2018.

Revenue by Month



Net Profit (or Loss) by Year



Financing

Use of Funds

If Lumina Noctis was selected to receive an award, the funds would be used to escalate growth by scaling up the amount of ingredients to be purchased. Currently, the forecast does not include any loans, investments, or other financing.

Sources of Funds

Owner Lindsey Martin invests her own money into the business and chooses not to take out loans. The growth of the business will be funded by growth from its own profits. The high profit margin will be utilized towards this purpose.

Statements

Projected Profit & Loss

	FY2016	FY2017	FY2018
Revenue	\$48,501	\$54,901	\$59,920
Direct Costs	\$2,211	\$2,975	\$2,975
Gross Margin	\$46,290	\$51,926	\$56,945
Gross Margin %	95%	95%	95%
Operating Expenses			
Salary	\$25,000	\$25,000	\$25,000
Employee Related Expenses	\$5,000	\$5,000	\$5,000
Total Operating Expenses	\$30,000	\$30,000	\$30,000
Operating Income	\$16,290	\$21,926	\$26,945
Interest Incurred			
Depreciation and Amortization			
Income Taxes	\$814	\$1,097	\$1,347
Total Expenses	\$33,025	\$34,072	\$34,322
Net Profit	\$15,476	\$20,829	\$25,598
Net Profit / Sales	32%	38%	43%

Projected Balance Sheet

	FY2016	FY2017	FY2018
Cash	\$16,153	\$37,263	\$62,987
Accounts Receivable	\$0	\$0	\$0
Inventory			
Other Current Assets			
Total Current Assets	\$16,153	\$37,263	\$62,987
Long-Term Assets			
Accumulated Depreciation			
Total Long-Term Assets			
Total Assets	\$16,153	\$37,263	\$62,987
Accounts Payable	\$0	\$0	\$0
Income Taxes Payable	\$133	\$274	\$337
Sales Taxes Payable	\$546	\$686	\$749
Short-Term Debt			
Prepaid Revenue			
Total Current Liabilities	\$679	\$960	\$1,086
Long-Term Debt			
Total Liabilities	\$679	\$960	\$1,086
Paid-in Capital			
Retained Earnings		\$15,474	\$36,303
Earnings	\$15,474	\$20,829	\$25,598
Total Owner's Equity	\$15,474	\$36,303	\$61,901
Total Liabilities & Equity	\$16,153	\$37,263	\$62,987

Projected Cash Flow Statement

	FY2016	FY2017	FY2018
Net Cash Flow from Operations			
Net Profit	\$15,476	\$20,829	\$25,598
Depreciation and Amortization			
Change in Accounts Receivable	\$0	\$0	\$0
Change in Inventory			
Change in Accounts Payable	\$0	\$0	\$0
Change in Income Tax Payable	\$133	\$141	\$63
Change in Sales Tax Payable	\$546	\$140	\$63
Change in Prepaid Revenue			
Net Cash Flow from Operations	\$16,155	\$21,110	\$25,724
Investing & Financing			
Assets Purchased or Sold			
Investments Received			
Change in Long-Term Debt			
Change in Short-Term Debt			
Dividends & Distributions			
Net Cash Flow from Investing & Financing			
Cash at Beginning of Period	(\$2)	\$16,153	\$37,263
Net Change in Cash	\$16,155	\$21,110	\$25,724
Cash at End of Period	\$16,153	\$37,263	\$62,987

