New Venture: Final Report

Little Fish, Big Sea

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Executive Summary

In today's society, parents are more fearful for their children than ever before (Gervis, 2018). Little Fish Big Sea is the solution to parents losing their children in busy public places. As wearable technology becomes an increasingly lucrative field, with a total valuation of $34 billion by 2022 (Lamkin, 2016), parents look to use this technology to keep their children safe (Gervis, 2018). Little Fish Big Sea is a simple to use tracking bracelet. The main features include a button to press when you notice your child is not by your side, the LED arrow, and pulses that guide you to the direction of the other bracelet. Little Fish Big Sea provides privacy, security and cost savings to parents better than any other GPS tracking bracelet on the market (JioBit, 2018 and Lil Tracker, 2018). Using radio frequency technology, parents have the added security being that no companies have access to their location, or the location of their children. Therefore, Little Fish Big Sea provides a unique benefit to precautionary parents of children between the ages of three to six looking for a private and secure tracking device.

In the market of child tracking technology, there are very few competitors. In addition, the market is relatively fragmented (Fraleigh, W., Hermant, V., Newell, N., Valenti, G., & Wang, Z., 2018). Entering the market gives Little Fish Big Sea a great opportunity for growth as much of the market is unengaged. Little Fish Big Sea can therefore gain customers quickly as potential customers are not locked in with other companies and their subscription services. We look to target a market of 76 ,720 people. In the first year, we look to engage 5% of the target market. Although ambitious, the nature of child tracking technology and the ability to manufacture 10, 000 bracelets gives Little Fish Big Sea a great opportunity in the first year to create revenue.

The unique nature of our product gives Little Fish Big Sea room for innovation and change to ensure we continue to stay relevant and ahead of the curve. We look to stay relevant

and innovative by continuously putting money into research and development, beginning with an investment of $10,000 in the first month of operations and continuing to grow this investment as the company grows. Since Little Fish Big Sea is accessing a niche market, ensuring that the needs of our customers are met is very important. We look to use our selling platforms to gain feedback and ensure our customers are satisfied with Little Fish Big Sea. Finally, we look to ensure we have a quality product by always keeping up to date on safety standards and taking all privacy and safety concerns seriously.

The simple technology and ability to sell our product at a lower cost than our competitors give Little Fish Big Sea a distinct competitive advantage. The additional benefits of operating on radio frequency technology is the diminished costs compared to GPS tracking and increased privacy to users. Further, the competitor's bracelet cost upward of $85 per bracelet (refer to Appendix A for more information on our competitors). The majority of costs come from manufacturing and distribution of our product, Little Fish Big Sea is going to generate revenues by having a one-time cost of $55 per bracelet and a monthly subscription of $5 per month for each bracelet.

Each team member adds value to the organization. The combined skills of the five members of Little Fish Big Sea along with our key partners gives us a unique and strong environment to grow and expand our business.

Our business model is positioned to have minimal additional costs as we expand. The major expenses include expanding manufacturing and buying more radio channels to support the number of bracelets. These costs are only incurred if we sell more than the capacity as defined in our financial reporting. After achieving scale in the Canadian market, we plan to expand our operations by selling internationally on our website. This will be a relatively low cost to expand,

as a majority of our operations will remain the same other than the additional shipping and manufacturing expenses.

In the first year, we have the capacity to sell a maximum of 10,000 bracelets. However, to achieve scale and break even we need to sell 3552.92 bracelets per month. We expect to be cash flow positive by November 2020, twenty months into operations. We are asking for $150,000 in exchange for thirty percent equity in our company. This money will be allocated towards financing our costs and expanding our business to reach scale.

Value Proposition

Little Fish Big Sea is a company that has created a discrete tracking bracelet using radio frequency technology. Our bracelets provide location services within a five-kilometer radius, which is larger than the radius of the biggest mall in Canada (West Edmonton Mall, 2018). Once activated, the bracelet displays an LED lighted arrow guiding the user to the synced bracelets. Additionally, the bracelet pulsates as users get closer and farther from the bracelet. As you get closer to a bracelet in the user's personal network pulses increase in speed (Fraleigh, Hermant, Newell, Valenti & Wang, 2018).

Little Fish Big Sea aims to provide quality location services using radio frequency technology. Our company has the perfect problem-solution fit as we are meeting an unmet need in the current market space. The current problem with today's location service technology is that the devices being used to provide the location services to families are not secure. Third parties such as government agencies as well as other large companies can obtain location information, which is a problem that an increasing number of parent's face. By using radio frequencies our product meets this security problem parents worry about. Our company has created a tracking bracelet that runs on a private network that keeps location information private for our customers.

As seen in our value proposition, not only do our bracelets help relieve this scare parents have over privacy, but also provide pain relief to parents by giving them the peace of mind they need when out in public with their children.

Our bracelets are unique as our company is currently the only company on the market that is using radio frequency technology to provide location services to customers. Our product has eliminated the need for parents to rely on the use of their cellphones. Our product is valuable especially in emergency situations where an individual does not have access to a mobile device.

Using soft silicone plastic, our company is able to create a durable, waterproof bracelet that is both fashionable and discreet. (Fraleigh, Hermant, Newell, Valenti & Wang, 2019)

Creating Value

Customer Segment

To fall in line with current demand, our chosen target market is precautionary parents with children ages three to six. In this segment, our company will be specifically targeting parents with mid-high ranges of income. This is our target market because our company aims to provide a feeling of safety and security to parents with young children. At this age, our primary research shows that parents are more likely to experience their children wandering off and most have reported frequently worrying about their child's location (Fraleigh, Hermant, Newell, Valenti & Wang, 2019). There is a current need for our product on the market because at this age, children are not responsible enough to own products that are regularly used for location services, such as cellular devices. There is also a need for our product as there is a rise in the number of parents who are worried about the government and large companies collecting location service information (Gervis, 2018). We will be meeting this need by using radio frequency technology to ensure location information is kept private to our customers. With this being said, we are targeting parents with psychographic traits including a worry for their children, and a continual desire for protection.

Customer Relationships

To attain our product, our customers will need to make an initial purchase of $55 per bracelet, with an additional subscription fee of $5 per month for each bracelet. To strengthen our customer relationship, when customers purchase the bracelets online, they will have an option to create an account. With the general information provided, our company will be able to provide a

more custom online experience when the customer returns to the website. Additionally, the purchase of the bracelets themselves have a high customer lock-in as they require a subscription after a low initial cost.

Our company plans to generate customer loyalty through being transparent in our operations, emphasizing the importance of providing privacy to customers, and providing swift and efficient service through a call line if the customers have questions. We will be transparent by being honest about the manufacturing of our products and keep our customers up to date with product development. Additionally, we will keep communication lines open to customers to hear their feedback in order to constantly improve our product. Our product focuses on the privacy and safety of children, which is the most important value to parents (Gervis, 2018). Therefore, to stay in alignment of our product's benefits, we will refrain from asking customers personal questions, unless the information is required. These questions, such as the bracelet serial number, will be asked when customers complete their online profiles, done before the purchase of a Little Fish Big Sea bracelet. To ensure quality and smooth transition into using our product, we will have a customer call line to help the customer set up the bracelets, or in case they have any additional questions about the product.

Channels

To distribute our product, our company plans to use three main channels as our go-to-market strategy; online distribution throughout Canada, small local retail stores with high family-oriented traffic, and pop-up shops at our partner's events. Our first key channel is online distribution. Our company plans to have an online platform to sell our bracelets Canada wide. As a long-term goal, after we have achieved scale in the Canadian market, our company plans to expand our operations and sell internationally through our website. The next main channel we

plan to use to distribute our product is small local retail stores. Our goal is to distribute our product to local stores with high family foot traffic such as children's clothing stores, toy stores, and electronic stores. After our brand becomes better established, we plan to approach major retail stores with our product. The last main channel we will use to distribute our product is to have pop-up shops at our partner's events. We plan to partner with the *Canadian Center for Child Protection*. This organization has several initiatives focusing on the safety and well-being of children. Specifically, we would focus having our pop-up shops at the events that support their initiatives for protecting children in public spaces, as well as their initiative to protect children online (Canadian Center for Child Protection, 2019).

Delivering Value

Key Resources

To ensure our product meets quality standards set out by our customers, we look to manufacture with a reliable third-party firm and get individual parts from reputable suppliers. We will buy most of the raw materials from several reliable suppliers in Canada in order to lower our variable costs, such as silicone rubber, and button cells (Amazon, 2018). Additionally, we will buy the rights to use a range of family radio frequencies from the Government of Canada and apply them to by inserting a chip into each bracelet (Government of Canada, 2018). Each pair of bracelets will be assigned to a unique frequency to avoid interference from other bracelets.

Human Resources

In terms of human resources, our team is made up by five enthusiastic, business students. Each of us has systematically learned about with how to build a strong, feasible business model and adjust the model when as needed. Through the use of a variety of models, our team is able to decide the best strategies when we confront problems of our current business model, decide the most suitable strategy and corresponding contingency plan.

Key Partners

An important key partner will be our third-party suppliers. By outsourcing our supplies and manufacturing, we can save on large variable costs. We will partner with *BBK Electronic Corporation* in China, an international firm focusing in electronics in order to lower our manufacturing costs (BBK Electronic Corporation, 2019).

Another partner will include shipping companies. Since we are outsourcing our suppliers and manufacturers from China, we will be partnering with China Freight, an international shipping and logistics company centered in China (China Freight, 2018).

Little Fish Big Sea will also be partnering with the *Canadian Center for Child Protection* to build brand awareness amongst the public. This organization focuses using on the well-being and safety of all children, and one of the important missions of the organization is to assist in the location of missing children, which aligns with our value proposition. The organization offers many different initiatives such as located missing children in public areas and to protect children online (Canadian Center for Children Protection, 2018). See Appendix B for more information about the partner.

Key Activities/Operations

Since this product serves an important safety and security function for parents, it is crucial to ensure current and potential customers and involved and play a significant role in product development and enhancement. To further ensure this product is safe and functions properly, Little Fish Big Sea will be conducting constant research for the latest safety and technological improvements. After the establishment of this business and the initial start-up phase, a utility patent will be applied for to remain ahead of our competitors, encourage creativity and innovation, and hold ownership over its unique radio frequency technology.

Being a new firm, Little Fish Big Sea will seek to bootstrap many of its operations to save on costs. The main bootstrapping activities will include outsourcing the manufacturing of the product to avoid spending large upfront costs on equipment and machinery. In addition, rental fees will be held to a minimum, since there will be no money spent on renting an office. Small salary allowances and the decision to not hire external personal sellers will also help save costs. As for the website, Little Fish Big Sea plans to create and develop the site internally to avoid high costs that would go towards paying a website developer.

Marketing

Little Fish Big Sea will focus on key activities to ensure the product meets customer needs and achieves high quality. Being a new venture, marketing will be an important function of company operations. The product will be marketed through various mediums, such as viral marketing, store displays, and rental booths with the *Canadian Center for Child Protection*.

Important marketing strategies that we plan to implement will include viral marketing, store displays, rental booths and partnered promotion. For viral marketing, we plan to use a variety of advertising forms such as the use of *Twitter*, *Facebook*, and *Instagram* to create

company pages, as well as pay for advertisements in the form of website banners on websites that parents frequent such as parenting forums. As for store displays and rental booths, our company plans to pay for booths in both retail stores as well as at our partner's events to advertise our product. At these booths, there will be pamphlets that both advertise our product, as well as include valuable information on the benefits it provides. This will be appealing to retail stores as the push promotion strategy of setting up the booths will relieve the store of some of the work that it takes to place the product. For a detailed execution of the marketing plan see Appendix C.

Capturing Value

Cost Structure

In order to cover our total financing required of $168 000, Little Fish Big Sea will be asking for $150,000 in exchange for 30% equity in the company, with a total evaluation of $500,000 for the business. Further, the difference between our financing and investor capital will be covered by personal loans taken out by the team.

As a new venture, bootstrapping will assist in cutting down costs, however, there are still many costs to be accounted for, especially within the early start-up stages of the business.

While Little Fish Big Sea is outsourcing manufacturing, gathering the supplies necessary is something the company has taken upon itself. With supplies, each product costs $33.70 to make. See appendix D for details on the supply breakdown. With freight and packaging costs, the total variable cost increases to $39.50 per bracelet to manufacture and distribute. The product will be sold to customers at $55 per bracelet. Thus, providing us with $15.50 in profits to be used towards covering other costs. Thus, making the contribution margin equal to 29%. See Appendix E for calculations that brought us to this conclusion.

Another cost to be aware of is the cost to use the radio frequency. Under the family radio services (FRS), a maximum of 10,000 bracelets will be able to be manufactured. It will cost $43.50 per month to rent the frequency from the government (Government of Canada, 2016).

Another acquired cost will be through the partnership with the *Canadian Center for Child Protection*. Firstly, there will be costs through renting booths at different events administered by the organization as well as booths at local vendors, which are approximately $20 per event (Dykman, 2012). It is expected to participate in about four events per month, totaling $80 in booth rentals. Secondly, in order to create an incentive for the organization to work with an to endorse Little Fish Big Sea, the company will be providing a donation of 2% for every bracelet sale, and once the company becomes more successful, more money will be donated to the organization.

According to the cash worksheet and budget. It will take 20 months before Little Fish Big Sea becomes cash flow positive and the monthly build rate totals $1385.22. This build is partially due to the fact that we believe we can get credit from our suppliers/manufacturers so that we do not have to pay 100% of our costs in the first month. Further, the large fixed costs are not accounted for in our build rate, meaning although we make money, there are still a lot of costs acquired. The breakeven point in terms of units and dollars includes $1,551,274.63, which translates into 71,058.39 units. Meaning Little Fish Big Sea will have to average a sale of 3,553 bracelets per month. This target is realistic due to surge periods such as back to school and the December rush for the holiday season. See Appendix E for Calculations.

We acknowledge that attaining five percent of the total Canadian market share of 76,720 people in the first year of operations for our product is ambitious. However, the reasons we believe this number is realistic for our company is based on the following reasons. Firstly, the

message behind our product is keeping children safe and secure, which strikes close to home for many parents as many have experienced even a small scare (Fraleigh, Hermant, Newell, Valenti & Wang, 2019). Based on this reasoning, we believe we can capture these customers because of the importance and relevance of this product. Additionally, we believe that by offering radio frequency technology instead of GPS tracking services, this offers a unique benefit to parents. This alleviates any worries and concerns of external tracking by others, dead phone batteries, and loss of cell reception. Finally, with our initial investment of $10,000 each, we can reach more potential customers through stronger marketing and awareness of the product. These activities would not be as possible without these initial funds.

Another factor that must be addressed is the $10,000 initial investment by each team member. While we recognize this is a large number per person, we are all extremely passionate and willing to take on additional personal lines of credit.

Revenue Stream

In order to generate revenue and achieve financial performance, Little Fish Big Sea has determined multiple revenue streams. With a maximum number of people able to be reached in Canada totaling 76,720 people and a maximum amount of 10,000 bracelets produced per year (Appendix F for forecasting breakdown). Although we look to sell nationally online, we look to retail in local, family-oriented stores within southern Ontario. For all revenue streams, the product will be available in the initial 2-pack, where both parent and child will have a bracelet. For this starter pack, each bracelet will be sold for $55 each, for a total of $110 altogether. For additional family members, there will be the option to purchase another bracelet that syncs with the existing bracelets. We have been acknowledged that having our product in big box retail stores is unrealistic due to the high costs and lack of relationships as a new business. However,

Little Fish Big Sea still sees the value in having the product be placed in stores where potential customers can physically touch and see the product. Therefore, local stores, such as toy stores, children's clothing stores, and electronic stores, will be capitalized on to display the product. These stores will be located in southern Ontario and will be centered in large, busy, and high traffic cities. As a new venture, it will take a lot of work to have the product be placed in these stores and will therefore be aiming for approximately 35 stores during first year of operations. Looking at the local stores in the southern Ontario, our team attempted a conservative estimate of the number of stores that would be willing and able to distribute our product. In later years, Little Fish Big Sea hopes to scale its business into more stores, and potentially seek out the larger retailers such as chain operations or more largely recognized stores.

In addition to paying $55 for each bracelet, another way the company will be generating revenue is through a monthly subscription of $5 per bracelet at the end of each month. This subscription fee will ensure that Little Fish Big Sea can stay up-to-date with modern technology and ensure the product is the safest it can be for our customers. This allows Little Fish Big Sea to operate a bait and hook business model. By offering the bracelet at a relatively low margin to induce customers to use the product we are creating the bait. The hook comes from the subscription revenue model, as the subscription will allow our company to have a high margin revenue from the profits compared to the cost of using the radio frequency. Therefore, the additional revenue stream allows Little Fish Big Sea to generate significantly more profit.

The tool being used to place the product into local stores will be personal selling. Without hiring external sellers, we will save costs and better explain the product and its features to store owners and inventory decision makers. Since we plan to have 35 retail locations as our goal, if this goal is obtained, we plan to circulate throughout the locations, using personal selling at one

location per week. This will be in addition to the sales representative at the individual retail locations. Working with the store's employees on a fairly regular basis will allow for better brand recognition and knowledge of the product by the location's employees. Providing help with the selling of our product is also a push promotion strategy as it will alleviate some of the work that the location's employees will have to do, and therefore be attractive to the retail stores in which we aim to sell our products in. In order to persuade retailers to place the product in stores, push promotion will also be used to help make store owner's lives easier. One of the ways this form of promotion will be achieved is by detailing. Little Fish Big Sea employees will be setting up displays in stores to make it more convenient for retailers.

Another form of revenue will be through the Little Fish Big Sea website. We will generate revenue through online sales throughout Canada. Customers will be given the option to purchase either a two pack of bracelets, or individual bracelets which will be shipped directly to their front door.

Another form of revenue will come from our partnership with *Canadian Center for Child Protection*. This organization's main purpose is to protect children and to ensure their safety. A main service this organization offers is focusing on the location of missing children and protecting children in public spaces (Canadian Center for Child Protection, 2019). Their message and desire to help young children aligned well to that of Little Fish, Big Sea. The importance of the organization's initiative and a solution to locating missing children will help to bring awareness to Little Fish, Big Sea. A main way this awareness will be created is through renting booths at the organization's event and displaying the product. Being able to personally explain the product to worried parents will allow for further explanation and to answer any questions potential customers may have.

Risks and Contingencies

The first risk we may encounter is not meeting our projected sales targets. Although our targets are already conservative, we cannot be certain of any sales before our product launch. To combat this issue, we will conduct surveys as well as review our primary research data to make sure our product fully meets customer needs and have valid estimates before we manufacture our product. Although our projection may be considered ambitious, we have insured that the target sales and financing from the team and investors is enough to cover our fixed costs.

Another risk we face is the possibility of a design flaw. The design flaw would cause us to recall bracelets, negatively affecting sales and costing us a lot of money. We would prepare for this by investing a lot of money into research and development as well as conducting beta trials to ensure that our product functions effectively and correctly before we introduce it to the market. We will also ensure that our product is manufactured at a reliable facility in order to sustain a high level of product quality. We will make sure to have a representative check on the manufacturing of our bracelets to ensure the equipment is up to standard.

List of Appendices

Title	Reference Letter
Competitor Breakdown	A
Partnership with *Canadian Center for Child Protection*	B
Gantt Chart	C
Component Breakdown and Cost Structure	D
Financials	E
Forecasting	F

Appendix A – Competitor Breakdown

Cost breakdown for one year of *Little Fish Big Sea*'s main competitors

Product Name	Jiobit	Lil Tracker
Price (for device)	$99.99	$84.99
Price (SIM card)	$0.00	$42
Price (monthly fee)	$8.99	$10.00
Total	$108.98	$136.99
Image of Product		

Fraleigh, W., Hermant, V., Newell, N., Valenti, G., & Wang, Z. (2018). *New Venture Report*. Project submitted to BU111. Wilfrid Laurier University, Waterloo.

Key Takeaway

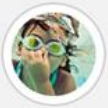
Our main competitors include the companies listed above. Both these companies receive revenue not just through the purchase of the product, but also through a subscription service.

Appendix B – Partnership with *Canadian Center for Child Protection*

Key initiatives performed by this organization that aligns with *Little Fish Big Sea*

ProtectKidsOnline.ca

This site helps parents/guardians stay on top of the digital world their children are engaging in while providing proactive strategies to help keep children/youth safe while online.



Protecting Children in Public Spaces

A multiphase initiative by the City of Winnipeg, with the support of the Canadian Centre, created to enhance children's safety at City-run facilities.

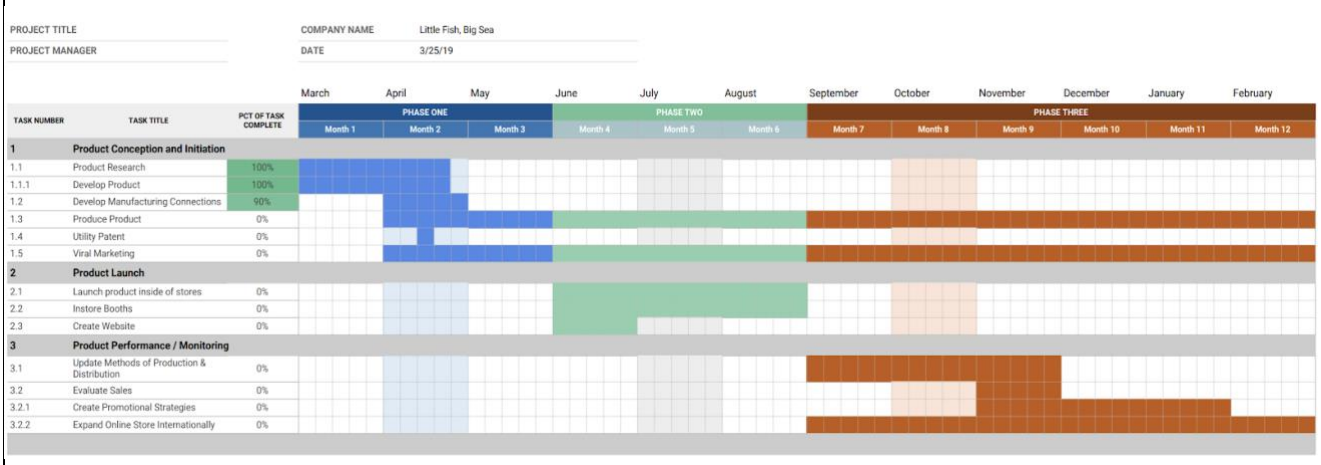
Mission Statement

Our Mission

REDUCE	Reduce the incidence of missing and sexually exploited children
EDUCATE	Educate the public on child personal safety and sexual exploitation
ASSIST	Assist in the location of missing children
ADVOCATE	Advocate for and increase awareness about issues relating to missing and sexually exploited children

Website Overview	
Key Takeaway	The *Canadian Center for Child Protection* aligns perfectly with the goals of *Little Fish Big Sea*. By partnering with this organization, we can reach more customers and gain more awareness for our product.

Appendix C – Gantt Chart



PROJECT TITLE
PROJECT MANAGER
COMPANY NAME: Little Fish, Big Sea
DATE: 3/25/19

TASK NUMBER	TASK TITLE	PCT OF TASK COMPLETE
1	**Product Conception and Initiation**	
1.1	Product Research	100%
1.1.1	Develop Product	100%
1.2	Develop Manufacturing Connections	90%
1.3	Produce Product	0%
1.4	Utility Patent	0%
1.5	Viral Marketing	0%
2	**Product Launch**	
2.1	Launch product inside of stores	0%
2.2	Instore Booths	0%
2.3	Create Website	0%
3	**Product Performance / Monitoring**	
3.1	Update Methods of Production & Distribution	0%
3.2	Evaluate Sales	0%
3.2.1	Create Promotional Strategies	0%
3.2.2	Expand Online Store Internationally	0%

Key Takeaway: Provides us perspective with long term goals in terms of how much of the total market we can access.

Appendix D – Component Breakdown and Cost Structure

Component breakdown to be used in the radio frequency transmitter

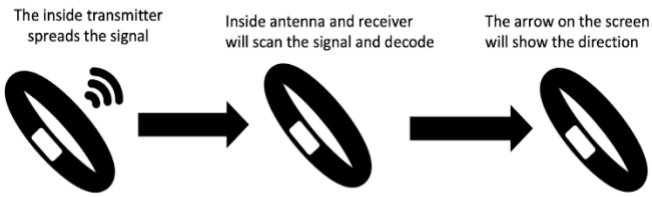
Fraleigh, W., Hermant, V., Newell, N., Valenti, G., & Wang, Z. (2018). *New Venture Report*. Project submitted to BU111. Wilfrid Laurier University, Waterloo.

Price breakdown of the supplies to be used in the radio frequency transmitter

Fraleigh, W., Hermant, V., Newell, N., Valenti, G., & Wang, Z. (2018). *New Venture Report*. Project submitted to BU111. Wilfrid Laurier University, Waterloo.

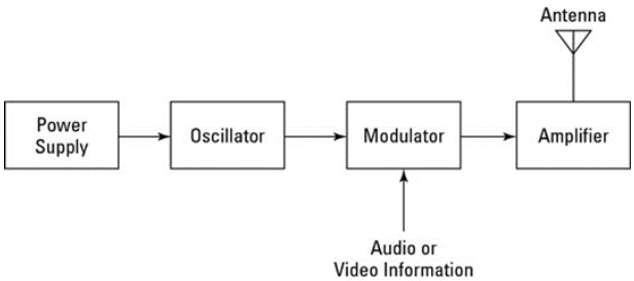
Items	**Price ($)**
Oscillator	0.58
Radio Antenna	1.54
Radio frequency amplifier	9.98
Radio frequency detector	4.36
Button cell	2.00
Silicone rubber	2.36
Manufacturing for a silicone bracelet	0.08
Manufacturing for electronic parts	5.00
Total	25.90

Diagram explaining how the bracelet's family radio services (FRS) works



Technology diagram of the components inside the transmitter

Fraleigh, W., Hermant, V., Newell, N., Valenti, G., & Wang, Z. (2018). *New Venture Report*. Project submitted to BU111. Wilfrid Laurier University, Waterloo.



Key Takeaway	Cost per units can be identified as $33.70. The specific components required to manufactuer our product allow us to better understand the different parts required for our product.

Appendix E – Financials

Cash Worksheet – First year of operations

Little Fish Big Sea
Cash Worksheet
April 2019 - March 2020

CASH WORKSHEET	Year 1 Quarter 1	Year 1 Quarter 2	Year 1 Quarter 3	Year 1 Quarter 4
Net Sales	$ 63,294.00	$ 84,392.00	$ 195,156.50	$ 184,607.50
Subscription	$ 11,987.49	$ 11,987.49	$ 11,987.49	$ 11,987.49
Total Receipts	$ 75,281.49	$ 96,379.49	$ 207,143.99	$ 196,594.99
Less: Purchases				
71% for next month sales	$ 53,449.86	$ 68,429.44	$ 147,072.23	$ 139,582.44
Payments				
80% for the month of sale	$ 60,225.19	$ 77,103.59	$ 165,715.19	$ 157,275.99
20% for the month after sale	$ 8,982.63	$ 18,221.00	$ 26,660.20	$ 44,593.50
Total Disbursements for purchase	$ 69,207.82	$ 95,324.59	$ 192,375.39	$ 201,869.49

Cash Worksheet – second and third years of operation

Little Fish Big Sea
Cash Worksheet
April 2020 - March 2022

CASH WORKSHEET	Year 2 Quarter 1	Year 2 Quarter 2	Year 2 Quarter 3	Year 2 Quarter 4	Year 3 Quarter 1	Year 3 Quarter 2	Year 3 Quarter 3	Year 3 Quarter 4
Net Sales	$ 88,611.60	$ 118,148.80	$ 273,219.10	$ 258,450.50	$ 126,588.00	$ 168,784.00	$ 390,313.00	$ 369,215.00
Subscription	$ 23,974.98	$ 23,974.98	$ 23,974.98	$ 23,974.98	$ 35,962.47	$ 35,962.47	$ 35,962.47	$ 35,962.47
Total Receipts	$ 112,586.58	$ 142,123.78	$ 297,194.08	$ 282,425.48	$ 162,550.47	$ 204,746.47	$ 426,275.47	$ 405,177.47
Less: Purchases								
71% for next month sales	$ 79,936.47	$ 100,907.88	$ 211,007.80	$ 200,522.09	$ 115,410.83	$ 145,369.99	$ 302,655.58	$ 287,676.00
Payments								
80% for the month of sale	$ 90,069.26	$ 113,699.02	$ 237,755.26	$ 225,940.38	$ 130,040.38	$ 163,797.18	$ 341,020.38	$ 324,141.98
20% for the month after sale	$ 30,157.35	$ 26,947.90	$ 38,762.78	$ 63,869.40	$ 43,314.83	$ 38,839.49	$ 55,717.89	$ 91,584.49
Total Disbursements for purchase	$ 120,226.61	$ 140,646.92	$ 276,518.04	$ 289,809.78	$ 173,355.20	$ 202,636.67	$ 396,738.27	$ 415,726.47

Cash Budget – First year of operations

Little Fish Big Sea
Cash Budget
April 2019 - March 2020

CASH BUDGET	Year 1 Quarter 1	Year 1 Quarter 2	Year 1 Quarter 3	Year 1 Quarter 4
Beginning Cash Balance	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00
Add: Receipts	$ 75,281.49	$ 96,379.49	$ 207,143.99	$ 196,594.99
Total Cash Available	$ 225,281.49	$ 246,379.49	$ 357,143.99	$ 346,594.99
	$ -	$ -	$ -	$ -
Less: Distribution for Purchase	$ 53,449.86	$ 68,429.44	$ 147,072.23	$ 139,582.44
Website	$ 1,052.50	$ 52.50	$ 52.50	$ 52.50
Frequency	$ 13,050.00	$ 13,050.00	$ 13,050.00	$ 13,050.00
Advertising	$ 3,480.00	$ 3,480.00	$ 3,480.00	$ 3,480.00
Research and Development	$ 40,000.00	$ -	$ -	$ -
Wages	$ 39,000.00	$ 39,000.00	$ 39,000.00	$ 39,000.00
Interest: 6%	$ 3,901.81	$ 1,749.72	$ 1,015.51	$ 248.72
Income Tax	$ -	$ -	$ -	$ 1,120.78
	$ -	$ -	$ -	$ -
Total Disbursements	$ 150,032.36	$ 124,011.94	$ 202,654.73	$ 195,164.94
Total Disbursements after Income tax	$ -	$ -	$ -	$ 76,417.19
Excess Cash / Deficiency	$ 75,249.13	$ 122,367.55	$ 154,489.26	$ 151,430.05
Minimum Cash Balance Required	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00
Financing Required	$ 74,750.87	$ 27,632.45	$ 8,734.13	$ 4,145.32
Surplus Cash	$ -	$ -	$ 13,223.39	$ 5,575.37
Less: Loan Payment	$ -	$ -	$ 13,223.39	$ 5,575.37
Ending Cash Balance	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00

Cash Budget – second and third year of operations

Little Fish Big Sea
Cash Budget
April 2020 - March 2022

CASH BUDGET	Year 2 Quarter 1	Year 2 Quarter 2	Year 2 Quarter 3	Year 2 Quarter 4	Year 3 Quarter 1	Year 3 Quarter 2	Year 3 Quarter 3	Year 3 Quarter 4
Beginning Cash Balance	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 157,259.70
Add: Receipts	$ 112,586.58	$ 142,123.78	$ 297,194.08	$ 282,425.48	$ 162,550.47	$ 204,746.47	$ 426,275.47	$ 405,177.47
Total Cash Available	$ 262,586.58	$ 292,123.78	$ 447,194.08	$ 432,425.48	$ 312,550.47	$ 354,746.47	$ 576,275.47	$ 562,437.17
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Less: Distribution for Purchase	$ 79,936.47	$ 100,907.88	$ 211,007.80	$ 200,522.09	$ 115,410.83	$ 145,369.99	$ 302,655.58	$ 287,676.00
Website	$ 52.50	$ 52.50	$ 52.50	$ 52.50	$ 52.50	$ 52.50	$ 52.50	$ 52.50
Frequency	$ 13,050.00	$ 13,050.00	$ 13,050.00	$ 13,050.00	$ 13,050.00	$ 13,050.00	$ 13,050.00	$ 13,050.00
Advertising	$ 3,480.00	$ 3,480.00	$ 3,480.00	$ 3,480.00	$ 3,480.00	$ 3,480.00	$ 3,480.00	$ 3,480.00
Research and Development	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Wages	$ 39,000.00	$ 39,000.00	$ 39,000.00	$ 39,000.00	$ 39,000.00	$ 39,000.00	$ 39,000.00	$ 39,000.00
Interest: 6%	$ 1,113.03	$ 990.48	$ 201.67	$ -	$ 521.27	$ -	$ -	$ -
Income Tax	$ -	$ -	$ -	$ 3,148.88	$ -	$ -	$ -	$ 7,466.59
	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Total Disbursements	$ 135,518.97	$ 156,490.38	$ 266,590.30	$ 256,104.59	$ 170,993.33	$ 200,952.49	$ 358,238.08	$ 343,258.50
Total Disbursements after Income tax	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Excess Cash / Deficiency	$ 125,946.83	$ 135,633.40	$ 180,603.78	$ 176,320.89	$ 138,408.26	$ 153,793.98	$ 218,037.39	$ 219,178.67
Minimum Cash Balance Required	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00
Financing Required	$ 24,053.17	$ 14,366.60	$ 1,219.79	$ -	$ 8,687.79	$ -	$ -	$ -
Surplus Cash	$ -	$ -	$ 31,823.57	$ 26,320.89	$ 244.92	$ 3,793.98	$ 68,037.39	$ 69,178.67
Less: Loan Payment	$ -	$ -	$ 31,823.57	$ 26,320.89	$ 244.92	$ 3,793.98	$ 68,037.39	$ 23,822.24
Ending Cash Balance	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 150,000.00	$ 195,356.43

Key Takeaways

Little Fish Big Sea's first month of making money is in December 2019. However, we become cash flow positive by November 2020. By January 2022, our total loan is paid off.

Breakeven Analysis (until breakeven point)

Breakeven Analysis (until we breakeven)

CFC / Contribution per unit = 1,101,404.99 / 15.5 = 71,058.39 (units)

CFC / VCRR = 1,101,404.99 / 0.71 = $1,551,274.63 (dollars)

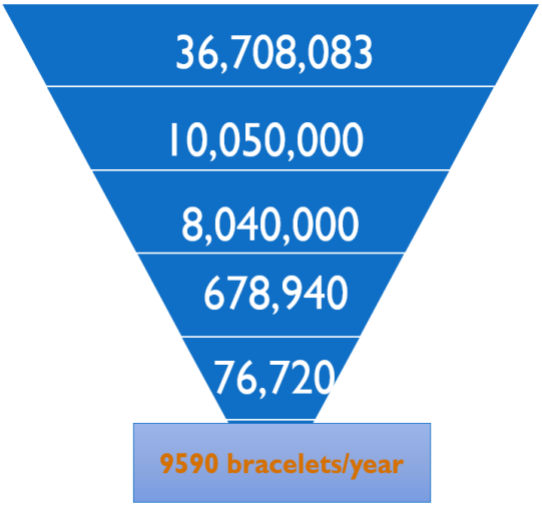
Key Takeaways

It will take 3552.92 units per month to breakeven.

Net Build Rate	**Cash Burn Rate** Disbursements / months = $558,777.29 / 12 = $46,564.77 **Cash Build Rate** Receipts / months = $575,399.96 / 12 = $47,950.00 **Net Build Rate** Build - Burn = $1385.22

Appendix F - Forecasting

Bottom-Up Forecasting	Explanation
  Spectrum - Information Technologies and Telecommunications. (2016, April 29). RIC-42 - Guide for Calculating Radio Licence Fees. Retrieved from https://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf01027.html#aE	**48,000 hours** - 5 employees x 40-hour work weeks x 240 business weeks in a year - 5*40*240 = 48,000 **One manufacturing facility** - Based on our decision to outsource our manufacturing, we will only be partnering with one manufacturing facility **35 retail stores** - The number of stores in Canada we believe our product will be sold in by the end of first year operations - We will approach these small, local stores through personal selling channels **41.67 bracelets produced per day** - There are 10,000 bracelets able to be produced during the first year of operations and 240 business weeks in a year - 10,000 / 240 = 41.67 bracelets produced per week **10,000 bracelets able to be produced per year** - Based on the Family Radio Services (FRS) and the number allowance from the Government of Canada

Top-Down Forecasting	Explanation
 Statistics Canada. (2018, March 27). Canada at a Glance 2018 Population. Retrieved from https://www150.statcan.gc.ca/n1/pub/12-581-x/2018000/pop-eng.htm Spectrum - Information Technologies and Telecommunications. (2016, April 29). RIC-42 - Guide for Calculating Radio Licence Fees. Retrieved from https://www.ic.gc.ca/eic/site/smt-gst.nsf/eng/sf01027.html#aE Statistics Canada. (2017, September 27). Household income in Canada: Key results from the 2016 Census. Retrieved from https://www150.statcan.gc.ca/n1/daily-quotidien/170913/dq170913a-eng.htm (n.d.). Retrieved from https://www150.statcan.gc.ca/t1/tbl1/en/tv.action?pid=3910004101	**36,708,083** - Total Canadian population **10,050,000** - Number of Canadian families **8,040,000** - Number of people in Canada in the mid-high-income range - 80% of the total number of families in Canada are segmented in the mid-high-income range - 10,050,000*0.8 = 8.040,000 **678,940** - Approximate number of people with children between the ages of 3-6 (our target market) - 1,018,410 people with children 5 years old and younger. We divided the number by 6 to find the approximate number per each age group. Then multiplied by 4 based on our target market **76,720** - Number of paranoid and stressed parents - 11.3% of 678,940 **9590** - 5% of the total market share - 76,720*0.05 = 3836 - 3836*2.5 – 9590 - Minimum purchase of 2 bracelets and we expect some families to buy an additional third or forth bracelet depending on the number of children they have. Therefore, we believe that on average, each family will purchase 2.5 bracelets
Key Takeaways	Based on our resources, we can produce a maximum of 10,000 bracelets per year. In addition, the total number of people we believe we can access in Canada is 76,720 people. During our first year of operations, we believe we can access 5% of that total number.

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