

Section 2

Team 8

Fall 2020



Business Plan

Business Name: Seat Wraps

Business Idea: Our product is a reusable seat cover which can be used on almost any size seat when travelling. The cover would act as a small fitted sheet, with recycled fabric on one side, water resistant cloth on the other side, and a long elastic band along the edges.

Team Members:

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Executive Summary

Seat Wraps, LLC
Shaffee Z. Iskandar
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Management Titles:

Executive Director
Sales & Marketing Manager
Operations Supervisor
Finance and Investment Coordinator

Industry:

314999 Miscellaneous Textile Product Mills

Number of Employees: 10

Amount of Financing Sought: 1,000,000
Investment for 20% equity

Investment Sources:

Personal Investments - \$200,000 (Owner's Investment)

Use of Funds: Marketing, Advertising and Salaries

Product/service selling price:

\$59.99 Retail

\$47.50 Wholesale

Business Description: Seat Wraps, LLC is a wholesale manufacturing company based in Doraville, GA. We offer durable/reusable airplane seat covers at a reasonable price to protect users from harmful bacteria and offer higher comfortability than many competitors. We primarily use eco-friendly fabrics.

Product: Seat Wraps' covers include an elastic band that allows it to stretch over various sizes of seats, acting as a small fitted sheet, with recycled fabric on one side and water-resistant cloth on the other. This product is reusable, machine-washable and would act as a barrier from the unhygienic public seats you encounter while traveling. Our product is also packaged in an eco-friendly cloth drawstring bag, which can also be used by the customer while traveling with our seat cover.

Competitive Advantage: We differentiate ourselves from other products in our market with our unique balance between comfort and durability. Similar products make efforts to achieve one of these aspects, while falling short of the other. Our rigorous internal quality assurance allows for us to consistently create a product with high quality and durability which, in turn, will create higher customer loyalty in future years.

Markets: Our target market is American frequent fliers, specifically those who are either middle aged (30-64) or Senior Citizens (65+). These follow the growth rate of the U.S. population.

Distribution Channels: One of our channels is through the Target Plus website where we will sell direct to consumer, and the delivery of our products will be through UPS for their fast-reliable shipping. Our other channel we partnered with is Hudson Group for their ability to reach airports across the country and sell our products directly to the consumer in airports. Hudson is essential in getting our product through airport security with their established foothold in airport retail.

Competition: Our direct competition comes from other seat cover manufacturers such as Seat Sitters, Nice Seats, and Seat Cuvers. These companies already have their products out there and their brands established, so our competitive advantage is crucial at sharing the market space with these companies. Currently, Seat Sitters is the most affordable product in the market, whereas Nice Seats is the most expensive, "high-quality" product. Finally, Seat Cuvers is the best disposable seat cover on the market. Given this, our company wants to take a piece from all of them and give the consumer an affordable seat cover with great quality.

Financial Projections (Unaudited):

	2021	2022	2023	2024	2025
Revenue:	\$3,540.8 thousand)	\$4,897.9	\$5,339.1	\$5,790.1	\$6,252.1 (dollars in
EBIT:	\$272.1 thousand)	\$480	\$588.4	\$687.9	\$821.8 dollars in

Elevator Pitch: Do you enjoy traveling with friends, family, and loved ones? Have you ever been sick on vacation? Have you ever wondered who or what has been on your plane seat? Seat Wraps is the answer to these many traveling concerns. Seat Wraps' innovative design that meets the needs of sanitation, durability, and comfort and offers a solution to many traveling concerns without the need for bulky or uncomfortable adjustments. If you are ever in search for a travelling commodity that can protect you from the many unknowns of airplane and commercial seating, Seat Wraps can be the difference.

Product Description: Seat Wraps LLC is a manufacturing company that produces cost efficient, durable, and environmentally friendly seat covers for airplane flyers nationwide. The unique combination of fabrics offers a comfortable sit while also protecting one from the potential germs on the seat below. Our seat covers are rounded by an elastic end trim measuring 76 in by 40 in, so they can fit on any sized seat on a commercial flight, meaning there is no issue of some seats not accommodating our product. Consumers have the option of purchasing our product online via Target.com as well as in Hudson stores in airports nationwide.

Competitive Advantage: Once our product is established in Hudson stores as well as online with Target, the barrier for entry for competitors will be very high. Our ability to fit in unique position in the middle of the spectrum allows for consumers to buy our product and use it for many trips thereafter.

Value Proposition: One of the main reasons why our company has value is that our product is very reliable in its performance over time. Our reasonable price also allows for increased sales to significantly increase profit numbers for our investors. Given that Seat Wraps is in a very niche market of travel accessories, our value is higher, allowing for our foundation and foothold in the industry to remain over time. Our projected sales increase of approximately 4.8% and 6.4% (see exhibit 4) respectfully in the market across both channels: a promising amount for interested investors.

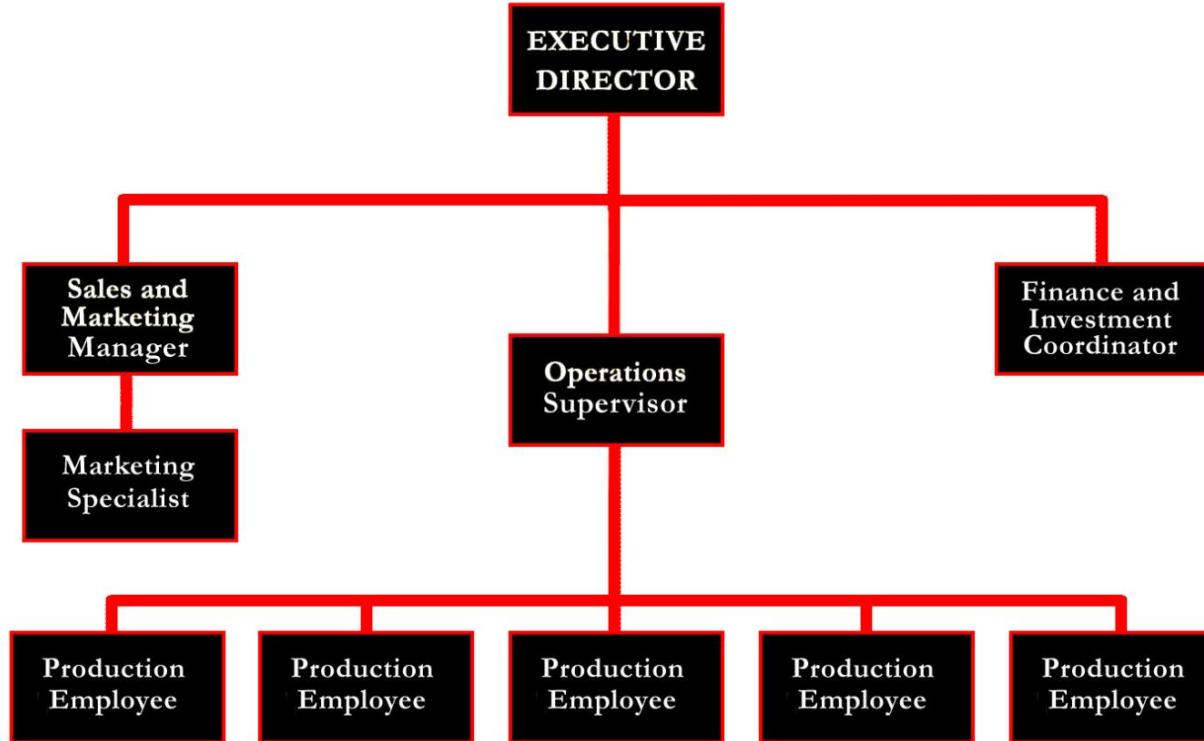
Business Strategy: Seat Wraps' positioning strategy in the market is to give a reason to consumers to utilize this product in everyday travel. Creating a product that can be purchased and reused for many

future trips will hinder the potential threats of substitutes from entering the competitive market successfully. Educating our consumer base that a seat cover is a necessary accommodation for traveling is crucial in making it a necessity for traveling with families and friends. Our marketing campaign will utilize many different social media advertisements to educate the target markets on why our seat cover is a wise purchase. Our affordable pricing is essential in this process as an interested consumer will be willing to try the product and realize why they need to have the product in the future. Additionally, the ability to purchase the product online and within airports give consumers many channel options in acquiring Seat Wraps easily and efficiently.

Business Location: Seat Wraps LLC is located in Doraville, Georgia, near the most frequently traveled airport in the United States, Hartsfield-Jackson Atlanta International Airport (Hudson). Our location is a warehouse with attached office space which allows for the company to function completely under one roof. Many major shipping routes are in Georgia and can give Seat Wraps LLC the necessary tools to transport the product nationwide quickly (Hudson). The tax rate for businesses in Georgia is a low amount of 6% giving our company an advantage in annual tax expenses. Our company location is close to the city of Atlanta and with our plan to hire young, loyal soldier employees, the ability to recruit from the universities in the surrounding area will give us many hiring options.

Outsourced Functions: To access the necessary materials to construct our product, we outsourced all components from distributors in the United States. To obtain the recycled fabric, we outsourced to PolarTec located in Massachusetts, and to obtain the elastic and sewing thread we purchased the raw materials from Gerald Schwartz Inc., located nearby in Tucker, Georgia. The ability to purchase materials from companies within the United States not only lowers variable costs but gives our company a reputation of American-made products. Additionally, Seat Wraps LLC will outsource our accounting work and customer service to assist with functionality and efficient processes.

Financial Performance: We will be profitable in year 1 with a Net Income projected at \$200,769. Our net income will steadily increase over the extent of the 5 year period.



Seat Wraps will employ 5 production employees through year 3, with one additional hire at the beginning of year 4 to meet increasing projected operational needs. All these employees report directly to the Operations Supervisor, effectively working as flat-structured organization would. Our Sales and Marketing Manager is the head of all sales, marketing, and customer service, and Seat Wraps employs an additional Marketing Specialist to assist with responsibilities. Our Finance and Investment Coordinator manages investments as well as the bookkeeping done by our outsourced accounting. All management reports directly to the Executive Director who guides the company's goals and vision.

Seat Wraps as of December 31, 2022							
Position	Salary/Wage	*Salary/Wage Range	Projected Year 2	**Payroll Deductions	***Benefits	****Individual Total Compensation (Bonus)	Total compensation for position
Executive Director	Salary	\$84,060 - \$94,609	\$86,582	SUTA: \$256 FUTA: \$420 FICA: \$8,034 WC: \$1,041	IRA Match: \$6,301 Health Insurance: \$6,486	\$105,023 (\$18,441)	\$105,023
Sales and Marketing Manager	Salary	\$55,265 - \$62,199	\$56,923	SUTA: \$256 FUTA: \$420 FICA: \$4,760 WC: \$1,041	IRA Match: \$3,733 Health Insurance \$6,486	\$62,216 (\$5,293)	\$62,217
Operations Supervisor	Salary	\$39,925 - \$44,934	\$41,123	SUTA: \$256 FUTA: \$420 FICA: \$3,438 WC: \$1,041	IRA Match: \$2,696.82 Health Insurance: \$6,486	\$44,947 (\$3,824)	\$44,947
Finance and Investment Manager	Salary	\$66,410 - \$74,744	\$68,402	SUTA: \$256 FUTA: \$420 FICA: \$5,719 WC: \$1,041	IRA Match: \$4,485 Health Insurance: \$6,486	\$74,763 (\$6,361)	\$74,763
Marketing Specialist	Wage	\$47,280 - \$53,209	\$48,696	SUTA: \$256 FUTA: \$420 FICA: \$3,870 WC: \$1,041	IRA Match: \$3,035 Health Insurance: \$6,486	\$50,595.14 (\$1,899)	\$50,595
Production Employee (5)	Wage	\$26,000 - \$29,262	\$26,780	SUTA: \$256 FUTA: \$420 FICA: \$2,128 WC: \$1,041	IRA Match: \$1,669 Health Insurance: \$6,486	\$27,824.42 (\$1,044)	\$139,122
							Total: \$476,667

*Found average salary/wage range in May 2019 for Atlanta-Sandy Springs-Roswell, GA through U.S. Bureau of Labor Statistics

**Found SUTA .027, \$9,500 Cap (State), FUTA .06, \$7,000 Cap (Topic), FICA .0765, \$137,700 Cap (2020), WC: 2.27 (2018)

*** 401K 6% match, Average health insurance for small businesses: \$1500 deductible, \$20 co-pay (Bronson), Two weeks paid time off per employee, can rollover

**** Discretionary bonuses based on annual performance: .039 for wage employee .093 for management .213 for executives (Miller)

Exhibit #3: Market Segmentation Analysis/Target Market Selection

Segment Name	Segment size (# of frequent flyers in Segment)	Growth Projection of Segment	Segment Description	Priority level for targeting	Justification for Targeting
Middle-Aged Americans (MAA)	57,008,860 individuals**	1.53% between 2020-2025*	Americans aged 30-64 who frequently travel for work or leisure-related activities. Many are married and/or have kids. Mean household incomes ranges between \$88,931 and \$125,803 (Bureau, U.C. (n.d.)). They value the well-being of their family and are willing to spend more on a durable product that keeps their families safe from harmful bacteria. More concerned with sanitation than younger age groups.	1	<p>This segment would have the most air passengers for both business and leisure trips. Their children are younger, so they are generally brought along on leisure trips. It is reasonable to assume that parents want to keep their children safe from illnesses and are willing to spend more on products that fulfill this need, so they would be both willing and able to buy our product.</p>
Elderly Americans (EA)	16,107,194 individuals**	16.4% between 2020-2025*	65+ year old Americans who tend to be more active, especially with traveling. Environmentally concered with a mean household income of \$73,288 (Bureau, U.C. (n.d.)). Being at a higher risk for illnesses, they have higher need for cleanliness. This results in higher spending on hygenic travel products.	1	<p>We believe that although this segment has less air passengers than MAA, there would be a higher consciousness of sanitation among Elderly Americans. Starting at age 65, the immune system starts to weaken (Howden) and this would make EAs more aware of not only sanitation, but the heightened risk of illness, especially on planes. Dangerous strains of both MRSA and e-coli have been found to survive for days on surfaces like airplane seats, and are transmitted through physical contact (Jennings). This would make EAs value our product more because they would be more concerned about mitigating the risk of catching either of these illnesses because of due to their weakened immune systems, illnesses like these may have a more serious effects on EAs than they would on MAAs.</p>

*Found current and projected populations from the US Census (Bureau), then calculated the percentage change.

**We calculated the total number of Middle-Aged Americans as 142,522,150 and Elderly Americans as 16,107,194 (Howden). We found that 40-60% of American flyers are frequent flyers, and we chose to use the more conservative 40% figure (M., K.). From these findings, we found the frequent flyers for each segment size would be 57,008,860 Middle Aged Americans and 16,107,194 Elderly Americans (M., K.).

Exhibit #4: Market Quantification

Year	Mkt Potential (\$ in Thousands)	Mkt Potential (customers in Thousands)*	Growth Projection (%)**	Market Share***	Product	Channel	Annual Unit Sales	Unit Price or Weighted ASP	Annual Revenue (\$ in Thousands)
Year 1	\$4,386,229	73,116	4.8%	0.009%	Seat Cover	Direct (Target Online)	6,434	\$59.99	\$386.0
	\$3,473,010	73,116	4.8%	0.092%	Seat Cover	Retail (Hudson)	67,093	\$47.50	\$3,186.9
Totals	\$4,386,229	73,116		0.101%			73,527		\$3,572.9
Year 2	\$4,597,021	76,630	5.2%	0.017%	Seat Cover	Direct (Target Online)	12,866	\$59.99	\$771.8
	\$3,639,915	76,630	5.2%	0.115%	Seat Cover	Retail (Hudson)	88,217	\$47.50	\$4,190.3
Totals	\$4,597,021	76,630		0.13%			101,083		\$4,962.1
Year 3	\$4,834,602	80,590	5.6%	0.021%	Seat Cover	Direct (Target Online)	17,154	\$59.99	\$1,029.1
	\$3,828,031	80,590	5.6%	0.115%	Seat Cover	Retail (Hudson)	92,539	\$47.50	\$4,395.6
Totals	\$4,834,602	80,590		0.14%			109,693		\$5,424.7
Year 4	\$5,103,246	85,068	6.0%	0.025%	Seat Cover	Direct (Target Online)	21,443	\$59.99	\$1,286.4
	\$4,040,744	85,068	6.0%	0.114%	Seat Cover	Retail (Hudson)	97,074	\$47.50	\$4,611.0
Totals	\$5,103,246	85,068		0.14%			118,517		\$5,897.4
Year 5	\$5,407,928	90,147	6.4%	0.029%	Seat Cover	Direct (Target Online)	25,731	\$59.99	\$1,543.6
	\$4,281,990	90,147	6.4%	0.113%	Seat Cover	Retail (Hudson)	101,830	\$47.50	\$4,836.9
Totals	\$5,407,928	90,147		0.14%			127,561		\$6,380.5

*The MP for our annual customers was determined from our market segmentation numbers (Exhibit 3). Due to our segments not having any overlap between age groupings, our MP was the middle-aged plus elderly americans. Our initial year one MP figures change annually by taking the projected percent increase in people of this age denomination. We calculated the change by taking the middle-aged population figure and multiplying by the annual increase of 1.53%. Additionally for the elderly american demographic, we took the projected increase of 16.4% between 2021-2025 to obtain the respective increase annually. For both channels, we multiplied our direct unit price and retail price respectively to find our MP dollars in thousands. Customers will repurchase our product every five years going off our products lifetime.

**Our market growth potential was determined by finding the change between the current market potential and the market potential for the following year. This percentage is the same for Target's online stores as well as Hudson retail because they are both marketing to the same segments.

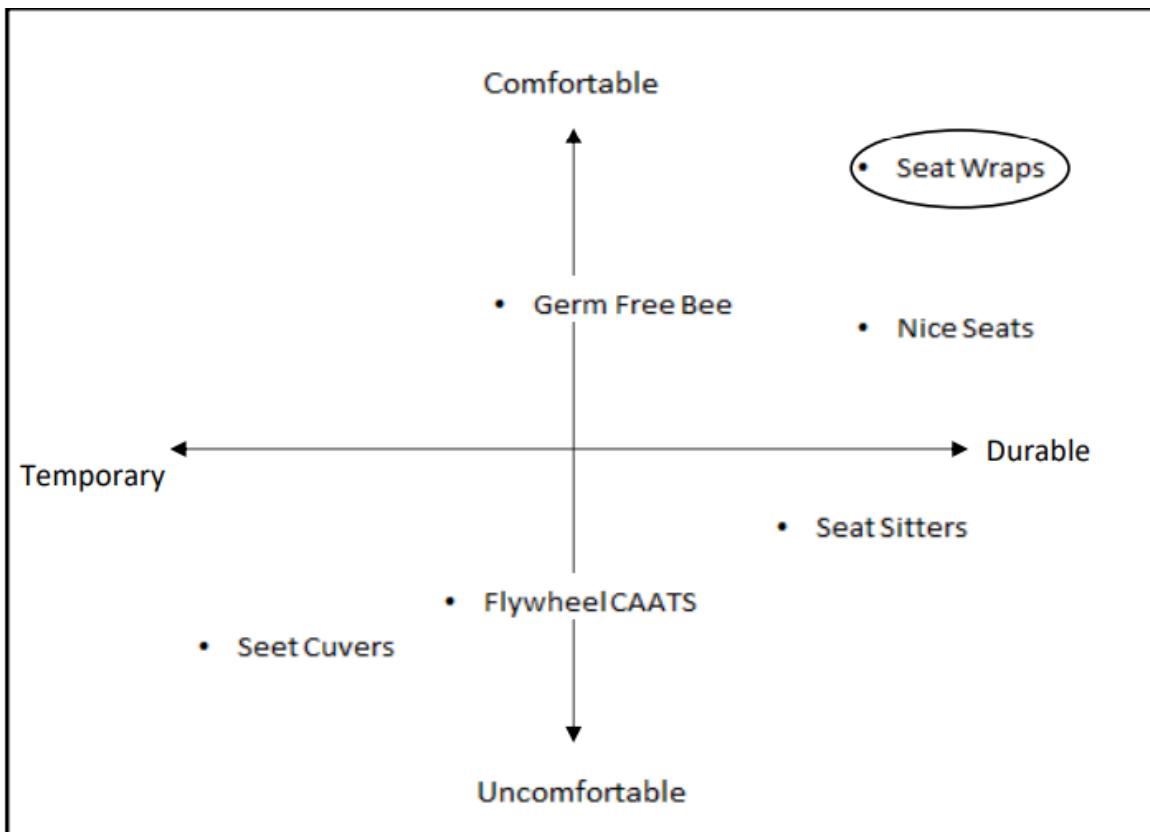
*** Our market share for both channels is our sales in dollars divided by our MP in dollars expressed as a percent.

Hudson sales was calculated by taking the 10% of their yearly turnover (Hudson) that makes up travel accessories (Barra-Hill). We then divided this figure by the average purchase price of airport retail, \$59.99 (11 Things), to find a potential sales number of ~3.5 million customers. Of all consumers, 4% both expressed interest in and purchased the travel accessory proxy product (Heller), we then multiplied that figure by 60% of people who intend to make a purchase actually making the purchase in terms of airport retail stores. Given that the market potential includes people making purchases at Hudson retail stores, our numbers are reasonably justified that our market share would be 2.4% across all years of sales. Year 1 market share would be ~0.49% lower due to not being on Hudson's shelves for the first 3 months of the year. Sales at Target's online stores was calculated by taking the 70% of our MP of customers who are on Facebook given that 7/10 adults associate with the service (Aslam). We then chose to initially market to 10% of those users given our allocation of marketing funds to this area. We found that there is a 9.1% rate at which Facebook users complete a desired action upon seeing an advertisement (Irvine). Our desired action is that individuals who engage with the advertisement will pause on the page and acknowledge the product. Given that 4% of consumers are willing to purchase the travel accessory proxy product we chose (Heller), we applied this to our figure. The final figures of year 1 unit sales is based off of our proxy product's proven sales numbers and engagement rates with our target market, minus the missing sales potential of the months of January, February, and March. Subsequent years of sales are calculated similarly, but with an additional 5% of total advertisements, meaning 15% of Facebook users within our target market receive ads in Year 2, 20% in Year 3, etc. While we would not immediately find that our market sales would match the travel accessory proxy product, we forecast that sales from advertisements will reach this level annually without accounting for already existing internet traffic on Target's online store.

Fcst by month	Units Sold Target	Revenue (\$ Target (Online))	Units Sold Hudson	Revenue (\$ Hudson)	Total Units Sold	Total All Revenue (\$)
Apr	718	\$21,533	7483	\$224,415	8,201	\$245,948
May	722	\$21,653	7512	\$225,285	8,234	\$246,938
Jun	742	\$22,253	7697	\$230,833	8,439	\$253,086
Jul	755	\$22,642	7823	\$234,612	8,578	\$257,254
Aug	738	\$22,133	7665	\$229,873	8,403	\$252,006
Sep	663	\$19,883	6985	\$209,480	7,648	\$229,364
Oct	715	\$21,443	7458	\$223,665	8,173	\$245,108
Nov	685	\$20,543	7192	\$215,688	7,877	\$236,231
Dec	696	\$20,873	7278	\$218,267	7,974	\$239,140
Jan '22	1013	\$30,380	6777	\$203,242	7,790	\$233,622
Feb	986	\$29,570	6597	\$197,844	7,583	\$227,414
Mar	1095	\$32,839	7325	\$219,677	8,420	\$252,516
TOTAL	9,528	\$285,745	87,792	\$2,632,882	97,320	\$2,918,627

Our monthly forecast uses monthly passenger reports from the Atlanta International Airport, where we found the average amount of passengers were in the months of March, April, and October with peaks during the summer season months (Statistics). After finding the percentage of travelers monthly, the standard deviation of units was ~2.5% of annual totals depending on the month that sales would occur. For example, we increased sales during peak travel months of June, July, and August by using 2 standard deviations of increase in sales. It would be reasonable to assume that our sales will follow the seasonal behavior of our consumer market with increased sales in summer months and lower sales in times when travel is less common. The reasoning behind the increase in sales from Dec '21 to Jan '22 is due to a production ramp up to meet the demand of increased online advertisement, as well as an increased amount of passengers visiting Hudson stores nationwide.

Exhibit #5: Perceptual Map and Positioning Statement



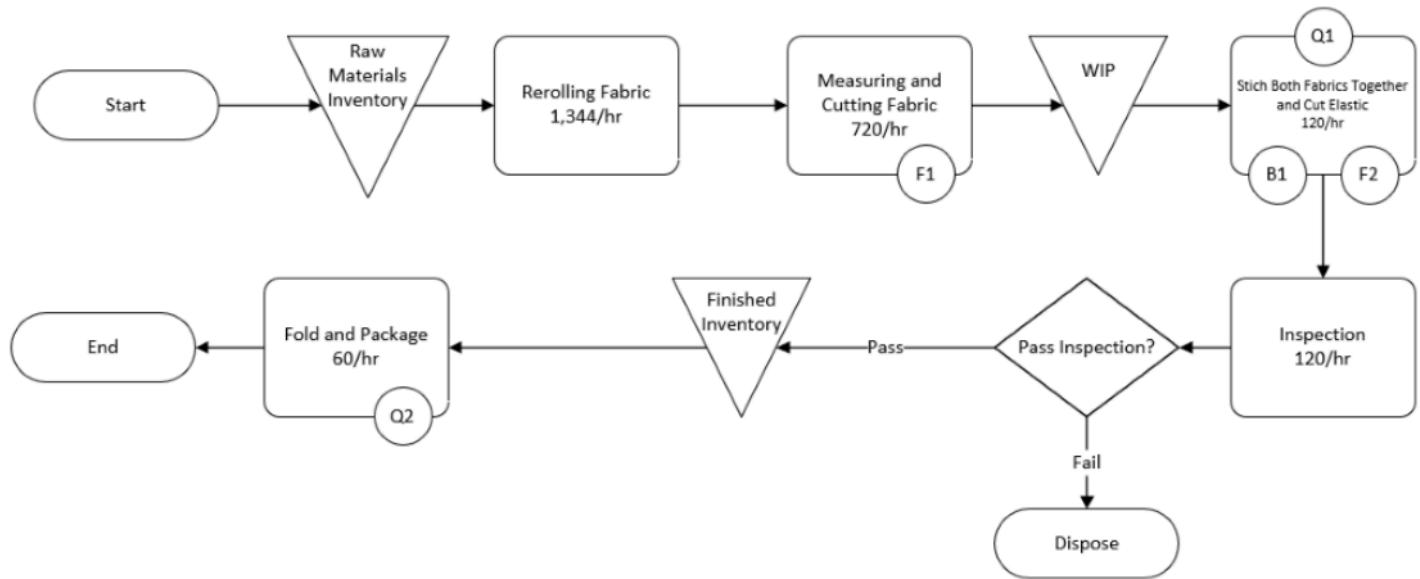
Positioning Statement: For Middle Aged Americans who love to travel, Seat Wraps are made up of a water-resistant inner layer and a soft, durable, eco-friendly outer layer that outperforms competitors with its durability. We ensure a cover that protects you from potential germs, while maintaining comfort along the way.

Durability for seat coverings in the market range from disposable (temporary) to machine washable (durable), with many companies ranging their product in between the two ends of the continuum. The materials used for airline seat covers also differ in they way they feel.

Exhibit #6: Marketing Mix

Product Branding						
We plan to build our Seat Wraps brand as a company that makes sanitation a major concern while maintaining that our product is both durable and comfortable. The durability of our product means that our product is also eco-friendly, in that it can be washed and reused for approximately 5 years. We plan to inform customers through our marketing that our product keeps you safe from germs while maintaining the comfort that other brands put their focus on.						
Pricing						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Seat Sitters	\$12.00	\$12.00	\$12.00	\$12.00	\$12.00	
Nice Seats	\$68.00	\$68.00	\$68.00	\$68.00	\$68.00	
Seat Cuvers	\$7.48	\$7.48	\$7.48	\$7.48	\$7.48	
Your Channel Price:	\$47.50	\$47.50	\$47.50	\$47.50	\$47.50	
Your Retail/Customer Price:	\$59.99	\$59.99	\$59.99	\$59.99	\$59.99	
Our retail price of \$59.99 stays in an affordable range while also accounting for the markup seen by the material upgrade compared to our low-end competitors. Our product is very durable but not as premium as Nice Seats. The ability to have a lasting seat cover compared to the few or one time usage of some competitors without a heavy markup is a convenience measure that our customers will value. Our channel price of \$47.50 is about a 25% discount from the retail price to cover our cost making the seat cover.						
Distribution/Location Strategy						
We will put our product in Hudson's airport retail stores as they are one of the biggest airport retailers in the country. We will want to get our product in front of people who fly and airports are the perfect place for it to be sold. Our company's distribution strategy is going to be directly through Hudson, who buys products directly from suppliers (Our). Hudson will provide for smooth access into major airports across the country. For Target were going to be using TargetPlus, their third-party selling platform were they handle distribution of our products through their site. By using Target Plus's platform we inherit some advantages like cheaper customer acquisition cost as Target gives Target Plus consumers free shipping, and 5% off when they use their Target credit card (Redcard).						
Promotional Strategy (in thousands of \$)						
	Year 1	Year 2	Year 3	Year 4	Year 5	
Total IMC Budget:	\$106	\$147	\$214	\$232	\$250	
Advertising Exp:	\$48	\$66	\$96	\$104	\$113	
Sales Promo Exp:	\$50	\$75	\$113	\$123	\$134	
PR Exp:	\$7	\$5	\$3	\$3	\$3	
Other Promo Exp:	\$1	\$1	\$1	\$1	\$1	
Our Total IMC Budget was decided to be 3% of gross revenue for Years 1-2, and 4% for Years 3-5 as our business increases in size (Boykin). For our advertising budget we allocated 45%, on general advertising, branding and content, social marketing, and direct marketing, we feel as though this is justified considering how much companies spend on advertising as a whole (How much Should). Because our decided Total IMC Budget exceeds the total annual cost of Facebook advertisement, we decided to allocate the average price of \$50,000 to creating and renting a 20x20 ft. kiosk at the Travel and Adventure Show in San Diego each year, full of frequent fliers (What). The main attendees would be within our targeted demographic and heavily interested in traveling, so the convention would both promote sales and increase our brand awareness.						
Another promotion we'll be offering will be targeted toward elderly Americans. We're going to purchase rooms at Hard Rock Hotel Casino in Atlantic City, to give 10 65+ customers three free nights stay for the purchase of a seat cover, the winners will be chosen at random. We will start this promotion in year 2 and continue it in years 3-5 increasing the number of winners each year, which will get elderly Americans wanting to buy our product. We decided to spend \$1000 years 1-2, and \$2,000 years 3-5 of our IMC Budget on Other Promo Expenses based off of research done by Tech Image (How much should). The remaining IMC budget was allocated to PR expenses to account for our companies growth in sales and brand, so this allows us to continue to grow our public relations as our company progresses. Even though less than 5% of advertising is focused on seniors, they happen to spend 50% of all purchasing dollars in the U.S. Elderly Americans also account for about 80% of all leisure travel (Coray). This means that they are more likely to buy our product while at the actual airport store. Therefore, our Facebook ads are more targeted towards middle-aged Americans because it will link them to the TargetPlus website.						
# of Salespeople:	0	0	0	0	0	
Compensation Method: (Example: 30K Salary + 3% commission)						
Because we are only selling our product online through Target Plus and wholesale directly to Hudson, we will not be hiring additional salespeople. The sales/marketing manager will coordinate with purchasers, who will be our sales force.						

Exhibit 7: Process Map



For each major quality step:

Quality Step	What is measured?	How often?	How will you ensure quality?
Q1	Making sure the materials are up to our standards and ensuring stitching is well done.	Every Shipment Received	The employee working the sewing machine will inspect the materials and the finished stitching. If any materials or stitching is not satisfactory, the product will be disposed.
Q2	Make sure that the packaging is up to standards	Every 28 days	An employee will examine if the packaging is done correctly and if it isn't then it will have to be redone.

For each critical failure point:

Failure Point	Brief description	How will you prevent this failure?	How will you recover if this failure occurs?
F1	The fabric is not cut in the right dimensions	Each fabric will be measured after it is cut by the worker to make sure it is adequate	Depending on whether it is the machine or human error, we will act accordingly. If it is the machine, we will inspect and fix it to its intended use. If it is our employees' fault, retrain or fire if needed.
F2	The fabric and elastic are not stitched together correctly	The fabric and elastic will be measured to make sure they are not uneven or crooked	Seamstresses is most likely at fault. Retrain them or fire if not meeting product standards. If sewing machine, inspect and fix to assure product consistency and quality.

Exhibit 8: Quality Assurance

Indicate the Dimensions of Quality on which you will focus.	Why is this dimension important, given your industry & target market?	Identify the Quality Step(s) on the Process Flowchart / Service Blueprint to which this corresponds.
Aesthetics	With any product, the visual aspect of the item is key in maintaining customers and interest in the product. We intend of having a design that is pleasing to our customer target market.	Q1
Durability	Our product can endure many washes through a washing machine, without wearing out our product for approximately 5 years.	Q1
Reliability	Our assurance is to maintain consistent production of our product so that each time our consumers purchase the seat cover, they will not be concerned about inconsistency.	Q2
Serviceability	Our customer service will ensure that if any issue or concern may transpire with our customers, that a quick solution is found, and the issue will be resolved for future involvements.	Q2

Use the space below to describe any additional Proactive Quality Assurance Plans that are not connected to a specific activity on your Process Flowchart / Service Blueprint.

We will have frequent quality assurance checks at end of each production cycle to ensure quality in every product we make. We will additionally utilize quality circles to identify errors in our production process and generate ideas for solutions.

Describe any reactive quality assurance plans. Include a recovery plan should a customer receive poor quality goods and/or services.

If a defective product passes through the inspection process and reaches a customer, our reactive plan will come into effect and ensure that a proper replacement is received by the retailer or wholesaler receiving our product. The customer will be able to return our product or receive a replacement. We will encourage our customers to review their experience through emails, surveys, and phone calls and our customer service sector will monitor these to understand where the issues originated. The return policy for the customer will entail returning the item back to our distributors and deciding if they want a refund or to receive a new, well-made product shortly after filing the complaint.

If you will utilize a quality/process improvement methodology, indicate which:

NA TQM Six Sigma ISO Benchmarking

Other (specify what):

Note: You will not use all of them; only those with highest relevance.

Provide a specific explanation of how your chosen quality methodology relates to your business and how it will be applied:

In using TQM, we will make an easy-to-use and eco-friendly product. Our company is always working towards better quality by constantly monitoring employee performance, so the product standards we hold are consistently met. We will take our online surveys seriously to pinpoint potential sources of error. Our operations team will also meet in quality circles to implement changes to the process, thereby ensuring that our customers are satisfied. This process improvement methodology holds the entire operations team accountable by providing continuous improvement upon customer relations and the quality of product being output.

Exhibit 9A: Inventory, Suppliers, and Distribution

RAW MATERIAL INVENTORY & SUPPLIER SELECTION If your organization does not have raw material inventory, please check this box: NA

Item(s)	Supplier Name & Location (City, State, Country)	Reason for selecting this supplier	Supplier lead time (in days)	Frequency of replenishment (in days)	System of Management	Mode(s) of Transportation
Recycled fabric: \$9.63 - 66002 \$4.88 - 6125RC	Polartec (Lawerance, Massachusetts, USA)	Polartec offers the best performance fabric while also working together to have sustainable manufacturing from beginning to end.	3 days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input checked="" type="checkbox"/> Air
Elastic, Sewing thread \$2.00 .04	Gerald Schwartz Inc. (Tucker, Georgia, USA)	Gerald Schwartz Inc. sell the required elastic and thread and are quite close in proximity.	1 day	3 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air
Non-Woven Drawstring bag .92	DiscountMugs (Miami, Florida, USA)	DiscountMugs sells the bags that we want that are ecofriendly and a size that can fit our product inside. It also is easy to carry around as well.	7 days	15 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air

FINISHED GOODS INVENTORY If your organization does not have finished goods inventory, please check this box: NA

	Finished goods produced (per hour)	Frequency of shipping finished goods	Average level of Finished goods inventory on site	Amount of safety stock on site
At the end of Year 1	50 Seat Wraps	28 days	382	1373
At the end of Year 2	52 Seat Wraps	28 days	450	1416
At the end of Year 3	55 Seat Wraps	28 days	453	1537
At the end of Year 4	60 Seat Wraps	28 days	454	1660
At the end of Year 5	65 Seat Wraps	28 days	455	1787

What is the lifespan of your finished goods inventory?	<input type="checkbox"/> NA	10 years
How will you manage perishability of Finished Goods Inventory?	<input checked="" type="checkbox"/> NA	

DISTRIBUTION If your organization does not require distribution, please check this box: NA

Name of transportation provider/carrier	Reason(s) for selecting this provider/carrier	Frequency of Pick Up / Drop off
UPS	Fast, reliable delivery with a fair price.	28 Days

Exhibit 10: Capacity

	Demand (per hour)	Capacity (per hour)	Utilization (%)	Hours of Operation	Bottleneck name and description	How will you manage the bottleneck to ensure you can appropriately serve or supply your customers?
At the end of Year 1	50 units	60 units	83.3%	7am – 3pm 2000 hours/year	Packaging - Our employee who packages ~60 units per hour	For the first three years the bottleneck will not be a big concern due to lower demand of the product. As our product grows in popularity, we will need to hire another employee by the end of year four to fold and package the item.
At the end of Year 2	52 units	60 units	86.7%	7am - 3pm 2000 hours/year	Packaging - Our employee who packages ~60 units per hour	
At the end of Year 3	55 units	60 units	91.7%	7am – 3pm 2000 hours/year	Packaging - Our employee who packages ~60 units per hour	
At the end of Year 4	60 units	120 units	50%	7am – 3pm 2000 hours/year	Packaging - Our 2 employees who package ~120 units per hour	We hired another employee to fulfill demand of our product. This will bring the bottleneck to 120/hour.
At the end of Year 5	65 units	120 units	54.2%	7am - 3pm 2000 hours/year	Packaging - Our 2 employees who package ~120 units per hour	

Show your calculations for the following parameters at the end of Year 1.

Hours of operation/month	Demand/month	Demand/hour	Capacity/month	Capacity/hour	Utilization
8 hours * 5 days * 4 weeks = 160 per month	73,500 units / 9 months = ~8000 units per month	8000 units / 160 hours = 50 units per hour	60 units x 160hrs = 9600 per month	60 units/ 8 hours = 7.5 per hour	50 units / 60 units * 100 = 83.33%

Describe adjustments you will make as resource requirements vary with time. Be specific regarding which key resources (beyond your bottleneck) will be adjusted, when and how. If you will make multiple adjustments, explain each.
Labor – We plan to hire an additional packager at the end of year four to compensate for the growing demand, changing the bottleneck of 60 units per hour on packaging to 120 units per hour. The bottleneck will then be shared between stitching, inspection, and packaging.
Additional resources (beyond your bottleneck) must be allocated appropriately to support operations. Identify which resources have a significant impact on capacity at start up and describe why these are appropriate amounts of resources at start up.
Our operations head manager will train our 6 manufacturing employees continuously to assure that they are meeting our company standards. Our machines consist of a Golden laser cutter, fabric roller, and 2 sewing machines. Our Golden laser specializes in cutting our fabrics with precise measurements to ensure our product is made correctly and consistently. We will have to increase maintenance and inspections of the equipment as we will be using these machines more often over the years. These inspections and maintenance will be done by the operations supervisor. We also will be supplying non-woven drawstring bags to package our product in and prepare them for shipping to our retailers. To account for our high volume of production, we will lease a warehouse with optimal space to make our product and store our finished goods.

Section 2 Team 8

Pro Forma Income Statement

Key
Input Field
Build Formula

	Year 1 Ending 12/31/2021	%	Year 2 Ending 12/31/2022	%	Year 3 Ending 12/31/2023	%	Year 4 Ending 12/31/2024	%	Year 5 Ending 12/31/2025	%
Sales Revenue	\$ 3,540,800	100.00%	\$ 4,897,900	100.00%	\$ 5,339,100	100.00%	\$ 5,790,400	100.00%	\$ 6,252,100	100.00%
Beginning Finished Goods Inventory	-	0.00%	51,174	1.04%	51,340	0.96%	54,907	0.95%	59,172	0.95%
Direct Materials	2,448,490	69.15%	3,346,237	68.32%	3,631,274	68.01%	3,923,362	67.76%	4,222,864	67.54%
Direct Labor	97,500	2.75%	100,425	2.05%	103,438	1.94%	132,541	2.29%	136,517	2.18%
Manufacturing Overhead	245,641	6.94%	269,654	5.51%	238,839	4.47%	227,925	3.94%	220,815	3.53%
Cost of Goods Manufactured	\$ 2,791,631	78.84%	\$ 3,716,316	75.88%	\$ 3,973,551	74.42%	\$ 4,283,828	73.98%	\$ 4,580,196	73.26%
Cost of Goods Available for Sale	\$ 2,791,631	78.84%	\$ 3,767,489	76.92%	\$ 4,024,891	75.39%	\$ 4,338,735	74.93%	\$ 4,639,368	74.20%
(Ending Finished Goods Inventory)	(51,174)	-1.45%	(51,340)	-1.05%	(54,907)	-1.03%	(59,172)	-1.02%	(63,277)	-1.01%
Cost of Goods Sold	\$ 2,740,457	77.40%	\$ 3,716,149	75.87%	\$ 3,969,984	74.36%	\$ 4,279,563	73.91%	\$ 4,576,091	73.19%
Gross Profit	\$ 800,343	22.60%	\$ 1,181,751	24.13%	\$ 1,369,116	25.64%	\$ 1,510,837	26.09%	\$ 1,676,009	26.81%
General and Administrative Expenses										
Salaries and Wages	\$ 310,705	8.77%	\$ 426,702	8.71%	\$ 439,503	8.23%	\$ 478,688	8.27%	\$ 493,048	7.89%
Payroll Tax Expenses	30,534	0.86%	39,828	0.81%	40,387	0.76%	44,061	0.76%	45,160	0.72%
Employee Benefits and Retirement	83,502	2.36%	90,462	1.85%	91,230	1.71%	100,067	1.73%	100,929	1.61%
Commissions/Bonus Expense	40,862	1.15%	42,087	0.86%	43,350	0.81%	44,752	0.77%	46,094	0.74%
General Insurance Expense	7,053	0.20%	9,686	0.20%	9,977	0.19%	10,866	0.19%	11,192	0.18%
Depreciation Expense	42,588	1.20%	65,403	1.34%	33,355	0.62%	21,170	0.37%	12,751	0.20%
Rent Expense	163,128	4.61%	163,128	3.33%	163,128	3.06%	163,128	2.82%	163,128	2.61%
Travel, Meals, and Entertainment	3,000	0.08%	3,500	0.07%	4,000	0.07%	4,500	0.08%	5,000	0.08%
Advertising and Promotion Expense	99,000	2.80%	142,000	2.90%	211,000	3.95%	229,000	3.95%	247,000	3.95%
Taxes & Licenses	3,445	0.10%	3,479	0.07%	3,455	0.06%	3,555	0.06%	3,707	0.06%
Office Expense	5,532	0.16%	5,532	0.11%	5,532	0.10%	5,532	0.10%	5,532	0.09%
Other - PR Expense	7,000	0.20%	5,000	0.10%	3,000	0.06%	3,000	0.05%	3,000	0.05%
Other - Petty Cash Fund	500	0.01%	500	0.01%	500	0.01%	500	0.01%	500	0.01%
Other - Outsourcing Expenses (Direct Labor)	74,548	2.11%	74,548	1.52%	74,548	1.40%	74,548	1.29%	74,548	1.19%
(Manufacturing Overhead)	(97,500)	-2.75%	(100,425)	-2.05%	(103,438)	-1.94%	(132,541)	(136,517)		-2.18%
Total General & Administrative Expenses	\$ 528,256	14.92%	\$ 701,776	14.33%	\$ 780,687	14.62%	\$ 822,901	14.21%	\$ 854,257	13.66%
Earnings Before Interest and Taxes	\$ 272,087	7.68%	\$ 479,975	9.80%	\$ 588,429	11.02%	\$ 687,936	11.88%	\$ 821,752	13.14%
Interest Expense/Income	2,000		5,000	0.10%	7,500	0.14%	10,000	0.17%	-	0.00%
Earnings Before Taxes	\$ 274,087	7.74%	\$ 484,975	9.90%	\$ 595,929	11.16%	\$ 697,936	12.05%	\$ 821,752	13.14%
Federal Income Tax Expense	57,558	1.63%	101,845	2.08%	125,145	2.34%	146,566	2.53%	172,568	2.76%
State Income Tax Expense	15,760	0.45%	27,886	0.57%	34,266	0.64%	40,131	0.69%	47,251	0.76%
Total Income Tax Expense	\$ 73,318	2.07%	\$ 129,731	2.65%	\$ 159,411	2.99%	\$ 186,698	3.22%	\$ 219,819	3.52%
Net Income (Loss)	\$ 200,769	5.67%	\$ 355,244	7.25%	\$ 436,518	8.18%	\$ 511,238	8.83%	\$ 601,933	9.63%
Operational Cash Flow	\$ (95,964)		\$ 189,311		\$ 417,683		\$ 479,970		\$ 559,786	
Free Cash Flow	\$ 809,930		\$ 217,761		\$ 566,577		\$ 611,356		\$ 691,161	
Statement of Retained Earnings										
Beginning Balance of Retained Earnings	\$ -		\$ 160,615		\$ 444,810		\$ 794,025		\$ 1,203,015	
Net Income (Loss)	200,769		355,244		436,518		511,238		601,933	
Dividends to Stockholders	40,154		71,049		87,304		102,248		120,387	
Ending Retained Earnings	\$ 160,615		\$ 444,810		\$ 794,025		\$ 1,203,015		\$ 1,684,561	

Section 2 Team 8

Pro Forma Balance Sheet

Key
Input Field
Build Formula

	As of Inception 1/1/2021	%	Year 1 Ending 12/31/2021	%	Year 2 Ending 12/31/2022	%	Year 3 Ending 12/31/2023	%	Year 4 Ending 12/31/2024	%	Year 5 Ending 12/31/2025	%
ASSETS												
Current Assets												
Cash and Cash Equivalents												
Cash and Cash Equivalents	\$ 1,200,000	100.00%	\$ 559,682	33.66%	\$ 377,945	21.75%	\$ 458,324	21.89%	\$ 586,047	23.34%	\$ 525,447	11.68%
Accounts Receivable	-	0.00%	\$ 590,133	35.49%	\$ 612,238	35.23%	\$ 667,388	31.88%	\$ 723,800	28.83%	\$ 781,513	17.37%
Inventory	-	0.00%	\$ 51,174	3.08%	\$ 51,340	2.95%	\$ 54,907	2.62%	\$ 59,172	2.36%	\$ 63,277	1.41%
Prepaid Rent	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Short Term Investments	-	0.00%	\$ 200,000	12.03%	\$ 500,000	28.77%	\$ 750,000	35.83%	\$ 1,000,000	39.83%	-	0.00%
Total Current Assets	\$ 1,200,000	100.00%	\$ 1,400,989	84.26%	\$ 1,541,522	88.71%	\$ 1,930,619	92.22%	\$ 2,369,019	94.36%	\$ 1,370,237	30.46%
Fixed (Long-Term) Assets												
Machinery and Equipment												
Machinery and Equipment	\$ -	0.00%	\$ 304,200	18.30%	\$ 261,612	15.05%	\$ 196,209	9.37%	\$ 162,853	6.49%	\$ 141,682	3.15%
Total Gross Fixed Assets	\$ -	0.00%	\$ 304,200	18.30%	\$ 261,612	15.05%	\$ 196,209	9.37%	\$ 162,853	6.49%	\$ 141,682	3.15%
Less: Accumulated Depreciation	-	0.00%	(42,588)	-2.56%	(65,403)	-3.76%	(33,355)	-1.59%	(21,170)	-0.84%	(12,751)	-0.28%
Net Fixed Assets	\$ -	0.00%	\$ 261,612	15.74%	\$ 196,209	11.29%	\$ 162,854	7.78%	\$ 141,683	5.64%	\$ 128,931	2.87%
Other Long Term Assets												
Long Term Investments												
Long Term Investments	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 3,000,000	66.68%
Intangibles, Net of Amortization	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Other Long Term Assets	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 3,000,000	66.68%
Total Assets	\$ 1,200,000	100.00%	\$ 1,662,601	100.00%	\$ 1,737,731	100.00%	\$ 2,093,473	100.00%	\$ 2,510,702	100.00%	\$ 4,499,168	100.00%
LIABILITIES AND STOCKHOLDERS' EQUITY												
Liabilities												
Current Liabilities												
Accounts Payable	\$ -	0.00%	\$ 272,054	16.36%	\$ 69,713	4.01%	\$ 75,652	3.61%	\$ 81,737	3.26%	\$ 87,976	1.96%
Accrued Salaries and Wages	-	0.00%	\$ 17,261	1.04%	\$ 17,779	1.02%	\$ 18,313	0.87%	\$ 19,945	0.79%	\$ 20,544	0.46%
Accrued Payroll Taxes and Benefits	-	0.00%	\$ 12,671	0.76%	\$ 5,429	0.31%	\$ 5,484	0.26%	\$ 6,005	0.24%	\$ 6,087	0.14%
Notes Payable	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Current Maturity of LT Debt	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Current Liabilities	\$ -	0.00%	\$ 301,987	18.16%	\$ 92,921	5.35%	\$ 99,448	4.75%	\$ 107,687	4.29%	\$ 114,607	2.55%
Long-Term Liabilities												
LT Debt Less Current Maturities	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ -	0.00%	\$ 1,500,000	33.34%
Total Liabilities	\$ -	0.00%	\$ 301,987	18.16%	\$ 92,921	5.35%	\$ 99,448	4.75%	\$ 107,687	4.29%	\$ 1,614,607	35.89%
STOCKHOLDER'S EQUITY												
Outside Investors	1,200,000	100.00%	1,200,000	72.18%	1,200,000	69.06%	1,200,000	57.32%	1,200,000	47.80%	1,200,000	26.67%
Retained Earnings	0	0.00%	160,615	9.66%	444,810	25.60%	794,025	37.93%	1,203,015	47.92%	1,684,561	37.44%
Total Stockholders' Equity	\$ 1,200,000	100.00%	\$ 1,360,615	81.84%	\$ 1,644,810	94.65%	\$ 1,994,025	95.25%	\$ 2,403,015	95.71%	\$ 2,884,561	64.11%
Total Liabilities and Stockholders' Equity	\$ 1,200,000	100.00%	\$ 1,662,601	100.00%	\$ 1,737,731	100.00%	\$ 2,093,473	100.00%	\$ 2,510,702	100.00%	\$ 4,499,168	100.00%

Section 2 Team 8

Pro Forma Statement of Cash Flows

	Key
	Input Field
	Build Formula

	As of Inception 1/1/2021	Year 1 Ending 12/31/2021	Year 2 Ending 12/31/2022	Year 3 Ending 12/31/2023	Year 4 Ending 12/31/2024	Year 5 Ending 12/31/2025
Cash Flows From (For) Operations						
Net Income	\$ -	\$ 200,769	\$ 355,244	\$ 436,518	\$ 511,238	\$ 601,933
Depreciation	-	42,588	65,403	33,355	21,170	12,751
Changes in Current Assets						
Increase in Accounts Receivable	-	(590,133)	(22,104)	(55,150)	(56,413)	(57,713)
Increase in Inventories	-	(51,174)	(166)	(3,567)	(4,265)	(4,105)
Increase in Prepaid Rent	-	-	-	-	-	-
Changes in Current Liabilities						
Increase in Accounts Payable	-	272,054	(202,341)	5,938	6,085	6,240
Increase in Accrued Salaries and Wages	-	17,261	518	533	1,633	598
Increase in Accrued Payroll Taxes and Benefits	-	12,671	(7,242)	55	521	82
Net Cash Flow From (For) Operating	\$ -	\$ (95,964)	\$ 189,311	\$ 417,683	\$ 479,970	\$ 559,786
Cash Flow (For) From Investing Activities						
Fixed Asset Purchases	-	(304,200)	-	-	-	-
Short Term Investments	-	(200,000)	(300,000)	(250,000)	(250,000)	1,000,000
Long Term Investments	-	-	-	-	-	(3,000,000)
Net Cash Flow (For) From Investing	\$ -	\$ (504,200)	\$ (300,000)	\$ (250,000)	\$ (250,000)	\$ (2,000,000)
Cash Flow From (For) Financing Activities						
Investor Contributions	\$ 1,200,000	\$ -	\$ -	\$ -	\$ -	\$ -
Short Term Debt Borrowings	-	-	-	-	-	-
Short Term Debt Payments	-	-	-	-	-	-
Long Term Debt Borrowings	-	-	-	-	-	1,500,000
Long Term Debt Payments	-	-	-	-	-	-
Dividends Paid to Stockholders	-	40,154	71,049	87,304	102,248	120,387
Net Cash Flows From (For) Financing	\$ 1,200,000	\$ (40,154)	\$ (71,049)	\$ (87,304)	\$ (102,248)	\$ 1,379,613
Net Change in Cash	\$ 1,200,000	\$ (640,318)	\$ (181,738)	\$ 80,379	\$ 127,722	\$ (60,600)
Beginning Cash Balance	\$ -	\$ 1,200,000	\$ 559,682	\$ 377,945	\$ 458,324	\$ 586,046
Net Change in Cash	\$ 1,200,000	\$ (640,318)	\$ (181,738)	\$ 80,379	\$ 127,722	\$ (60,600)
Ending Cash Balance	\$ 1,200,000	\$ 559,682	\$ 377,945	\$ 458,324	\$ 586,046	\$ 525,445

Exhibit #14: Financial Statements Notes

I. Income Statement - Taxed as C-Corp

- a. Since our business starts selling products in April of our first year, our sales revenues do not account for the first three months, hence the steep increase going into year two. Years 2 through 5 will be accounting for the full years.
- b. Direct Labor and Direct Materials appear twice because their base wages are included in Cost of Goods Sold. It must be subtracted from salaries and wages under General and Administrative Expenses, so it is not counted twice in Net Income.
- c. The General and Administrative Expenses cover expenses such as a trip to the Travel and Adventure show in San Diego (San), the prize competition to Atlantic City, the addition of an additional worker in year 4, licenses to operate our machinery in the state of Georgia, a PR expense to help with the growth of the company, and the outsourcing of customer service and accounting.
- d. Our Advertising and Promotion Expense comes from our extensive advertisement campaign that will appear on our target market individual's Facebook accounts.
- e. Taxes & Licenses – The state of Georgia has no taxes or license fees for our operations (Business taxes). Doraville is part of DeKalb County, and there is an Occupational Tax Certificate that must be acquired with a \$100 flat fee on application and \$50 fee per annual renewal. Each year, the greater of \$35 per employee OR .05% of gross receipts must be paid to the county (Doraville). The property tax for heavy machinery of DeKalb County is the millage rate, \$9.633 (Johnson) per \$1,000 (Course), on the assessed value of the equipment, 40% of its market worth (Property).
- f. Our salaries and wages expense increased annually due to a 3% increase at the beginning of each year, had they been employed the prior year. Our staff is paid every two weeks throughout the full calendar year. Adding a twelfth employee at the beginning of year 4 increases this expense account by \$26,000 (Miller).
- g. We have decided not to have any distributions on the first 5 years so we can use this cash to pay off our long-term liabilities.
- h. Outsourcing expenses include the cost to have one outsourced customer service representative and one outsourced accountant.

II. Balance Sheet

- a. Accumulated depreciation of Machinery and Equipment was calculated with the 7-year depreciation period from Chapter 12 Appendix A in our textbook.
- b. Current maturity of long-term debt was found using an amortization schedule for a \$1,000,000 loan over a 5-year period with 5% interest.
- c. Total Fixed Assets include the Golden Laser cutter, the fabric roller, and two sewing machines, all of which were purchased year 1.
- d. Accounts Payable is being used to pay for our equipment and materials once a month during year 1 and once a week during years 2 through 5. This is to decrease short term liabilities and maintain a healthy amount of debt moving forward from our loan required during start-up.
- e. Employees are paid once every two weeks, with one pay period delay accounting for liabilities at the end of each year.
- f. We are investing in short-term assets between years 1-4 to spend excess cash and accumulate interest income. These assets will be used to cash out by end of year 5 in order to purchase \$2,000,000 of the \$3,000,000 property we are renting, with the final \$1,000,000 coming from a long-term loan.

III. Cash Flows

- a. Ending cash balance for year two was lower than for the ending balance for year one as we decided to use some of the excess cash, we had to pay off our equipment debt

Section 2 Team 8

Financial Ratios Table

	Year 1 Ending 12/31/2021	Year 2 Ending 12/31/2022	Year 3 Ending 12/31/2023	Year 4 Ending 12/31/2024	Year 5 Ending 12/31/2025	Industry Average Ratios
Liquidity Ratios						
Current Ratio	4.64	16.59	19.41	22.00	11.96	2.24
Quick Ratio	4.47	16.04	18.86	21.45	11.40	1.26
Operating Cycle	50.78	50.67	50.67	50.67	50.67	90.00
Leverage Ratios						
Debt/Equity	0.22	0.06	0.05	0.04	0.56	0.64
Times Interest Earned	136.04	95.99	78.46	68.79	0.00	0*
Asset Management Ratios						
Inventory Turnover	53.55	72.38	72.30	72.32	72.32	28.00
Receivables Turnover	12.00	8.15	8.34	8.32	8.31	15.00
Fixed Asset Turnover	13.53	24.96	32.78	40.87	48.49	16.44
Profitability Ratios						
Gross Profit Margin	0.23	0.24	0.26	0.26	0.27	0.25
Operating Profit Margin	0.00	-0.02	0.04	0.07	0.08	0.03
Return on Assets	0.12	0.20	0.21	0.20	0.13	0.18
DuPont Analysis						
Net Profit Margin	0.06	0.07	0.08	0.09	0.10	0.10
Total Asset Turnover	2.13	2.82	2.55	2.31	1.39	2.86
Equity Multiplier	1.22	1.06	1.05	1.04	1.56	0*
Return on Equity	0.15	0.22	0.22	0.21	0.21	0.12

0* - Indicates unavailable data

Exhibit #16: Financial Analysis

- Our company's first annual year of sales was \$3,540,800 upon starting in April. Over the five-year period, we saw an increase of approximately \$2.7 million. This increase was substantial and demonstrated the increase in growth and corresponding market share.
- While our salaries made up a large percentage of our overall expenses, these numbers were necessary to maintain our employees over time given our management goal of long-term employment. Additionally, we added an additional factory worker in year 4 to assist in the workflow of our operations.
- The industry average ratios for Times Interest Earned and Equity Multiplier are reported as zeroes with asterisks as we could not find data in our industry for these ratios.
- Our Receivables turnover is lower than the industry's average because the accounts receivable is higher because Target and Hudson on average take longer to pay back on receivables.
- With our current sales forecast and by paying off our short-term debt we can accomplish a very high quick ratio of (11.4) by year five versus the industry average of (1.26).

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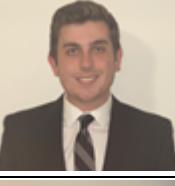
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Meet the Seat Wraps Team - Section 2, Team 8

	<p>My name is Ryan Cerbus, I am from Glen Mills, Pennsylvania, and I am a junior Accounting major. I am a big fan of the Philadelphia 76ers and I like to go hiking and watch movies with my friends.</p>
	<p>My name is Andrew Flower, I am from Frederick, Maryland, and I am a junior Marketing major. In my free time I like to watch/play sports, and I also enjoy being outdoors.</p>
	<p>My name is Shaffee Iskandar, I am from Fairfax, Virginia and am majoring in CIS. Outside of this class, I enjoy videogames, computers, cars, and sometimes boxing.</p>
	<p>My name is Brock Mauck. I am from Fairfax, Virginia, and I am looking to major in Finance with a minor in Economics. Besides business, I enjoy watching/playing sports, videogames, politics, and music.</p>
	<p>My name is John Nicholas, I am from Pittsburgh, Pennsylvania and I am a Business Management major. Outside of class, I enjoy watching professional sports, golfing, traveling, and spending time outdoors.</p>
	<p>My name is Emily Rohde and I am from Leesburg, Virginia. I am currently a junior Computer Information Systems major with a Spanish minor. In my free time, I enjoy hiking and traveling.</p>
	<p>My name is Emmett Tran and I am from Virginia Beach, Virginia. I am currently a Computer Information Systems major. In my free time I like to surf and play videogames.</p>
	<p>My name is Camille Wood, I am from Richmond, Virginia, and I am a junior Accounting major. Outside of class, I like to spend my time dancing, hiking, watching movies, and hanging out with friends.</p>

Section 2 Team 8:
Team Meeting Attendance

Team Meeting Date	Meeting Length in Hours	Iskandar Shaffee	Cerbus Ryan	Tran Emmett	John Nicholas	Brock Mauck	Rohde Emily	Andrew Flower	Wood Camille	Team Planning	Team Research	Work on Business Plan	Other Team Work or Assignments
10/29	1	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
11/2	2	✓	✓	✓	✓	✓	✓	✓	✓	✓			✓
11/3	2	✓	✓	✓	✓	✓	✓	✓	✓				✓
11/4	2	✓	✓	✓	✓	✓	✓	✓	✓				✓
11/10	2	✓	✓	✓	✓	✓	✓	✓	✓				✓
11/12	2.5	✓	✓	✓	✓	✓	✓	✓	✓				✓
11/17	3	✓	✓	✓	✓	✓	✓	✓	✓				✓
11/18	7	✓	✓	✓	✓	✓	✓	✓	✓				✓
Total	21.5	0	0	0	0	0	0	0	0	0	0	0	0