

THE ENCAPSULATOR – PRODUCT PROPOSAL

PRODUCT PRESENTATION BY WASTE-BEE-GONE CORPORATION (GROUP 12)



Bee Smart. Bee Clean. Bee Gone.

Executive Summary

To potential investors,

The product we are presenting is called The Encapsulator. This particular product is a vast improvement of the traditional garbage can that all households use on a daily basis. We are seeking a \$50,000 capital investment for a 10% stake in our company. Currently, we are selling our product at \$99 which has proven to be competitive against similarly priced garbage can units. Competition to our product will be discussed in depth later on. In our last fiscal year (January 2012 – December 2012) we sold 5000 garbage cans. We recorded a net loss of \$50,000 in the year 2012. As of July 1st (after second quarter), the company has seen a 10% growth in sales in comparison to the first two quarters of last year. With this continued growth, you will have a return on investment of 30% (\$15,000) in two years (January 2014 – December 2015). It will take two years to see growth on the investment but we have also accounted for certain risks and thus discounted our cash flow accordingly.

We are confident that your investment will aid us in penetrating the market even further and as a result, the company will see significant growth over the next ten to twenty years. This product proposal will display to you that this is a high quality investment. In this proposal we will examine demographics, policy changes, environmental concerns, social change, competitors, and economic activity that all have the potential to either negatively or positively impact our product launch. We will address this research and explain how we will implement a flawless business strategy that will ultimately lead to a large surplus in sales and priceless brand recognition. Thank you for your time and for reviewing our proposal.

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1.0 Introduction

The Encapsulator will revolutionize the way people dispose of their trash. Our mission is to provide a product that enhances social responsibility and encourages environmental concern worldwide. We aim to address ecological issues and ease consumer burden with regard to waste management. Sustainability is our utmost priority. Our vision is to be the future of reliable household waste disposal. The culture we display is that of opportunity, change, collaboration, acceptance, and professionalism. We envision a world where we **P.R.O.T.E.C.T.** the environment, the consumer, and all forms of life. Our company can be described as follows:

- Professional
- Responsible
- Organic
- Trusting
- Eco-Friendly
- Consumer Oriented
- Transparent

Our company has experienced small success thus far but we hope to expand over the coming years. We plan to set an official launch date for our product to increase brand awareness and generate income. The proposed launch date is October 21st 2013, as this day marks the first day of Waste Reduction Week in Canada. Our goal is to become synonymous with customer care and corporate social responsibility. In the sections to follow, we will outline our objectives and provide the SCAMPER outcome of our product. We will then include a product specification that illustrates our product.

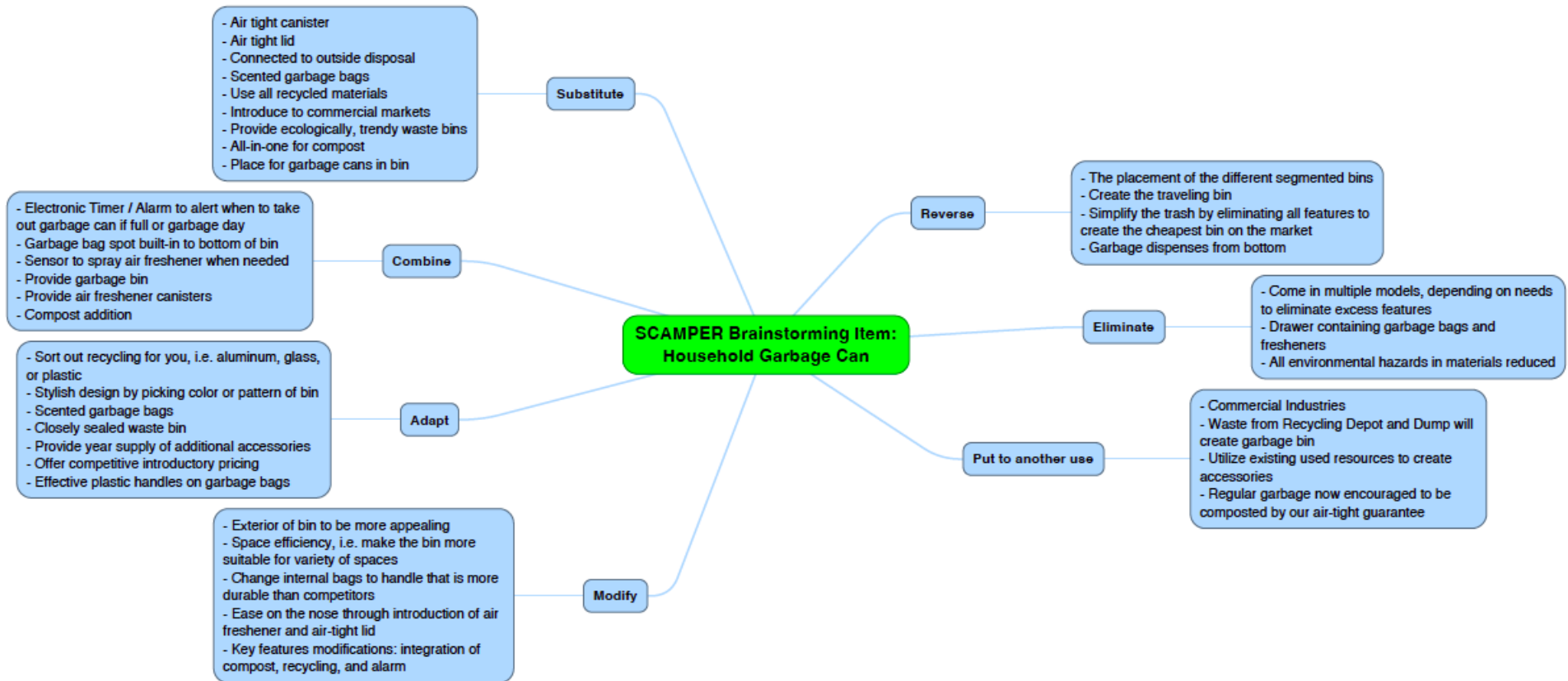
2.0 Goals and Objectives

Waste-Bee-Gone is a company devoted to the consumer and the environment. The population is ever growing and humans are producing more waste than ever before. We are no longer using every piece of the animal as the Aboriginals once did in North America many years ago. We must embrace this principle of creativity in which every resource can be used to its fullest potential without waste. It is time to once again idolize nature and treat it with the respect it deserves.

With the rise of the industrial revolution and now the technological revolution, it is more important than ever to take a serious approach to waste disposal. Our primary market is going to be Canada where we can sell to the already environmentally conscious. Canada, although a small market, produces a little less garbage per person when compared to the U.S. (Statistics Canada, Recycling in Canada). Our secondary market will be aimed towards the rest of North America, the United States in particular. This proposal will focus on these two markets in terms of social, political, environmental, and economic factors. Following the expansion to North America, we plan to implement our product overseas in Europe, Asia, and Australia. Our goal is to become the brand every person thinks of when asked about garbage cans.

Our long-term goal is to expand our company to include commercial products. We will design a new product that will be targeted at commercial institutions such as hotels, restaurants, community centers, and grocery stores. This objective will follow the original target market which is the average household.

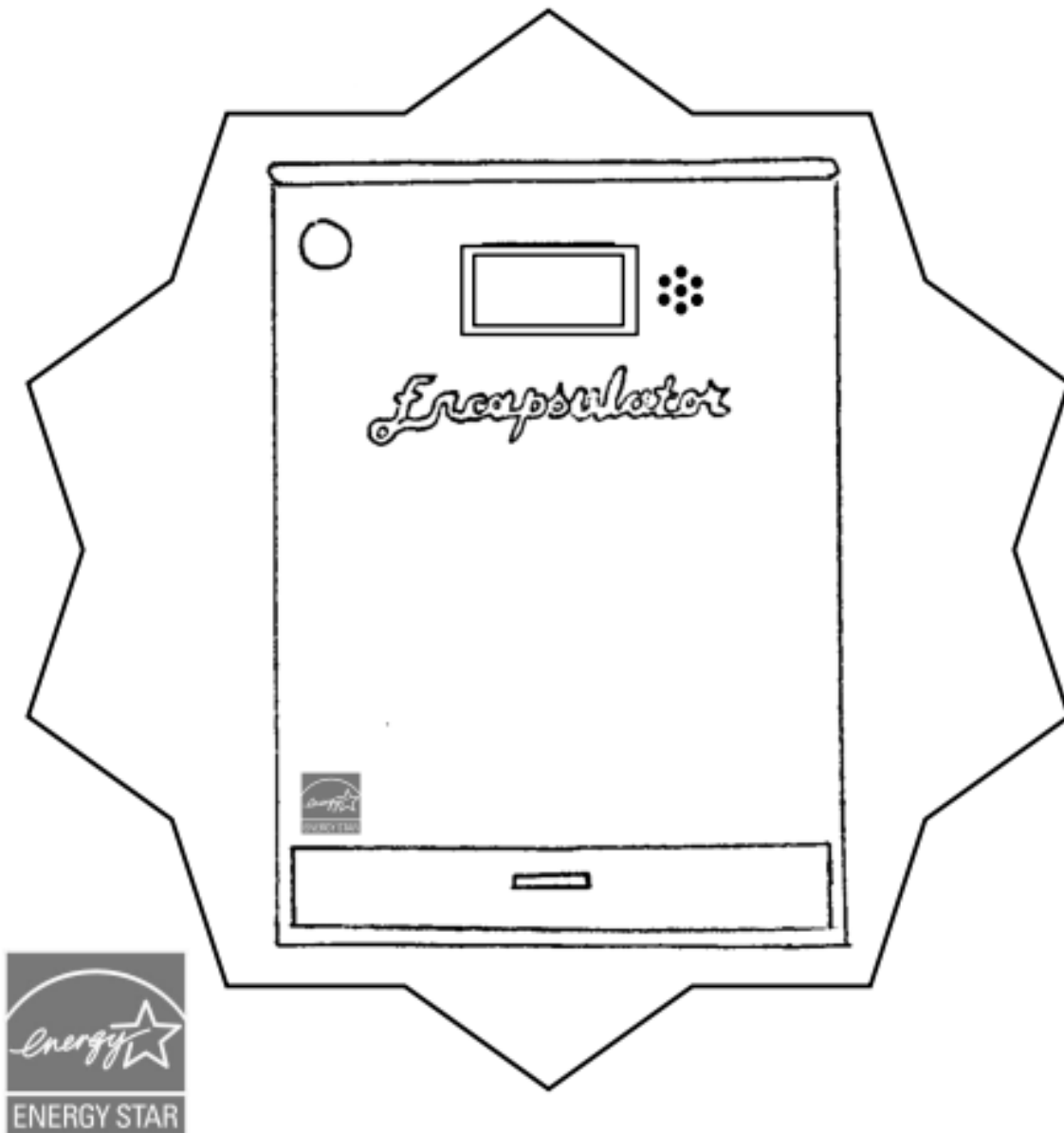
3.0 SCAMPER Analysis



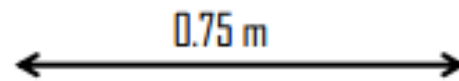
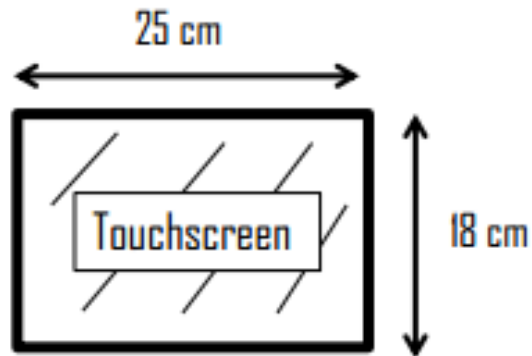
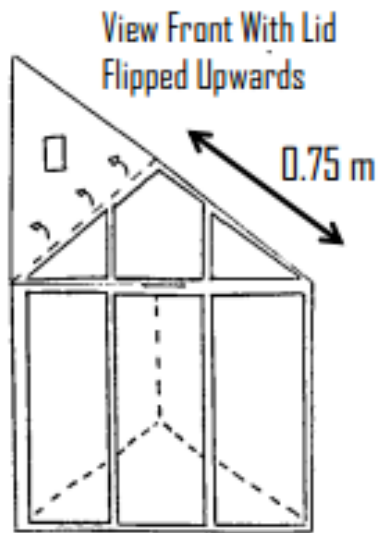
4.0 Product Specifications



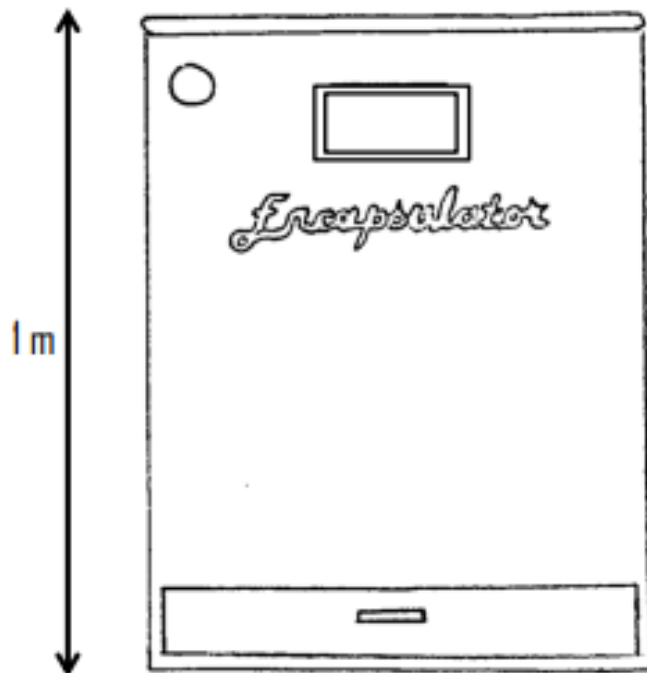
Information and User Guide



Product Dimensions

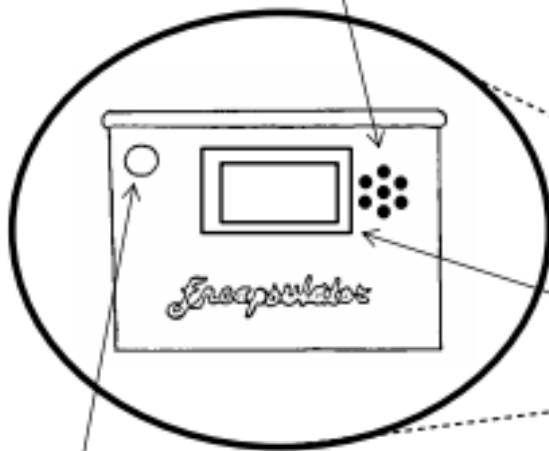


Triangular shape
perfectly helps fit
in corners, doesn't
get in the way or
kicked around the
room!



High Quality Sound Speakers

The Encapsulator 
Bee Smart, Bee Clean, Bee Gone

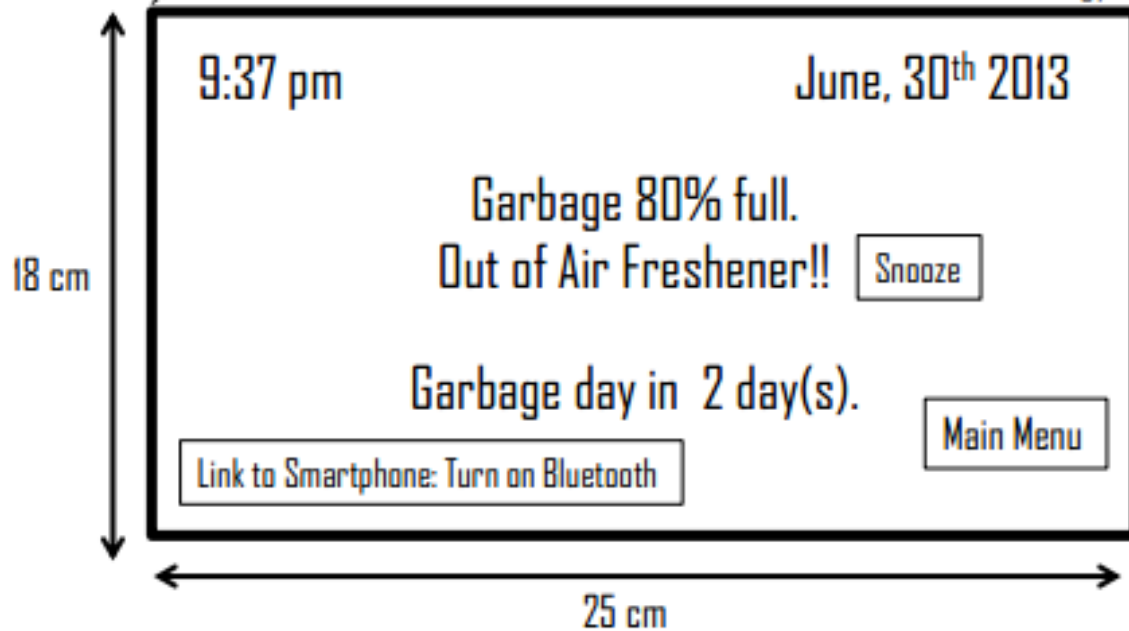


User Control Panel

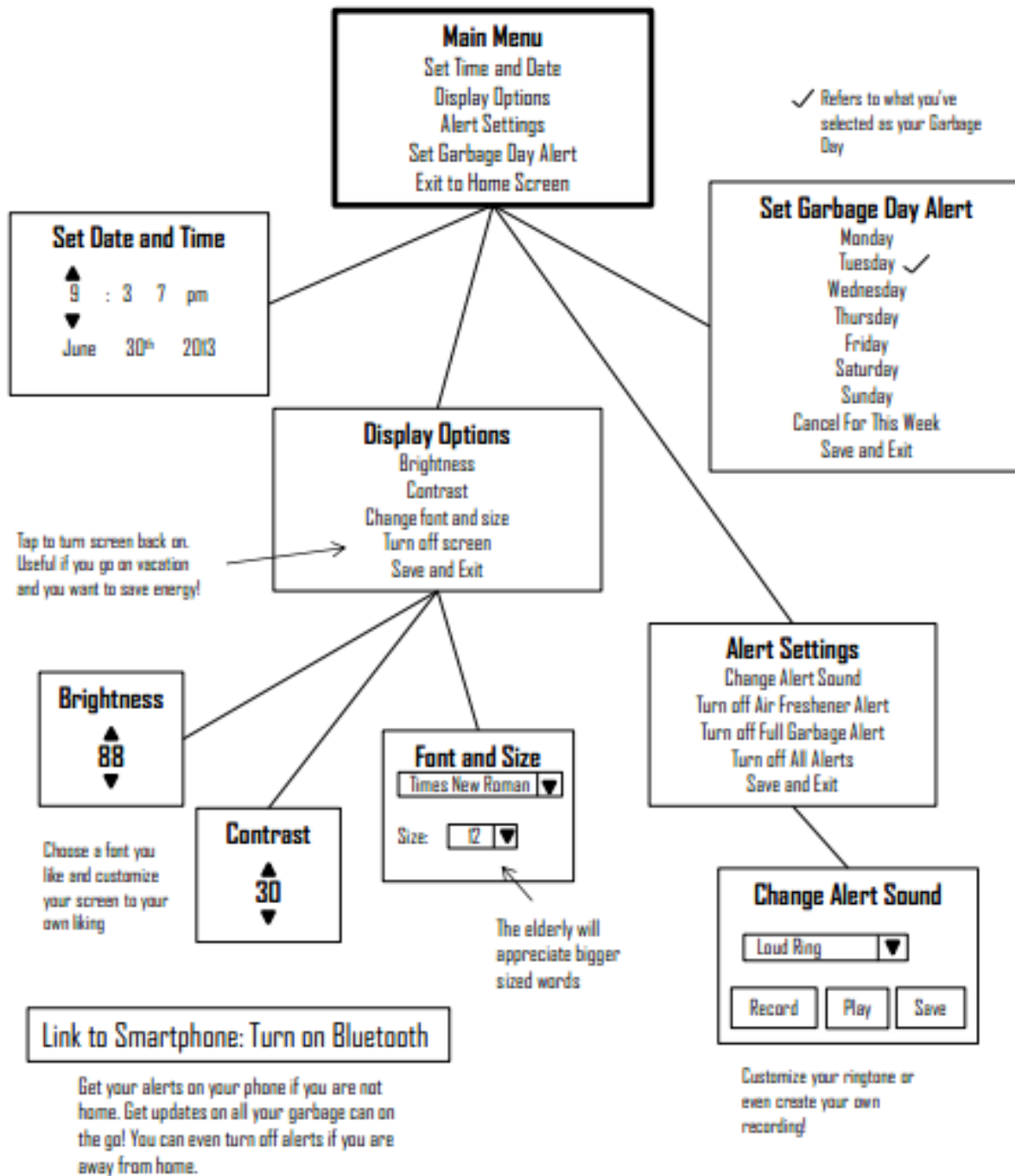
Push button to open lid



Home Screen Display With hi-tech touch screen technology



Navigation Through the Menus

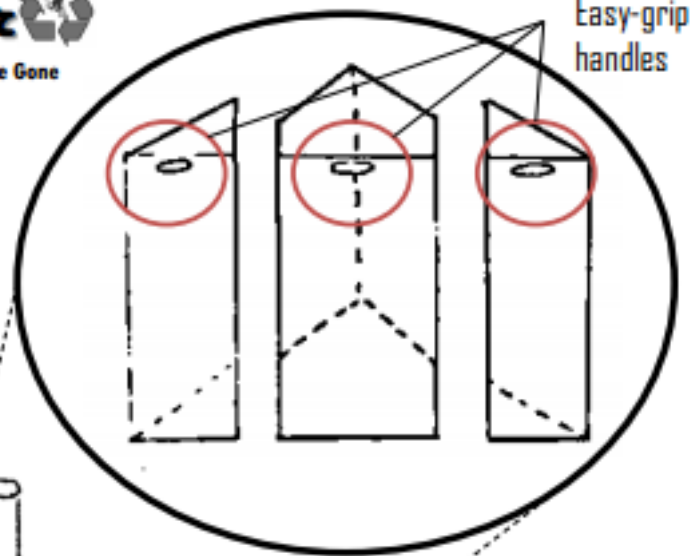


The Encapsulator



Bee Smart, Bee Clean, Bee Gone

These three bins are removable for more convenience when clearing out the garbage. The handles on each bin ensure a no-slip grip.



Easy-grip handles



Inside the Body

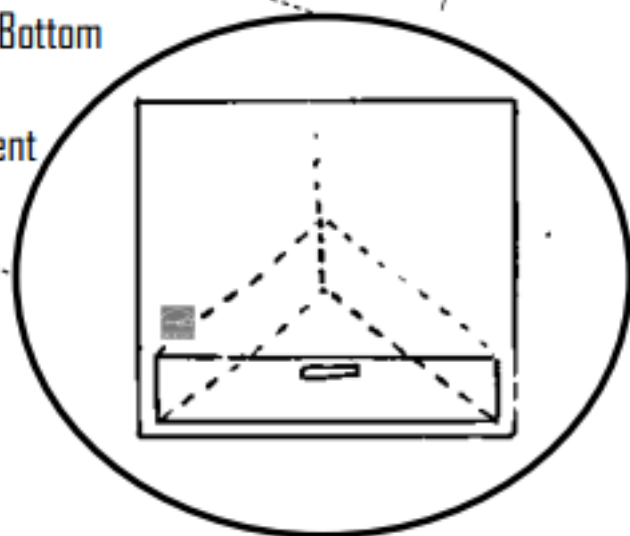


Plug can be found in the bottom drawer of the back for garbage can use in rooms without sunlight. The Encapsulator is energy efficient and have been government approved.

Inside the Bottom

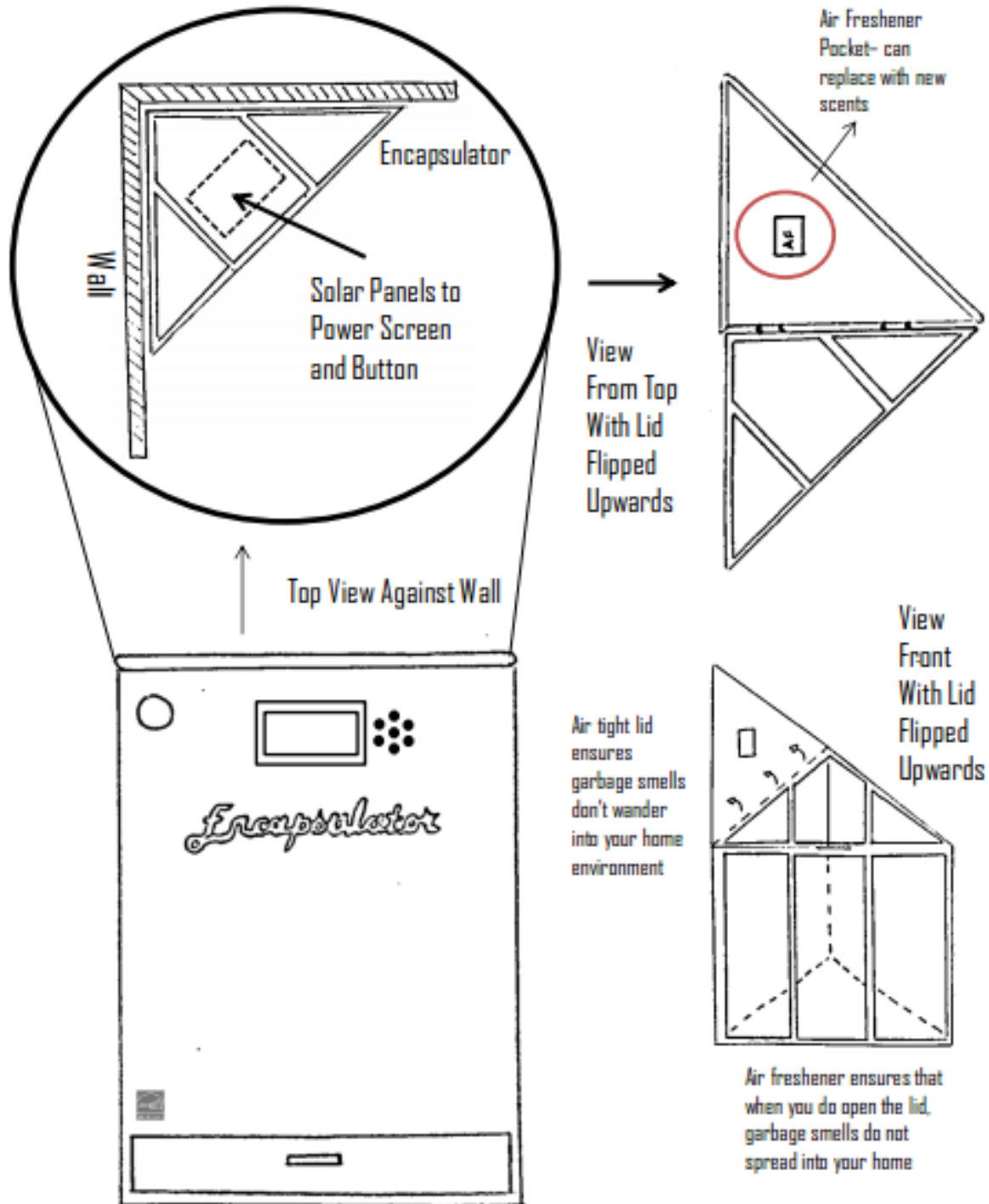
Compartment

The bottom compartment is for storing garbage bags right where your garbage can is. The Encapsulator comes with biodegradable customized bags to fit each garbage bin.



The Encapsulator

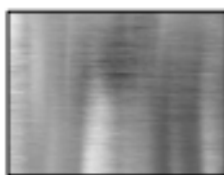
Bee Smart, Bee Clean, Bee Gone



The Encapsulator

Bee Smart, Bee Clean, Bee Gone

You ever feel like your garbage can is out of place with the rest of your furniture? Choose from our many designs to fit your home décor!



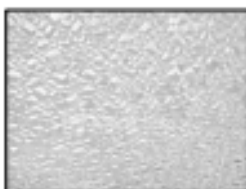
Brushed Metal



Natural Wood



Wicker



Frosted/Textured Glass



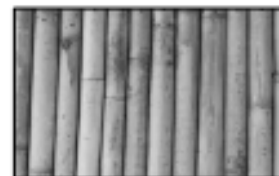
Patterned Metal /Industrial



Any Colour (perfect for children's rooms)



Stone



Bamboo



Leather



Or you can customize your own if our default designs do not fit your needs.

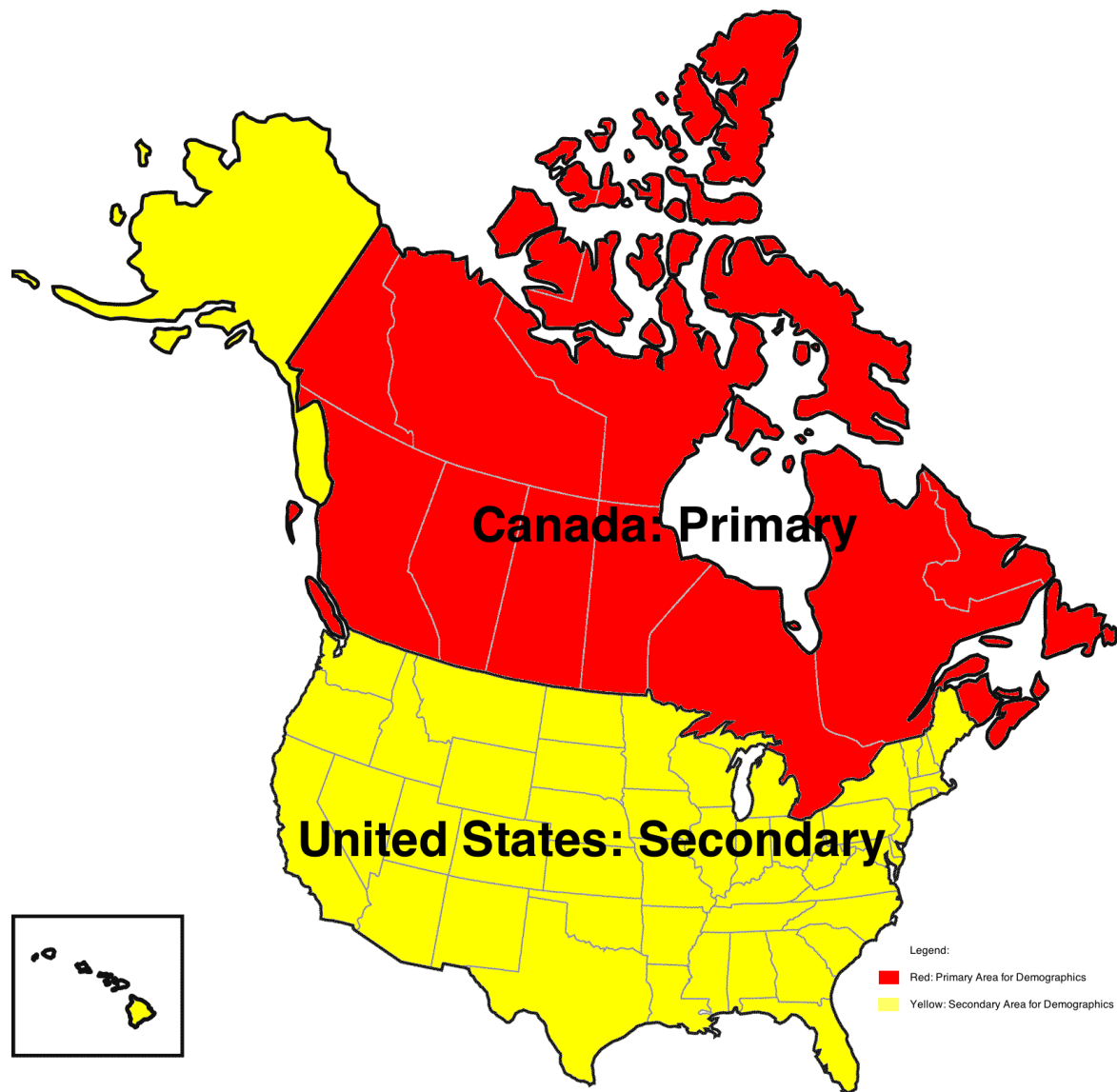
5.0 Product & Market Analysis

5.1 Demographics

The following section will outline the demographics analysis of our potential consumers.

As noted in the below diagram, our primary market will be Canada, followed by the U.S.

Demographics for future market penetration will be left out of this report but they will be considered later on.

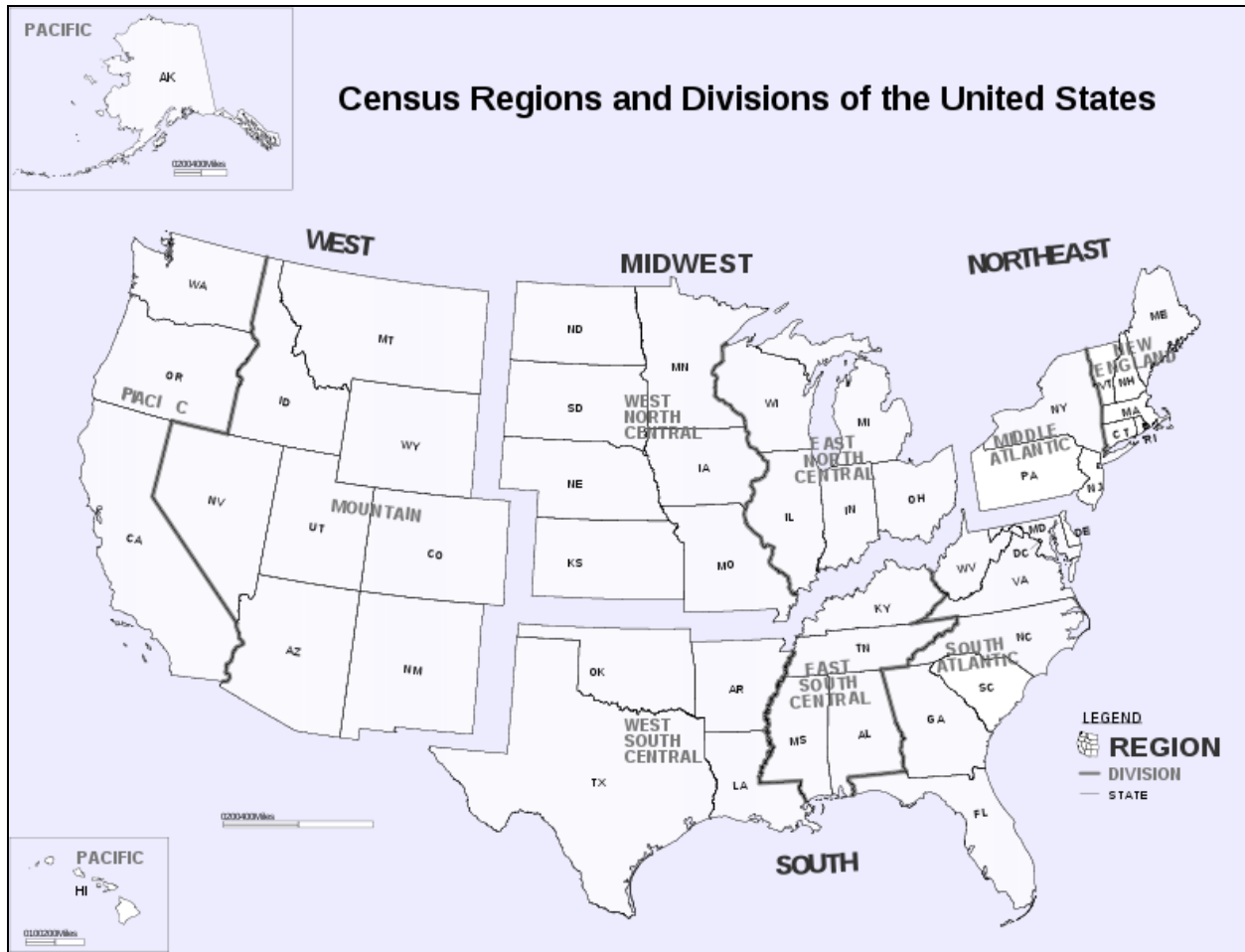


Primary Demographic Area: Canada
Summary of Canadian Demographics by Province

| | Population | Average Age | Average Household Income | Average Person Per Household | Unemployment Rate |
|---------------------------|-------------------|--------------------|---------------------------------|-------------------------------------|--------------------------|
| Alberta | 3,645,257 | 36.0 | 85,380 | 2.6 | 4.5% |
| British Columbia | 4,479,934 | 41.1 | 66,970 | 2.5 | 6.3% |
| Manitoba | 1,208,268 | 37.6 | 66,530 | 2.5 | 4.9% |
| New Brunswick | 751,171 | 43.0 | 62,150 | 2.3 | 10.1% |
| Newfoundland and Labrador | 514,536 | 43.8 | 62,580 | 2.4 | 11.7% |
| Northwest Territories | 41,462 | 31.8 | 101,010 | 2.8 | 6.8% |
| Nova Scotia | 921,727 | 43.1 | 64,100 | 2.3 | 9.3% |
| Nunavut | 31,906 | 24.8 | 62,680 | 3.7 | 13.4 |
| Ontario | 12,851,821 | 39.6 | 71,540 | 2.6 | 7.7% |
| Prince Edward Island | 140,204 | 42.2 | 63,610 | 2.4 | 11.6% |
| Quebec | 7,903,001 | 41.4 | 65,900 | 2.3 | 7.4% |
| Saskatchewan | 1,033,381 | 37.3 | 72,650 | 2.5 | 3.8% |
| Yukon Territories | 33,897 | 39.2 | 86,930 | 2.4 | 7.1% |
| CANADA | 33,476,688 | 39.9 | 69,860 | 2.5 | 7.0% |

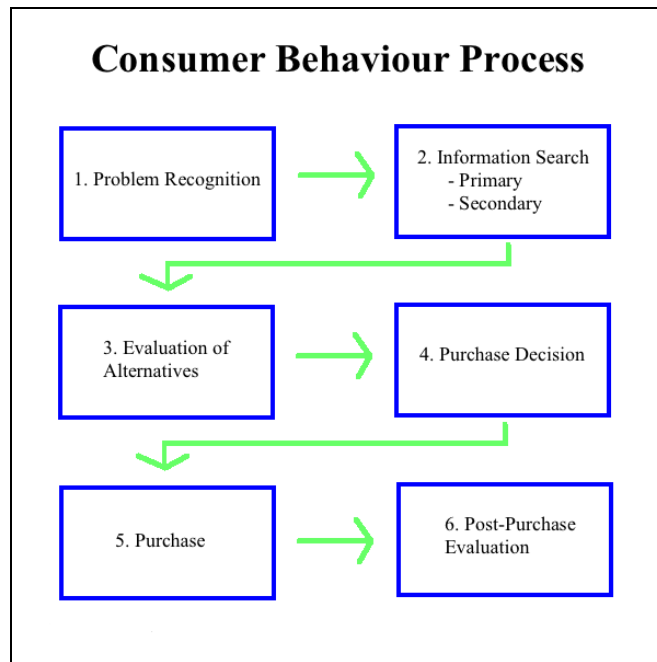
Primary Demographic Area: United States of America

Summary of Canadian Demographics by State, as per 2010 United States Census Bureau



| | Population | Average Age | Average Household Income | Average Person Per Household | Unemployment Rate |
|-------------------|--------------------|-------------|--------------------------|------------------------------|-------------------|
| Northeast | 55,317,240 | 39.2 | \$53,283 | 2.53 | 7.7 |
| Midwest | 66,927,001 | 37.7 | \$48,445 | 2.49 | 7.3 |
| South | 114,555,744 | 37 | \$45,492 | 2.56 | 7.3 |
| West | 71,945,553 | 35.6 | \$53,142 | 2.74 | 7.8 |
| USA Totals | 308,745,538 | 37.4 | \$49,445 | 2.58 | 7.6 |

Primary and Secondary Demographic Area: Canada/USA
Consumer Behavior via 'The Steps of the Consumer Buying Process'



Stage One: Problem Recognition

The current problems with the marketed garbage cans are they lack:

- Ecologically-friendly materials;
- Combination of slots for garbage, compost and recycling;
- Built timer and alarm to alert when waste removal occurs;
- Air-tight lid capabilities;
- Automatic air freshener inside canister;
- Waste bags located within unit;
- Selection of trendy design;
- Space effective;
- Side button for easy access;
- Combination of household market and commercial market; and
- Powered by solar energy

Our main focus in the creation of our garbage bin is to address environmental concerns. We believe the majority of the market is geared towards the latest innovations; however, they fail to eliminate the arising problem of waste growth. Therefore, we incorporated the built-in compost, recycling, and garbage to encourage recycling. Further, we will create all our resources out of previously recycled materials.

Stage Two: Information Search

In the consumer's internal memory search for garbage manufacturers, few household names come to mind. This is advantageous for Waste-Bee-Gone because this allows for large market penetration. In the external search, most of the inexpensive garbage bins have little brand consistency as well. They lack additional features to excite consumers. In the expensive garbage bin lines, the equipment offered has multiple technologically advanced functions, but one brand does not dominate the market. This will allow for large shares to be obtained by our company, if we are aggressive in creating brand recognition of the Encapsulator.

Stage Three: Evaluation of Alternatives

As previously mentioned, the consumer has few choices on the options of their waste basket. The majority of small-scale competitors offer standardized bins that simply provide a space to toss out your trash. Although these are relatively inexpensive, they do not provide the beneficial features, which the Encapsulator offers. The larger-scale competitors create niche features, such as collapsible cans or barcode encoded, but do not offer the practicality side. Features from these products often exceed the demands of the end buyer. The pricing also deters the average consumer from buying. This is the reasoning behind our mid-range pricing of \$99, and the exclusion of unnecessary technological features.

Stage Four: Purchase Decision

After the evaluation of alternatives, the consumer will have decided on the 'selling feature' that reasons why they are choosing the specified garbage can. Further, it will depend on ease of obtaining the product. In reference to the Encapsulator, the major 'selling feature' that will attract the consumer is the ecological benefits, such as inclusion of recycling and compost. We plan on marketing our product firstly to the purchasers of households. To ease their experience, Waste-Bee-Gone will incorporate our product into major box stores (i.e. Wal-Mart; Lowe's, Canadian Tire), as well as retail outlets. Finally, we will have our products available via our online store.

Stage Five: Purchase

To ensure the purchasing stage occurs, we will offer attractive, competitive deals frequently in-store and online. For example, in our first selling year, we will be offering a one-year supply of customized garbage bags, as well as a one-year supply of garbage fresheners. This will run from (our official launch date) October 21st, 2013 for one year until October 21st, 2014. In accordance with this, we will maintain a constant stream of production for the Encapsulator. We are making this decision because we feel the lack of the availability is the most common reason for the consumer to abandon their purchase.

Stage Six: Post-Purchase Evaluation

In the final stage of post-purchase evaluation, our goal is to reduce the consumer's cognitive dissonance. Cognitive dissonance, referred to as "the discomfort experienced when simultaneously holding two or more conflicting cognitions: ideas, beliefs, values or emotional reactions" (Wikipedia, Cognitive Dissonance), is another common reason consumer choose to return previously bought products. Waste-Bee-Gone aims to eliminate this stage by allowing a

one-year warranty on every garbage bin. Further, we will be having follow-up surveys after purchase to gauge our customer's satisfaction. In turn, this will reduce the percentage of returned merchandise and improve our product for future customers.

Primary and Secondary Demographic Area: Canada and USA

Psychographic Segmentation via the '8 Psychographic Segments', as per Exams Tutor

1) The Socio-Economic Scale

Socio-economic status is crucial to our market research, as it allows for us to gauge the current trends in specified economies. These factors of income, education and occupation help determine consumer buying power, and allow for us to measure their ability to purchase our product. Listed below are the income levels in our demographic areas, as well as their educational levels obtained in comparison. For the scope of our project, we chose to exclude the occupational status of our markets.

Income Levels: Individuals by total income level, Canada

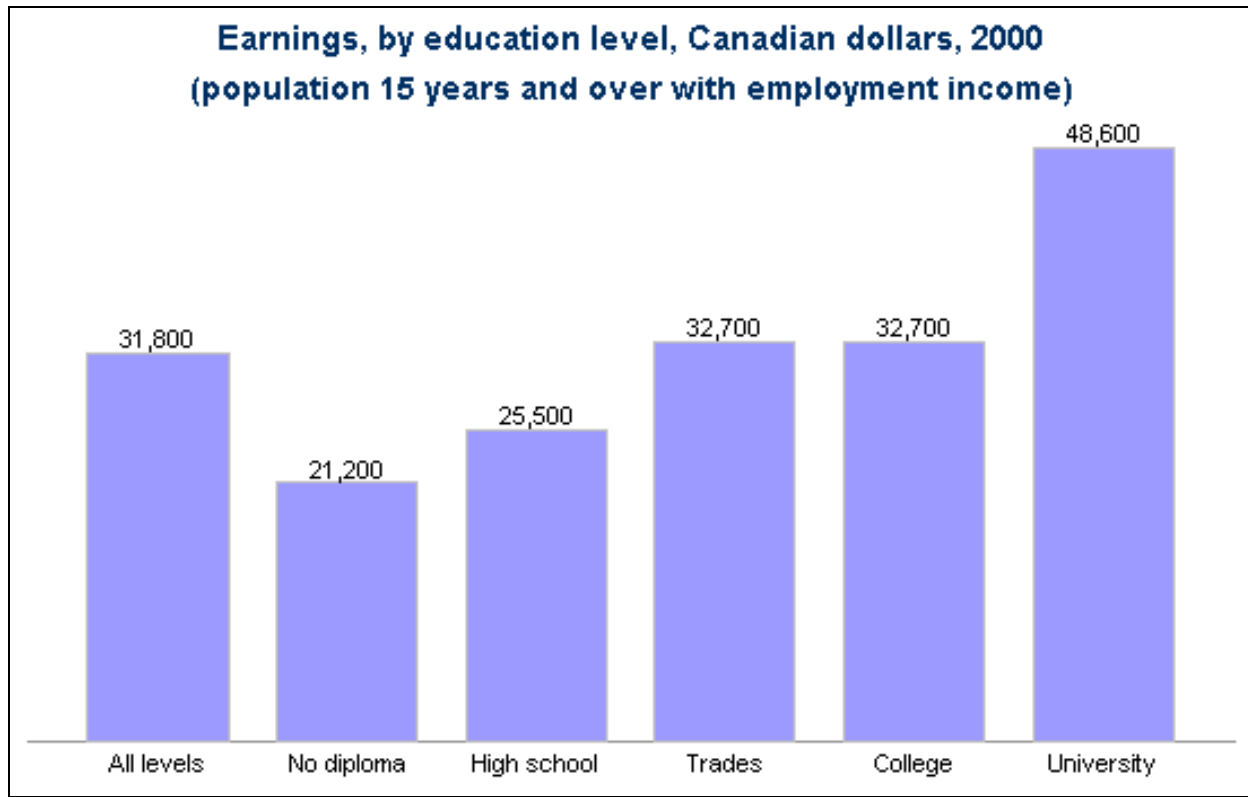
| | 2010 |
|---------------------------------|-------------------|
| Total, all income groups | 25,227,050 |
| Under \$5,000 | 2,067,260 |
| \$5,000 and over | 23,159,790 |
| \$10,000 and over | 21,221,560 |
| \$15,000 and over | 18,718,920 |
| \$20,000 and over | 16,136,180 |
| \$25,000 and over | 14,088,910 |
| \$35,000 and over | 10,743,280 |
| \$50,000 and over | 6,726,390 |
| \$75,000 and over | 3,094,980 |

| | 2010 |
|----------------------------|---------------|
| \$100,000 and over | 1,446,580 |
| \$150,000 and over | 502,850 |
| \$200,000 and over | 260,050 |
| \$250,000 and over | 164,220 |
| Median total income | 29,250 |

Individuals by total income level, USA

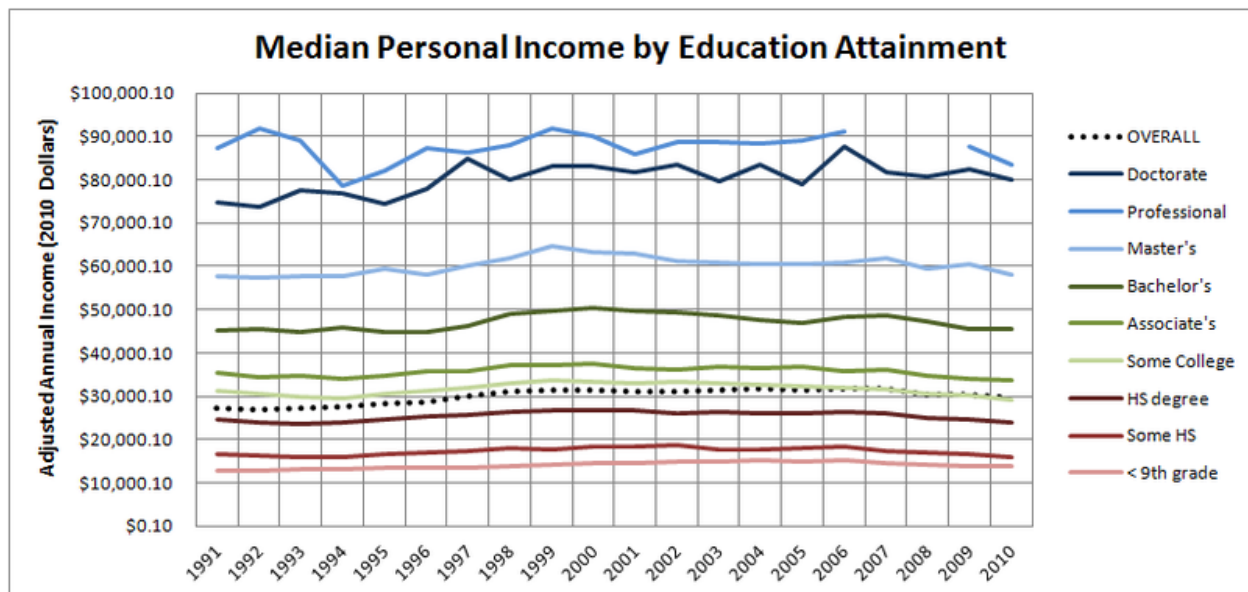
| | 2010 |
|---------------------------------|---------------|
| Total, all income groups | |
| Under \$5,000 | 19,888,000 |
| \$5,000 and over | 21,802,000 |
| \$10,000 and over | 22,606,000 |
| \$15,000 and over | 19,885,000 |
| \$20,000 and over | 17,366,000 |
| \$25,000 and over | 27,860,000 |
| \$35,000 and over | 29,801,000 |
| \$50,000 and over | 27,191,000 |
| \$75,000 and over | 11,193,000 |
| \$100,000 or more | 13,970 |
| Median total income | 26,364 |

Education and Income Attainment Levels, Canada:



<<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil105a-eng.htm>>.

Education and Income Attainment Levels, United States:



<<http://www.statcan.gc.ca/tables-tableaux/sum-som/l01/cst01/famil108a-eng.htm>>.

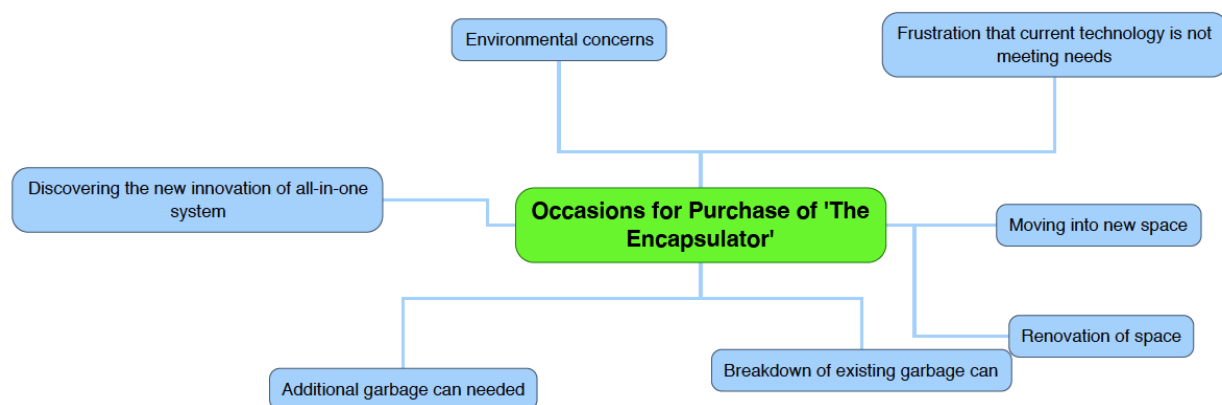
2) Lifestyle

Lifestyle is defined as “classifying people according to their beliefs, values, opinions, and interests is another important component of our research. It allows us to better understand what our end consumer is looking for. Therefore, based on these characteristics, we can form the best-suited waste bin for our market. Utilizing the “Young & Rubican 4’s Consumer Cross Cultural Characterization” model of lifestyles, we were able to classify our target audiences of Canada and the United States. The targeted lifestyle consumers are as follows:

- “*Mainstreamer* - Part of the mass, favoring well-known value for money ‘family’ brands”
- “*Succeeder* - Brand choice made on reward and prestige. Also attracted to ‘caring’ and ‘protective’ brands”
- “*Reformer* - Socially aware; supportive of new product categories; select brands for intrinsic quality” (Exam Tutor, 4 C’s)

3) Occasions

Due to the nature of our product, there is restricted times that consumers will be looking to purchase. The potential occasion they may feel more inclined to purchase would be:



4) Benefits Sought

Through primary market research, we were able to determine the benefits sought by our target market. Some of these benefits discussed were:

- Efficient disposal of garbage
- Easy clean-up of materials
- Smell protection
- Attractive exterior
- Sustainable uses
- All-in-one mechanism, such as inclusion of recycling
- Quick opening capabilities
- Confinement of its dimensions

5) Usage Rate

Our proposed consumer usage rate is **heavy**. We classified the Encapsulator as this because garbage cans typically get used every day, often multiple times in a day. Further, it is used by multiple members of a household, if applicable.

6) User Status, as per 'Sagacity Segmentation' model

| Type | Age | Status | Reasoning |
|--|------------------|-----------|--|
| Dependent: living at home | Birth - up to 24 | Non-users | Not geared towards their needs of cost, and they may have little concern for additional features we provide |
| Pre-family: under 35's who have household, but no children | Under 35 years | Potential | Start of geared market segment; Recognize desire for ecologically-friendly resources and all-in-one conveniences; price friction may still occur |

| Type | Age | Status | Reasoning |
|--|----------------|-----------|--|
| Family: couples under 65 with one or more children in the house | Under 65 years | Potential | Main consideration of creating product; recognize demand for value, durability, and additional features; price point manageable |
| Late: adults whose children have left home, or childless couples | Over 35 | Potential | Need for value, durability, and additional features as well; may be intrigued by convenience of everyday product; price point manageable |

7) Loyalty Status

The loyalty of the end consumer to the product of waste bins is considered to be “switchers”. Switchers are “consumers that do not specifically search out a particular brand, but rather purchase a brand available to them at the time of need, or in which its on sale” (Exams Tutor, Loyalty). Our goal by creating the Encapsulator is to solidify brand loyalty to Waste-Bee-Gone. These are considered to be “hard core loyals”. Hard core loyals “always purchase the brand or product in question” (Exams Tutor, Loyalty). This is the ideal scenario for our company and what we will strive to achieve this from our specific target markets.

8) Customer Involvement

Finally in our analysis of the consumer waste bin, we acknowledge our end consumer will have little involvement in researching competitive products. Often, when a consumer is searching for a new garbage can, they will buy the bin shortly after the need arises. In this situation, we must ensure to invest strategically in the marketing and distribution of our product to deter other markets from reaching our end consumer. More importantly, we must clearly outline the benefits of the Encapsulator from a value standpoint.

Primary and Secondary Demographic Area: Canada/USA Attitudes

| | | |
|--|---------------|---------------|
| Affect. | | |
| - Necessary | - Frustration | - Utilitarian |
| - Indifferent | - Burdening | - Simple |
| - Unconscious | - Effortful | - Unenjoyable |
| Behaviour. | | |
| - Invest in changing model | | |
| - Keep existing bin | | |
| - Buy alternate products | | |
| Cognition. | | |
| - Little alternatives or competition | | |
| - Market research is limited before purchase | | |
| - Convenient and durable need | | |
| - Concern for environmental impact | | |

ABC's of Attitude for the Encapsulator Waste-Bee-Gone

The preconceived notion our consumer holds about the garbage bin is the functional “value-expressive” view. In the functional theory of attitudes, the value expressive function refers to “a consumer basing their attitude regarding a product or service on self-concept or central values” (Marketography, Understanding Consumer). Our product appeals to these consumers because it addresses current environmental concerns and has necessity for an all-in-one unit, such as our garbage and compost combination. Our goal in designing the Encapsulator was to aim for value rather than the price point, because we felt this would leverage our business

more effectively. This view coincides with our end consumers existing attitude. In turn, this customer-value focus will greatly benefit our company in the future.

5.2 Strengths & Weaknesses

This section will outline the internal strengths and weaknesses of our company in terms of Porter's Five Forces and Critical Success Factors.



Porter's 5 Forces

The threat of substitution is quite high when dealing with high-end garbage cans. Buyers can easily substitute our product with generic garbage cans since a lot of our features are “nice to have” but not “must have.” We will offset this by having capabilities that are excellent in quality and difficult to turn down. When dealing with other high-cost competitors, switching costs will be higher. Combine this with customer loyalty; it will be less likely that consumers will substitute their garbage can. We also plan to price our product at a more competitive price when compared to the high-end substitutes. This competitive market strategy will be outlined in detail later on.

We believe barriers to entry to be high as well, which will work in our favour when we penetrate the market. When looking at economies of scale, our product can be successful in the more units it produces. This is due to our high average cost at the start of production. Your capital investment will help us gain this advantage in the high-end garbage can market. Others will have trouble entering the market due to high costs. We plan to gain brand identity for The Encapsulator and thus causing barriers for new entrants. Distribution methods, however, will be

highly accessible in all the large retail stores. Online distribution is also a growing trend. This means that less barriers exists in terms of distribution. Finally, economies of scale will not be a big factor for low-end garbage cans planning to enter the market. This means competitors can enter the market relatively easy and dominate part of our market share.

With regards to bargaining power with buyers, it is clearly an important product that the buyer will need. We are concerned with getting the buyer to purchase our product and not the competitors. Buyer volume is large especially when homeowners are using cheap trash cans. They will need to purchase a new one more often. We plan on creating product differentiation so that buyers will be attracted to us as soon as they search the market for a new garbage can. Due to competition size, we will attempt to achieve backward integration of our production. Our fixed costs are quite high (due to high-cost product) so it would be beneficial to set up our own facilities to lower costs in the long-run and increase our competitiveness. As a result, our bargaining power with buyers will be greater. This in turn will drive down the power of suppliers. In conclusion, buyer power is strong due to competition, but we hope to lower competition with brand awareness and acquisitions of suppliers.

Supplier power may still exist in terms of raw material supply. The electronic components will be relatively cheap but the recycled material may be more costly. Reusable materials are less common and more in demand due to environmental concerns. These suppliers may have leverage on our company. Our marketing strategy is to provide a product that has not had a negative impact on the environment during production. To stay true to this, we may experience greater costs in purchasing these materials.

The rivalry among existing firms is large, but less concentrated when looking at high-end garbage can models. Simple human is one example of a trash can producer that offers higher

quality products. They offer a range of products but none of them have the combined capabilities of The Encapsulator. Our strategy is product differentiation in this regard so that possible rivals are overlooked by the consumer. We offer the all in one (compost, garbage, & recycling), which many of our competitors do not. This feature is becoming a “must have” rather than just “nice to have.” Some of our competitors offer a sensor opening lid. Our product does not since we see it as a “nice to have” feature and prone to failure. The Encapsulator instead offers an air tight lid that is released with a push of a button. Typically, garbage smells awful and it is a necessity to keep odors out of the household. Our product range is small, but our service range will be all encompassing with warranty deals and maintenance.

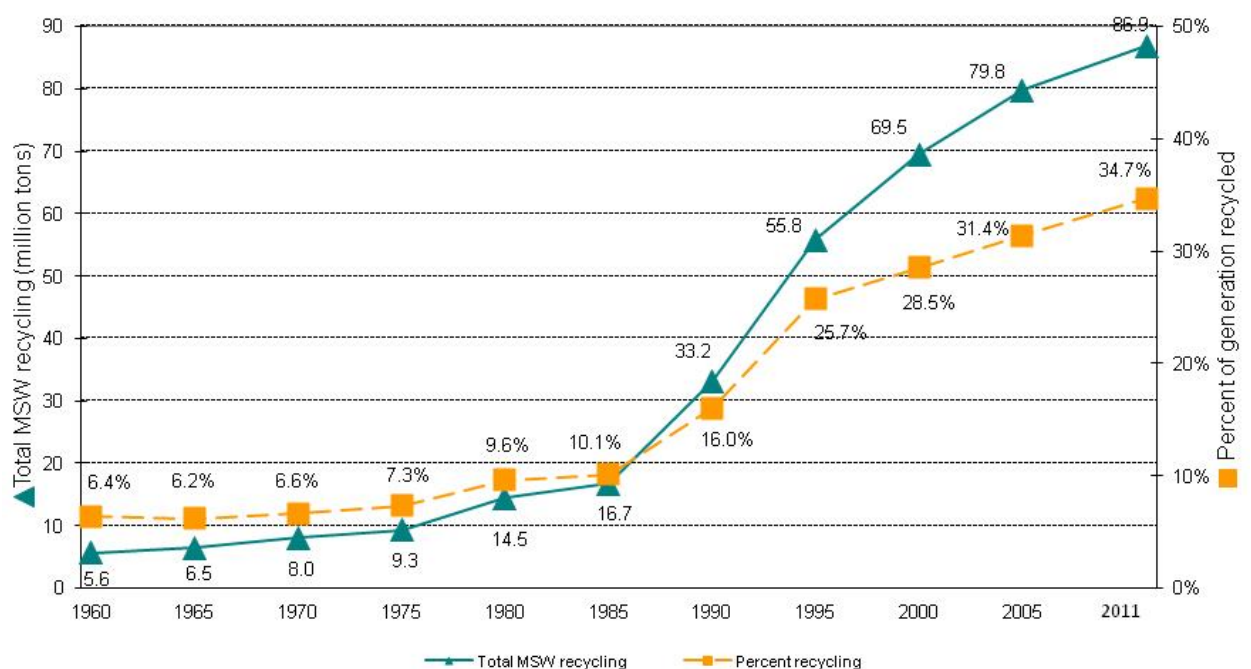
5.3 Opportunities & Threats

5.3.1 Political Impacts

It is evident that we are seeing a shift in policy making in terms of waste disposal. There are more legislative restrictions in place. These changes are evident in both the U.S. and Canada. This section will reveal how these changes will provide great opportunity for our product or threaten its existence.

The US Environmental Protection Agency (EPA) is a large driving force behind political change in the realm of garbage disposal. The Clean Air Act of 1970 and the Water Pollution Control Act of 1972 were created along-side the EPA (Berenyi, 1996). In the 1990’s there were government incentives to reduce Municipal Waste Combustion (MWC) and move towards recycling habits. In addition, recent court decisions have led to the increase in operating costs for MWC, harsher policies, and a requirement for toxicity tests. This shows the shift towards policy that focuses on reduction and recycling (Berenyi, 1996). This change means great opportunities for our company in terms of penetrating the U.S. market. This political reform means more

consumers in the U.S. will be enticed to buy our garbage can. We will capitalize on this need. Further research also suggests that these changes are dramatic in the U.S. The EPA measured solid waste generation in the U.S. for 2011 and found that Americans were creating approximately 250 million tons. Of this, 87 million tons were recycled or composted which equates to 1.53 pounds per 4.40 pounds of waste produced per person, per day. Below is a graph that illustrates this stark change (EPA, Municipal Solid Waste).



MSW Recycling Rates, 1960 to 2011

From this graph, we can see that policy changes are affecting the habits of American households. To put it in perspective, the U.S. was recycling and composting 15 million tons of waste in 1980. This can be compared to the now 86.9 million tons of recycling and compost in 2011. This change lowered the CO₂ emissions by 183 million metric tons which is the same as removing 34 million cars from the streets for a year (EPA, Municipal Solid Waste). This legislation in the U.S. means that our product, The Encapsulator, will be in great demand. We

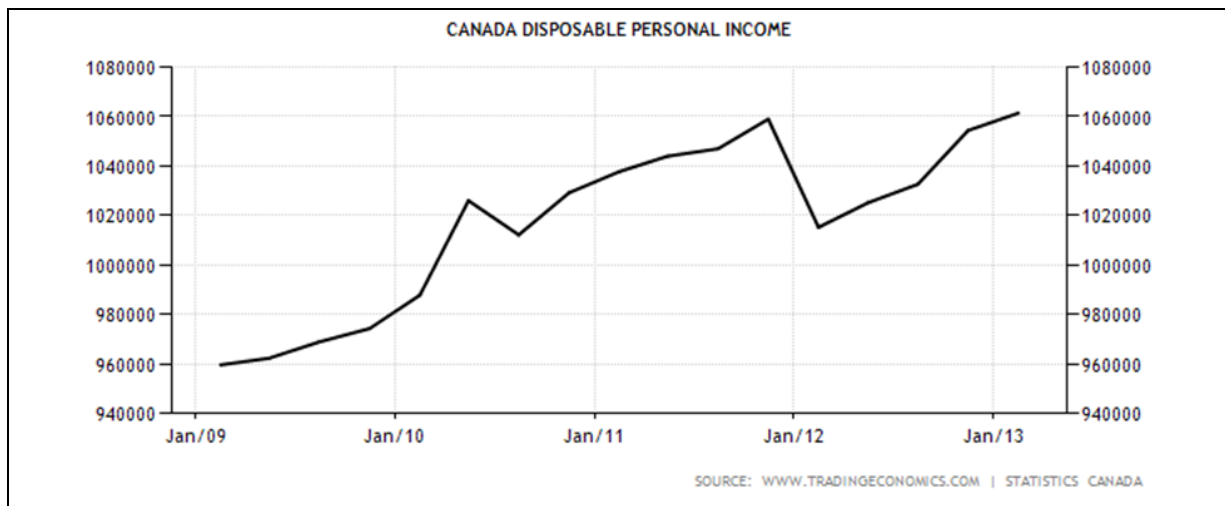
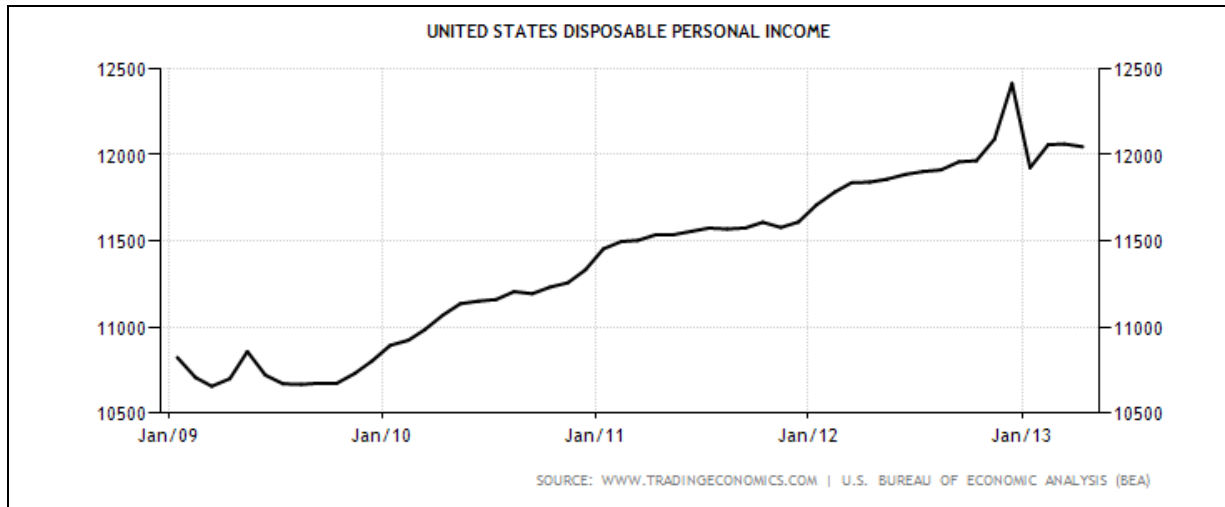
offer the compost and recycling needs all in one and promote waste reduction. Our product will be the ideal product for American's looking to separate their garbage prior to throwing it out.

Similarly, Canadian legislation and policy requires households to reduce waste and abide by mandatory laws to recycle. Waste must be sorted to screen out the items that need to be recycled (Solid Waste as a Resource, p. 73). Our product will aid in this matter by making it easier for the consumer to sort the garbage before putting it on the curb.

There are, however, some threats posed in the U.S. market. In the U.S., a pay-as-you-throw system is implemented to discourage residents from throwing out more garbage. Collecting garbage has become a service that requires payment which is paid by Americans through taxes (Federation of Canadian Municipalities, 100). Additionally, bag limits are imposed onto citizens to discourage additional waste. Since these taxes are created to decrease garbage disposal, they can hinder the consumer demand for the Encapsulator, particularly our custom designed garbage bags.

5.3.2 Economic Impacts

According to Statistics Canada, income has a significant impact on consumers' recycling habits and behaviour (Statistics Canada, 2008). As you can see from the graphs below, Canada and United States demonstrated an overall positive trend in personal disposable income for the past five years. Macroeconomic theory states that an increase in personal disposable income results in an increase in personal consumption. With an increase in personal consumption, more garbage is produced. An increase in garbage disposal is beneficial for our company because the demand for our product, including our custom designed garbage bags, will increase.



Also, in 2011, the National Resources Defenses Council (NRDC) in United States released a report stating that 2.3 million jobs can be created with a 75% national recycling rate while reducing pollution in the next 17 years (Vijayaraghavan, 2011). This fact provides additional incentive for consumers in North America to recycle more. The features and specifications of our product will appeal to the consumers because of the increasing consumer demand for recycling.

The Canadian government has also made it mandatory to separate garbage from recyclable items by law. Residents are to separate recyclable items from the garbage and place

them on the curb for pickup. Businesses, on the other hand, are required to contract a hauler to take the recyclable items to a materials recovery facility (Federation of Canadian Municipalities, 16). Similar to the effects of the increase in personal disposable income and increased job creation, consumer demand for the Encapsulator and our garbage bags will rise. These laws are proven to reduce recycling while reducing business costs at the same time.

Waste management targets are set targets used to motivate the reduction of garbage disposal. Planning and setting these targets require involves “multi-stakeholder processes to drive the targets and accountability mechanisms; baseline data and monitoring systems; and regular review of data with necessary adjustments” (Federation of Canadian Municipalities, 77). The process of waste management targets are complex and expensive which reduces the incentive for implementing these targets, which may increase garbage disposal thus increasing demand and use for our product.

5.3.3 Environmental Impacts

The disasters at Three Mile Island and the Love Canal in the U.S. have induced this concern for environmental preservation. In 1987, a landfill on Staten Island in the U.S. expunged 4 million gallons of toxic leachate per day (Abelson, p.1409). These environmental concerns are mirrored in the legislative changes mentioned earlier. Environmentalism is coming to the forefront of most political and social issues. Our product not only promotes recycling, it also uses environmentally friendly materials that would grab the attention of any environmentally conscious consumer. Our bags are biodegradable along with the garbage can itself. The only exception is the electronic components. The Encapsulator also features the solar panel energy supply which reduces the need for electricity. Again, these environmental issues are great opportunities that our company can take advantage of.

Canadian environmental concerns are also geared towards lowering waste generation and adopting healthy alternatives to disposing waste. For example, Environment Canada has encouraged the well-known campaign of “Reduce, Reuse, and Recycle” (Environment Canada). To take advantage of these environmental factors, our official product launch will be held on the first day of Waste Reduction Week in Canada.

Green procurement policies are pledges to purchase environmentally friendly products by the governments of Canada and United States. Public, private and non-profit organizations can also implement these policies (Federation of Canadian Municipalities, 79). The demand for environmentally products, such as our product, will significantly increase for the federal governments of North America, certain provinces/states and specific municipalities/counties. These policies are an advantage to our firm because we can market our product’s environmentally friendly features to the governments of North America.

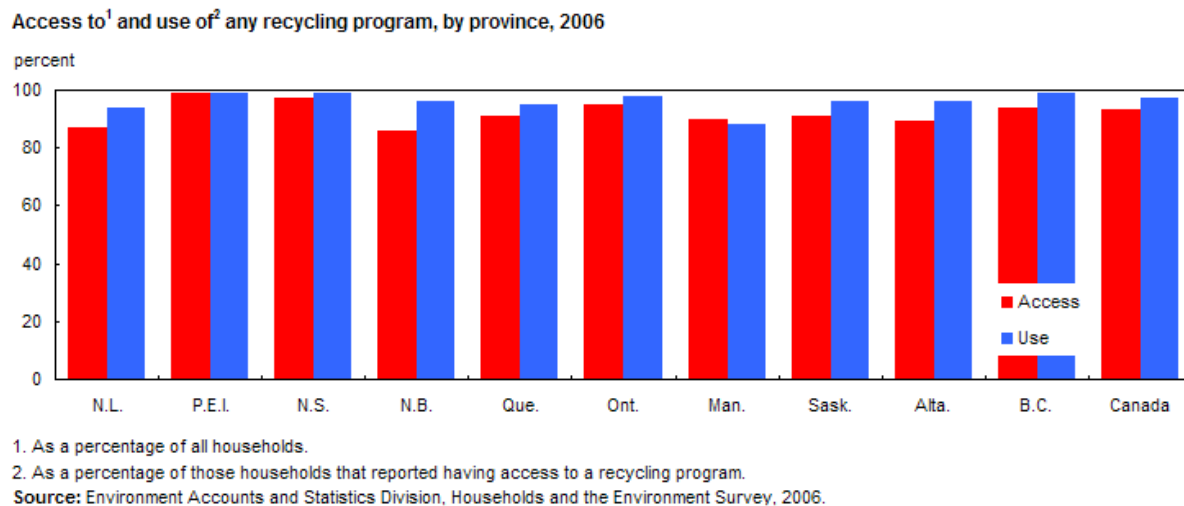
An increase in demand for environmentally friendly products, as a result of the green procurement policies, will result in an increase in price for the product and hence revenue. Environmentally friendly products are usually priced higher than normal products. However, some government added a price preference section of the green procurement policies. Price preferences enables the price of the product to be evaluated a lower price (Federation of Canadian Municipalities, 80). Our product could be one of the products regulated by price preferences of green procurement policies which will evaluate our product at a lower price and reduce our revenue. This is a possible threat we may face.

5.3.4 Social Impacts

Social awareness for healthy waste disposal is a growing trend in Canada and even globally. Global warming, greenhouse gases, oil spills, and ozone depletion are large environmental concerns that are permeating our social sphere. Earth Day is just one example of

our social behaviours changing with time. It is not socially acceptable to disregard these various trends. We are conditioned to be careful about what we throw out and where we dispose of.

We plan to take advantage of the recycling programs offered all across the provinces. In the graph below, it is evident that a vast majority of households have access to these programs. The breakdown also shows the percentage of households that actually use the program.



If we analyze this chart, we can see the emergence of social trends. Canadians across all provinces are very diligent in terms of recycling participation. Statistics Canada concluded that this involvement in recycling was the result of promotional efforts, social norms, garbage collection methods, drop-off locations, and requirements for material sorting (Statistics Canada, Recycling in Canada). We can see a clear social impact on Canadian garbage disposal habits. This is a strong opportunity that our company can capitalize on in terms of product interest. We can appeal to social norms and values while persuading buyers.

Despite the higher participation in recycling, long term commitment towards recycling habits are sacrificed with mandatory recycling habits (Federation of Canadian Municipalities, 16). Since consumers will be less dedicated to recycling in the long run, the demand for our

product could decrease. However, laws governing mandatory recycling will keep consumer demand adequate.

5.3.5 Technological Impacts

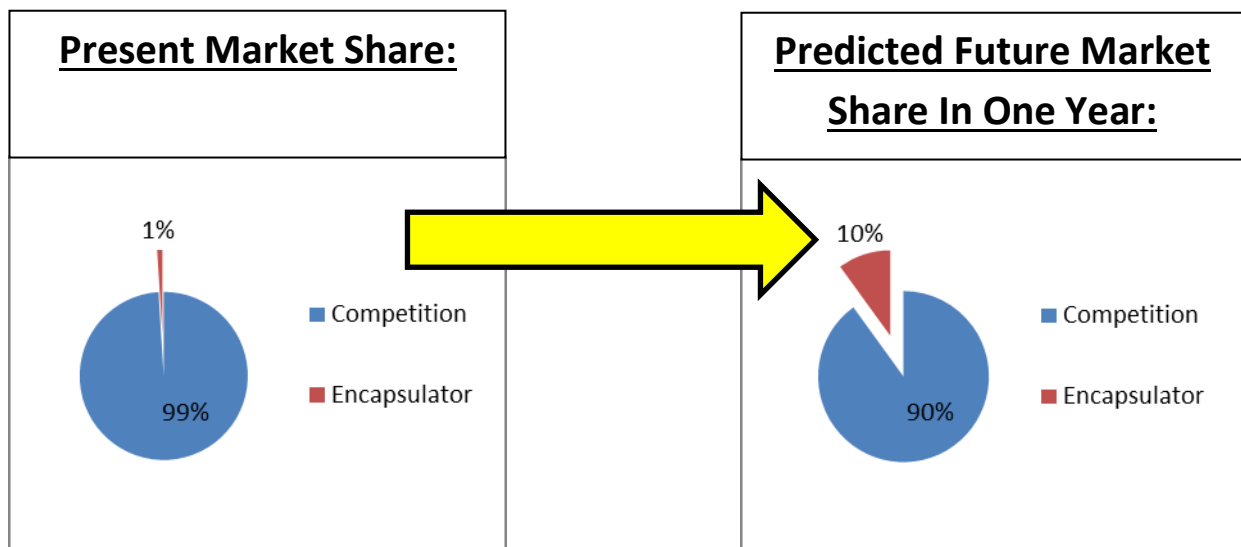
The timer attached to our product is designed with the most innovative technology which differentiates the Encapsulator from other garbage cans in the market. Its touch screen enables a user-friendly interface while embodying the concept of human interaction. The latest technology trends are leaning towards human interaction with technological devices. Aside from human interaction, these devices must enhance effectiveness, efficiency and immediate problem resolution (Rolston, 2013). The Encapsulator is a consumer-oriented product with features that defines effectiveness and efficiency which ensures market demand for our product.

One of the Encapsulator's technological features is its ability to connect to the consumers' smart phones via the timer. Trends show that consumers are relying heavily on their smart phones (Trendwatching, 2013). By enabling consumers to connect to our product through their smart phones, we are increasing the reliability of our product and efficiency.

5.4 Competitive Market Strategy

In order to ensure success for Waste-Bee-Gone we are going to analyze our competitions products and examine them with great detail to outline the strengths and weaknesses. We are even going to examine the difference in prices, quality and style. In addition we are going to outline why the Encapsulator will be the preferred choice amongst consumers in North America.

Currently we have sold 5,000 units and we hold approximately 1% of the market share. With our product quality, marketing, and business strategies in place, we plan to increase our market share to 5-10% in the span of a year. The diagram below represents the increase in market share that we are aiming to achieve within one year:

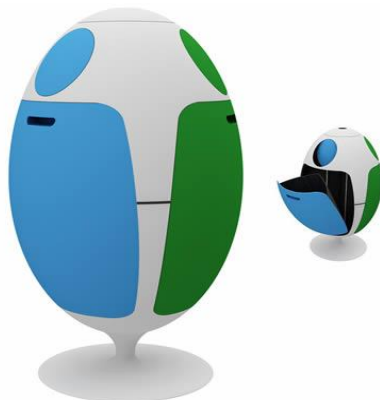


1. Touch less Automatic Trash Can \$80: (Murano)



This trashcan is selling for \$80 and all it has is an automatic sensor so you don't have to touch the lid. We wanted to incorporate this idea into our trashcan but we wanted our lid to be completely airtight. We therefore designed a button on the side to tap in order for the airtight lid to pop up. The Encapsulator also has 3 different sections: waste, compost, and recycling as well as another sensor to remind you when the garbage is full. We have a built in air-freshener to in order to make your garbage smell nice. All these extra tools only cost slightly more at \$99.

2. The Ovetto Bin ("little egg") \$255: (Soldi)



This bin is selling for a staggering price of \$255. It is environmentally friendly like our Encapsulator product having 2 different sections for waste and recycling and colour coded like ours. However, our product is selling for only \$99 that is

The timer will remind us of the garbage day pick-ups. Additional compartments to store our color-coded bags and air-fresheners will also be included. The Encapsulator will definitely be a better product to consumers than the Ovetto Bin and it's cheaper! We will definitely capture a lot of the market share in the near future.

3. **Simple Human Deluxe Rectangular Recycler** **\$180:** (Mortensen)

As you can see, this is a very simple bin. It has 2/3's for waste and 1/3 for recyclable materials like bottles. A product like this is selling for \$180 and it is extremely popular. With the Encapsulator design only selling for \$99, you get an additional compartment for compost and all the other advantages. The timer reminds you of garbage days, you get an air freshener to make the garbage smell nice, you get color coded bags, and a sensor to tell you the garbage is full. As you can see, The Encapsulator is out-manoeuvring all the competition. We have given a lot of thought to our design. We looked at these products in the market first and we used SCAMPER to analyze how we could design a product that would be the best for the consumer yet still be affordable to the majority of the population. This set price of \$180 is quite steep for the most households.



4. **VIPP 24 Eight-Gallon Pedal Bin \$469:** (Holger)

This bin is worth a staggering figure of \$469. It is made of great materials: stainless steel and rubber and it can even fit two gallons worth of garbage. The Encapsulator is only selling for \$99 so we strongly believe that the consumers will pick our product. We have a great variety of features in our dustbin that are unavailable in the VIPP Bin. Our product offers consumers the chance to split their garbage in 3 different sections. It allows our customer to be environmentally friendly while saving a lot on initial purchase. The Encapsulator holds less garbage but this just means it needs to be emptied more often. We believe its size is appropriate for the household. The VIPP may be better suited for commercial use.



5. **Rubbermaid Commercial Rectangular Trash Can \$353:** (Lag)

Again this bin is really similar to the VIPP Bin and is selling for \$353. It only has the one compartment. It doesn't have a sensor to remind you of when the garbage is full; it doesn't have a timer to remind you of garbage day collections; it doesn't have an in built air freshener to make your garbage smell nice. The Encapsulator outshines this product yet again, we are really confident of taking over the market share pretty quickly.



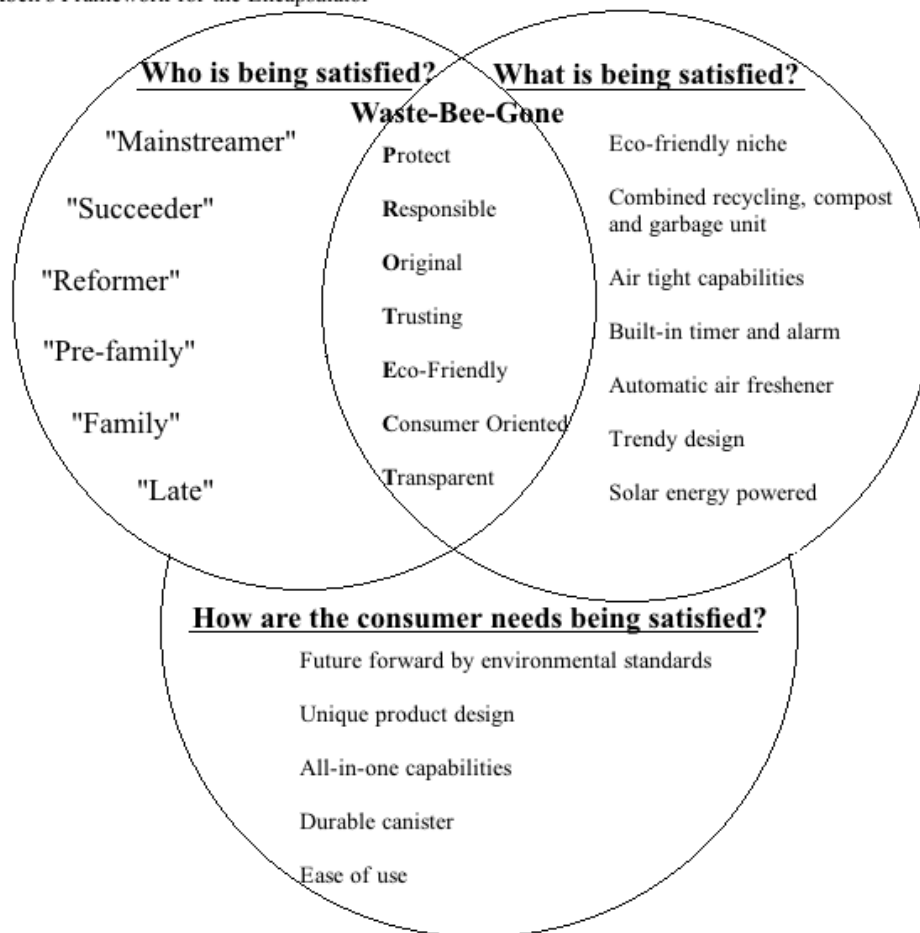
As proven by our competitive market analysis, Waste-Bee-Gone offers an all-encompassing product that is affordable for the consumer. Our product is of great quality and definitely outshines our competition. The prices of our competition varies from \$80 - \$469. With the Encapsulator only being priced at \$99; we are putting our product out there at a competitive price. We plan to capture a large share of the high-end garbage can market. Our growth is based on our past successes and projected earnings.

Not only are we going to make a profit, we are going to make the environment a much better place. We are going to transform the way in which North American society throws their trash away. For the first time ever we are introducing a bin that enables you to throw away your waste, recycling and compost all in one place. We are going to color code all three sections so it is much more enjoyable and easy to recycle your waste. In that way we believe a greater percentage of the population will recycle their waste more efficiently. It is without a doubt the best product in the market.

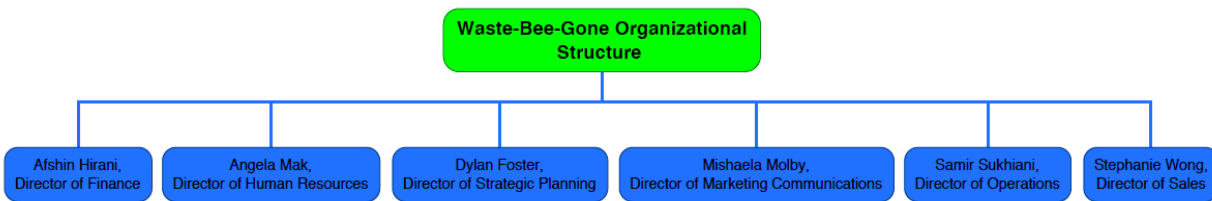
6.0 Business Level Strategy

In the development of Waste-Bee-Gone, our team has strategized the best position for us to capitalize on the Encapsulator is to form a corporation. We determined this would put us in the most advantageous position, as it reduces liability between the co-owners and gives us the ability to own equal stakes in our company. We aim to obtain an investment from you to kick-start our mass production and to market the Encapsulator. Additionally, we can be classified as a high-potential venture because our product is newly innovative, we are able to enter global markets, and we can expand to other sectors. Outlined below, we have analyzed our: business framework, organization structure, plan for growth and development, and budget.

Abell's Framework for the Encapsulator

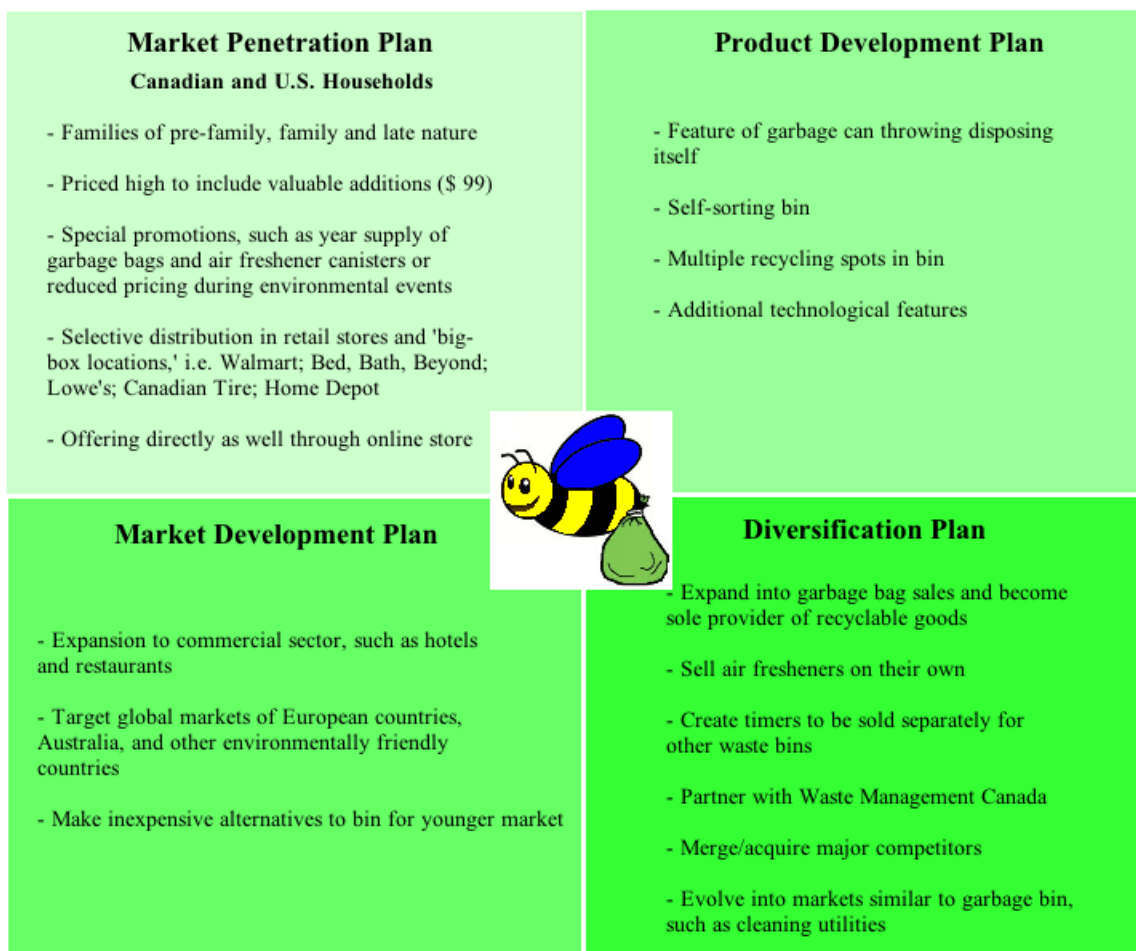


6.1 Organizational Structure



Waste-Bee-Gone is comprised of six diverse individuals, all experts within their assigned field. Our structure maximizes the lateral form of communication to encourage open voice between directors. By doing so we aim to achieve job equality, as well as develop a team-oriented corporate culture.

6.2 Product Development & Growth Strategy



The Encapsulator is geared to the primary strategy of differentiation, compared to our competitors, due to our unique and extensive features. It provides product value, through our culmination of resources, which supports our secondary strategy of increasing product cost to \$99. We aim to be the high-end provider of wastage bins and a market leader utilizing recycled materials in the making of our product.

Initially, we plan to introduce the Encapsulator as the only model offered. We will offer additional accessories associated with our bin, but our main focus will be on creating brand awareness for the Encapsulator, prior to developing new product lines. Our biggest hurdle will be obtaining market share in our formative years. Therefore, our attention to marketing of the Encapsulator is key to profit and success.

In the future development of Waste-Bee-Gone, we intend to develop a commercial line of waste bins. They will encapsulate the same features as The Encapsulator, but will be modified in its size and overall durability. Currently, this is a long way out in our strategic plan. We foresee the initial planning and development of the Encapsulator 2.0 to begin in January 2016.

Lastly our goal is to expand into global markets, which will be addressed as soon as Encapsulator sales provide a base to do so. We anticipate the markets of Australia, Europe and other environmentally driven countries to demand our product. However, we are continuing the commercial launch prior to achieving our global plan. This will begin development in January 2017.

6.3 Budget

| Sales Budget | | | | |
|--|----------------------------|----------------------------|----------------------------|----------------------------|
| Waste-Bee-Gone Corporation | | | | |
| For The Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Budgeted Sales (in units) | 2,200 | 2,200 | 2,200 | 2,200 |
| Sales Price per Unit (in dollars) | <u>\$99.99</u> | <u>\$99.99</u> | <u>\$99.99</u> | <u>\$99.99</u> |
| Estimated Sales | <u>\$219,978.00</u> | <u>\$219,978.00</u> | <u>\$219,978.00</u> | <u>\$219,978.00</u> |

Expected Units Sold is predicted from the fact that we expect a 76% increase in garbage can sales due to our extensive marketing efforts this year with your investment.

| Production Budget | | | | |
|--|---------------------|---------------------|---------------------|---------------------|
| Waste-Bee-Gone Corporation | | | | |
| For the Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Budgeted Sales (in units) | 2,200 | 2,200 | 2,200 | 2,200 |
| Add: Desired Ending Inventory (in units) | <u>330</u> | <u>330</u> | <u>330</u> | <u>330</u> |
| Total Needed | 2,530 | 2,530 | 2,530 | 2,530 |
| Less: Beginning Inventory | <u>(300)</u> | <u>(330)</u> | <u>(330)</u> | <u>(330)</u> |
| Required Production (in units) | <u>2,230</u> | <u>2,200</u> | <u>2,200</u> | <u>2,200</u> |

We want our ending inventory to be 15% of next quarter's budgeted sales. We started our year with 300 units on hand.

| Expected Cash Collections Budget | | | | |
|--|-------------|-------------|-------------|-------------|
| Waste-Bee-Gone Corporation | | | | |
| For the Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Accounts Receivable - 1/01 | \$20,000.00 | | | |
| 1st Quarter Sales | | | | |

| Expected Cash Collections Budget | | | | |
|----------------------------------|----------------------------|----------------------------|----------------------------|----------------------------|
| 80% x \$219,978 | <u>\$175,982.40</u> | | | |
| 15% x \$219,978 | | \$32,996.70 | | |
| 2nd Quarter Sales | | | | |
| 80% x \$219,978 | | <u>\$175,982.40</u> | | |
| 15% x \$219,978 | | | \$32,996.70 | |
| 3rd Quarter Sales | | | | |
| 80% x \$219,978 | | | <u>\$175,982.40</u> | |
| 15% x \$219,978 | | | | \$32,996.70 |
| 4th Quarter Sales | | | | |
| 80% x \$219,978 | | | | <u>\$175,982.40</u> |
| Total Cash Collections | <u>\$195,982.40</u> | <u>\$208,979.10</u> | <u>\$208,979.10</u> | <u>\$208,979.10</u> |

All sales are on account. We collect 80% during that same quarter of the sale. 15% is collected in the following quarter and 5% is considered uncollectible. We began our year with receivables of 20,000, which will be collected in full.

| Direct Materials Budget | | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| Waste-Bee-Gone Corporation | | | | |
| For The Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Production (in units) | 2,230 | 2,200 | 2,200 | 2,200 |
| Materials per Unit (in kg) | <u>10</u> | <u>10</u> | <u>10</u> | <u>10</u> |
| Production Needs (in kg) | 22,300 | 22,000 | 22,000 | 22,000 |
| Add: Desired Ending Inventory (in kg) | <u>3,300</u> | <u>3,300</u> | <u>3,300</u> | <u>3,300</u> |
| Total Needed (in kg) | 25,600 | 25,300 | 25,300 | 25,300 |
| Less: Beginning Inventory(in kg) | <u>(1,500)</u> | <u>(3,300)</u> | <u>(3,300)</u> | <u>(3,300)</u> |
| Materials to be Purchased (in kg) | <u>24,100</u> | <u>22,000</u> | <u>22,000</u> | <u>22,000</u> |

Materials on hand should be 15% of the following quarter's production. We started our year with 1,500 kg of material. Each garbage can uses 10kg of material.

| Expected Cash Disbursements Budget | | | | |
|---|---------------------------|----------------------------|----------------------------|----------------------------|
| Waste-Bee-Gone Corporation | | | | |
| For the Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Accounts Payable - 1/10 | \$17,000.00 | | | |
| 1st Quarter Purchases | | | | |
| 50% x \$102,425 | <u>\$51,212.50</u> | | | |
| 50% x \$102,425 | | \$51,212.50 | | |
| 2nd Quarter Purchases | | | | |
| 50% x \$102,425 | | <u>\$51,212.50</u> | | |
| 50% x \$102,425 | | | \$51,212.50 | |
| 3rd Quarter Purchases | | | | |
| 50% x \$102,425 | | | <u>\$51,212.50</u> | |
| 50% x \$102,425 | | | | \$51,212.50 |
| 4th Quarter Purchases | | | | |
| 50% x \$102,425 | | | | <u>\$51,212.50</u> |
| Total Expected Cash Disbursements | <u>\$68,212.50</u> | <u>\$102,425.00</u> | <u>\$102,425.00</u> | <u>\$102,425.00</u> |

We pay \$3.75/kg of material. Half of a quarter's purchases are paid for in the quarter of the purchase; the other half is paid the following quarter. Accounts Payable at the beginning of the year was \$17,000.

| Direct Labour Budget | | | | |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Waste-Bee-Gone Corporation | | | | |
| For The Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Production (in units) | 2,230 | 2,200 | 2,200 | 2,200 |
| Direct Labour Hours | <u>0.25</u> | <u>0.25</u> | <u>0.25</u> | <u>0.25</u> |
| Labour Hours Required | 557.5 | 550 | 550 | 550 |
| Guaranteed Labour Hours * | 560 | 560 | 560 | 560 |
| Labour Hours Paid | 560 | 560 | 560 | 560 |
| Wage Rate (\$/hr) | <u>\$10.25</u> | <u>\$10.25</u> | <u>\$10.25</u> | <u>\$10.25</u> |
| Total Direct Labour Costs | <u>\$5,740</u> | <u>\$5,740</u> | <u>\$5,740</u> | <u>\$5,740</u> |

Each unit requires 15 minutes for assembly. Workers are paid minimum wage of \$10.25 (according the *Ministry of Labour of Ontario*) and no overtime pay. A work week is guaranteed 35 hours. The labour hours paid is the higher number of hours between the labour hours required and guaranteed labour hours. *(35 hours /week x 16 weeks/quarter)

| Manufacturing Overhead Budget | | | | |
|--|------------------------|------------------------|------------------------|------------------------|
| Waste-Bee-Gone Corporation | | | | |
| For The Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Production (in units) | 2,230 | 2,200 | 2,200 | 2,200 |
| Variable Manufacturing Overhead Rate (\$/unit) | <u>\$0.80</u> | <u>\$0.80</u> | <u>\$0.80</u> | <u>\$0.80</u> |
| Variable Manufacturing Overhead Costs | \$1,784 | \$1,760 | \$1,760 | \$1,760 |
| Fixed Manufacturing Overhead Costs | \$35,000 | \$35,000 | \$35,000 | \$35,000 |
| Cash Disbursements for Manufacturing Overhead Costs | <u>\$36,784</u> | <u>\$36,760</u> | <u>\$36,760</u> | <u>\$36,760</u> |

The variable manufacturing overhead rate is 80 cents per unit and the fixed cost is \$35,000 per quarter.

| Ending Finished Goods Inventory Budget | | | |
|---|------------|-----------------------|---------------------------|
| Waste-Bee-Gone Corporation | | | |
| For The Fiscal Year Ending December 2013 | | | |
| Production Costs (per unit) | Quantity | Cost | Total |
| Direct Materials | 10 kg | \$3.75 | \$37.50 |
| Direct Labour | 0.25 hours | \$10.25 | \$2.56 |
| Manufacturing Overhead | 0.25 hours | \$65.65* | <u>\$16.41</u> |
| | | Cost per unit: | <u>\$56.48</u> |
| | | | |
| Ending Inventory (in units) | | | 330 |
| Unit Product Cost | | | <u>\$56.48</u> |
| Ending Finished Goods Inventory | | | <u>\$18,637.04</u> |

Manufacturing Overhead is applied to units on the basis of direct labour hours.

Total labour hours required = \$147,064.00 /2240 hours

| Selling and Administrative Expenses Budget | | | | |
|--|------------------------|------------------------|------------------------|------------------------|
| Waste-Bee-Gone Corporation | | | | |
| For The Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Budgeted Sales (in units) | 2,200 | 2,200 | 2,200 | 2,200 |
| Variable Selling and Administrative Rate (\$/unit) | <u>\$2.00</u> | <u>\$2.00</u> | <u>\$2.00</u> | <u>\$2.00</u> |
| Variable Expenses | \$4,400 | \$4,400 | \$4,400 | \$4,400 |
| Fixed Selling and Administrative Expenses | <u>\$35,000</u> | <u>\$35,000</u> | <u>\$35,000</u> | <u>\$35,000</u> |
| Cash Disbursements for Selling and Administration | <u>\$39,400</u> | <u>\$39,400</u> | <u>\$39,400</u> | <u>\$39,400</u> |

Variable selling and administrative expenses are \$2.00 per unit and the fixed cost is \$35,000 per quarter.

| Cash Flow Budget | | | | |
|---|---------------------------|---------------------------|---------------------------|---------------------------|
| Waste-Bee-Gone Corporation | | | | |
| For The Fiscal Year Ending December 2013 | | | | |
| | 1st Quarter | 2nd Quarter | 3rd Quarter | 4th Quarter |
| Beginning Cash Balance – 1/01 | \$50,000 | \$40,000 | \$76,347 | \$40,000 |
| Add: Cash Collections | <u>\$195,982.40</u> | <u>\$208,979.10</u> | <u>\$208,979.10</u> | <u>\$208,979.10</u> |
| Total Cash Available | \$245,982.40 | \$248,979.10 | \$285,326.50 | \$248,979.10 |
| Less: Disbursements | | | | |
| Materials | \$24,100 | \$22,000 | \$22,000 | \$22,000 |
| Direct Labour | \$5,740 | \$5,740 | \$5,740 | \$5,740 |
| Manufacturing Overhead | \$36,784 | \$36,760 | \$36,760 | \$36,760 |
| Plant Purchase | \$65,000 | - | \$86,000 | - |
| Equipment Purchase | \$22,000 | - | \$35,000 | - |
| Selling and Administrative | \$39,400 | \$39,400 | \$39,400 | \$39,400 |
| Marketing and Branding Expense | <u>\$40,000</u> | <u>\$40,000</u> | <u>\$40,000</u> | <u>\$40,000</u> |
| Total Disbursements | <u>(\$233,024.00)</u> | <u>(\$143,900.00)</u> | <u>(\$264,900.00)</u> | <u>(\$143,900.00)</u> |
| Excess (deficiency) of cash available over disbursements | \$12,958.40 | \$105,079.10 | \$20,426.50 | \$105,079.10 |
| Financing: | | | | |
| Borrowing | <u>\$27,041.60</u> | | <u>\$19,573.50</u> | |
| Repayments | - | (\$27,041.60) | - | (\$19,573.50) |
| Interest | - | <u>(\$1,690.10)</u> | - | <u>(\$1,223.34)</u> |
| Total Financing | <u>\$27,041.60</u> | <u>(\$28,731.70)</u> | <u>\$19,573.50</u> | <u>(\$20,796.84)</u> |
| Ending Cash Balance | <u>\$40,000.00</u> | <u>\$76,347.40</u> | <u>\$40,000.00</u> | <u>\$84,282.26</u> |

We maintain a 15% open line of credit for 50,000. We must maintain a minimum cash balance of \$40,000 every quarter. If we borrow from our line of credit, we borrow on the first day of each quarter and repay on the last day of the repayment quarter. We only repay if our cash balance will be above the minimum after the repayment. There will be an expected \$65,000 plant purchase and a \$22,000 equipment purchase in the first quarter, paid in cash. There will be an expected \$86,000 purchase of plant and a \$35,000 purchase of equipment in third quarter. The starting cash balance at the beginning of the year is \$50,000. Our marketing and branding development efforts cost \$40,000 per quarter.

| Budgeted Income Statement | | |
|---|-----------------------|---------------------------|
| Waste-Bee-Gone Corporation | | |
| For The Fiscal Year Ending December 2013 | | |
| | | |
| Sales | \$879,912.00 | |
| Less: Cost of goods sold | <u>(\$496,987.86)</u> | |
| Gross margin | | \$382,924.14 |
| Less: Selling and administrative Expenses | \$157,600.00 | |
| Less: Marketing and branding expense | <u>\$160,000.00</u> | |
| Total Operating Expenses | | <u>(\$317,600.00)</u> |
| Operating Income | | \$65,324.14 |
| Less: Interest expense | <u>\$2,913.44</u> | |
| Total Non-operating Expenses | | <u>(\$2,913.44)</u> |
| Net Income | | <u>\$62,410.70</u> |

Net Income is expected to be about 7.1%, which is amazing considering it is only our second year of production and first year of official launch. The beginning shareholder equity was \$262,677.80.

| Budgeted Balance Sheet | | |
|-------------------------------------|--------------------|----------------------------|
| Waste-Bee-Gone Corporation | | |
| December, 31 st , 2013 | | |
| Current assets | | |
| Cash | \$84,282.26 | |
| Accounts Receivable | \$32,996.70 | |
| Raw Materials Inventory | \$12,375.00 | |
| Finished Goods Inventory | <u>\$18,637.04</u> | |
| Total current assets | | \$148,291.00 |
| Land | | \$20,000.00 |
| Plant | | \$151,000.00 |
| Equipment | | <u>\$57,000.00</u> |
| Total Assets | | <u>\$376,291.00</u> |
| Accounts Payable | | \$51,212.50 |
| Retained Earnings | | |
| Beginning Balance | \$262,667.80 | |
| Add: Net income | <u>\$62,410.70</u> | |
| Total Retained Earnings | | <u>\$325,078.50</u> |
| Total Liabilities and Equity | | <u>\$376,291.00</u> |

7.0 Recommendations & Conclusion

We recommend to potential investors that they consider Waste-Bee-Gone as a market leader in the waste disposal industry. Our product, The Encapsulator, is competitively priced at \$99 and offers many features that other products fail to provide. You will be investing into a company that is devoted to environmental goals and long term financial growth. Furthermore, you will obtain the following benefits:

1. A 10% share in our innovative company for a reasonable investment of \$50,000;
2. Continued growth and returns thereafter based on projected sales;
3. Expansion of your portfolio by adding a company with strong corporate responsibility;
4. Addition of a sustainable product to the market in terms of garbage disposal;
5. Quarterly updates on company growth and financial conditions;
6. Company security in our possible partnerships with Waste Management Canada and Energy Star.

The Encapsulator is the finest in its class by its sustainable standards and cost effectiveness. Investment in Waste-Bee-Gone is the correct move to promote the expansion of the ecological movement, while cultivating your financial resources at a rapid rate, within the next few years. Through our market innovation, we will obtain widespread brand recognition for the Encapsulator. In addition, Waste-Bee-Gone is developing future inventions to diversify our business and secure our outlook.

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