

Future Greetings Business Plan

Presented by: (Redacted)

Concept Validation

Information about our service:

We are a service-based business, but the customers provide the cards to be sent out and we physically store the cards. First, people will go online and review our service and eventually purchase the number of greeting cards they would like us to send out in the future. Next, the customer will print off the receipt and will take their greeting cards with their signed message and put it in the envelope that came with the card. Next, they will put the recipient's address on the envelope along with a return address and so on with the other greeting cards without a postage stamp. Then the customer will put all the envelopes inside a package, along with the receipt and write our business address to be shipped to. When we receive the package, we will check all the information to make sure it's correct and we will sort the cards. Then once it's a week before the occasion date, we will send out the individual cards and put the postage stamp on them.

This service is valuable because people tend to forget and by using this service you will never have to worry about sending another late birthday card. This service uses physical greetings cards because someone can handwrite a message along with a signature of their name and when you receive an actual greeting card in your mailbox you will open it and be happy that you got mail. However, if we were to use e-cards people will usually delete it in their inbox on their e-mail or won't find it as valuable as a physical card. Most importantly, this service is valuable because it allows people to send a physical greeting card 20 years in the future. If you are a mom, dad, grandma, grandpa, aunt or uncle this service as a unique added value. Life as we know it can end abruptly and if you used this service your recipients will still receive greeting cards from you every year for the next 1-20 years. Future Greetings will be learning from collecting data from a focus group each year about the added value of feelings that we learn from customers receiving a greeting card from a deceased loved one.

The typical greeting card will be handwritten and signed by the customer, allowing customers to personalize each card as if they send the cards themselves. Customers could also create their own card at home and put it in an envelope so that way the recipient receives the most personal gift possible.

This one-time service is sold in both batches and in single units. Customers can customize one card and send it to one recipient, or they could customize a pack of 50 different cards and send them to 1-50 different people.

Customers will pay for the service online. When they purchase the service using a debit/credit card or PayPal the customers will receive a link to the steps needed to receive our service. Once we have received the cards then our service starts, which is that we are able to store them for up to twenty years and send them out a week before the occasion date.

Inputs required to provide our service:

Raw materials would consist of: Postage stamps, storage space/containers, website,

First-Class Mail offers 500 stamps at \$0.37 a piece. About \$185

The inputs required to make our product are postage stamps, storage space/containers, a website. To begin, we need a website for customers to receive information, take purchase orders and process payments. To carry out our service, we need to have a business address where we store the greeting

cards and the current address will be in the business owners' home. Next, once we sort and file the greeting cards in containers, we will hold them until the dates that they are ready to be shipped out, which is typically a week before the occasion date. We then retrieve the cards, put a postage stamp on them and send them to the United States Post Office to be mailed out.

Inputs that will be combined into our final service:

Future Greetings combines the physical storage of greeting cards and a pre-determined delivery scheduling service. Customers provide the greeting cards and envelopes with all shipping information included. Once Future Greetings establishes a market share large enough to make a profit on a product expansion, customers will be able to purchase greeting cards through our website making our service more convenient. They also provide the date(s) that they would like their cards to be sent. Future Greetings takes these orders and processes payments via the website and provides the space to hold onto their cards, the postage stamps and with our scheduling software, Future Greetings employees physically deliver the customers greetings cards to United State Post Office to be shipped out accordingly. The final product is the on-time delivery of personalized special occasion greeting cards sent to loved ones. Added value of this scheduling service is derived from those that want a way to keep in touch with their loved ones after they pass away. For example, a father with terminal cancer can send a handwritten personalized birthday card every year for the next 20 years to each of the family members to remind them that he is still thinking of them and for the family it is a way to memorialize him.

Discussions with potential customers:

Questions we asked potential customers:

- What do you think are some core competencies of the business?
- What do you think are some problems that could occur?
- How much are you willing to pay per card for this service?
- Would you use this service?

Response #1:

Professor Hoelscher: We spoke to a professor here at ISU. We started out by giving a description of our business and he instantly said that it's something that he would use. He said there is a definite need for the business because he knows that plenty of people can forget to send out greeting cards. He offered suggestions by saying that instead of having customers send in their own cards, we should provide the cards as well. Having template cards, plenty of small quotes that they can choose, and giving them a way to sign it electronically would be much more convenient. He said that a problem he could see arising if we kept the same model would be customers feeling too much of a hassle. They would much rather we provide the cards as well instead of having to send them to us. A core competency that he believes we have is the actual printed out paper cards. He feels as though e-cards are pointless. We should tweak our business model by providing the cards ourselves instead of having customers send them to us.

Response #2:

How did they answer? What did you learn? How will you change your business model based on this feedback?

Chad's Mother, (Redacted) Pearson: We spoke with Chad's mom as she is in our target market demographic and she mentioned that the problems that can occur is if the company doesn't stay consistent and keep up with delivery and scheduling. She said she would pay 3-4 dollars for our services. She personally would not buy these services because she doesn't have enough people to send to in her life. She believes big families and companies would. Companies she's worked for in the past, like Mail-It, would get orders from colleges to send to alumni. I learned that before taking orders we should be able to estimate how many cards we can manage effectively and how many cards it would take before it becomes overwhelming. I also learned that if we focus on our core competencies, eventually we may be able to branch out to scheduling and delivery of other types of mail for businesses rather than just consumers. We will change our business model by identifying more than just one customer base and sources of revenue.

Response #3:

How did they answer? What did you learn? How will you change your business model based on this feedback?

David's Mother, Susan (Redacted): We also talked to David's mom, and although she had similar opinions as Chad's mom, she is one of 8 siblings and married into a family with 10 siblings – so there are a lot of family members that she has sent greeting cards to over the years and many more to come. She has never heard of an idea like this and said that it would make the process of sending cards out to the family a lot easier. In general, she said that she doesn't really forget to send out greeting cards because she writes every important date down in her calendar but there is always that one time when she is too busy and simply forgets to put a letter in the mail. Having a service that does everything for her is something she says would utilize, especially since she is old school when it comes to greeting cards and prefers receiving/sending physical cards.

Selling our MVP:

The minimum viable product is a website. You can visit it at www.futuregreetings.store. Within the website, customers can contact us through email, purchase our service, review information about how the service works and create an account.

We were unable to sell a service. Trying to market the product without spending money on advertisement is tough. We did not want any friends or family to purchase the service because I thought they wouldn't count as actual customers since of course they would want to support us. We are looking to see how tough it is to start a business and I wanted to get the actual feel of not having any customers but trying to get customers. Once we noticed that it's not easy to establish brand recognition without referring people to our site, we talked to friends about Future Greetings and we asked them to share the website on their social media with an incentive of a \$10 Amazon gift card. A few friends declined, saying that they don't usually post stuff like that on social media and we didn't find any friend willing to share our business because it's in the earlier stages and hasn't established a trust with holding their greeting cards. However, we will continue to try and use incentives for people to share our business. For example, an easy marketing technique is that we could go to any store in a greeting card aisle and ask people if they could share our business on their social media for \$5 cash. We will be trying this technique out eventually because first we want to create a more user-friendly website to make customers aware about why they should use our service.

We learned that creating a website is not easy. There is a lot of time you must put into a website to make it easy for a customer to navigate through the site and to make the website look professional. We also learned about a few flaws we might incur while making sure customers will want our product. First of all, we need to dedicate more time to figuring out how to set up a scheduling service on the website so that customers are able to have additional input for recipients information on the occasion date so if they happened to move that customers could always change their recipients address and we as the owners would change it before we ship it. Also, we learned that some people would like us to also sell greeting cards, so they wouldn't have to go to the store and purchase them.

Future Greetings Industry Analysis

Demographics about the Greeting Card market:

Baby boomers who are between the ages of 55 and 65 buy a large volume of greeting cards which is roughly around 400 million cards annually alone in the United States. According to *Southern Living* this age group purchases roughly 30 percent of the 1.8 billion greeting cards sold annually. Whereas most millennials are purchasing e-greetings to be delivered through e-mail, instead of purchasing a physical card (B. Adelman, 2000). Baby boomers are more likely to buy physical greeting cards because they understand the actual value of a physical card and feel that e-greetings have no emotional value to them. The contradictions between paper and electronic greetings are discussed in both industry and consumer conversation (E. West, 2003). Millennials tend to purchase e-greetings since it's more convenient to go online and buy a card in minutes instead of taking the time out to go to the store. Nevertheless, if a consumer is in the store and wants to purchase a greeting card, they are not going to be going to another store to compare prices. Hence, if the card says what they want to communicate, then they will purchase it (A. Mendelson, 2001). In an article, called *It's in the cards*, B. Bull says, "Most greeting cards are bought by women ranging in age from 45 to 64." These women are most likely to use our services because they understand the sentimental value of physical greeting cards. In addition, they would most likely understand the value proposition they will receive from our service because they are at an older age where they may have grandkids that they want to be in their lives if possible. These women gravitate towards purchasing alternative greeting cards over the traditional cards. Alternative greeting cards could be humorous or serious messages (B. Bull, 2010). These alternative greeting cards tend to make the recipient laugh or cry, bringing an emotional appeal to alternative greeting cards. Alternative greeting cards are conveying a different type of message such as trying to get someone to laugh or a get-well card giving people the chance to convey a different message than traditional greeting cards. Traditional greeting cards are sending holiday greetings for Christmas, baby showers, weddings and birthdays. Furthermore, there is no specific occupation that people tend to have in our target market. This allows us to market to a larger amount of people since everyone can use our service.

The size of the greeting card market:

90 percent of household's purchase at least one greeting card a year (B. Adelman, 2000). This means that the size of the greeting card market is huge, which means that the advertising efforts must be tailored in a way that it can reach a wide span of people. However, there are some pros and cons of having such a large target market. An advantage of being able to market to such a large audience allows us to have more potential customers. A disadvantage is while marketing our service, it becomes tougher

to obtain a customer because not everyone is going to want to spend their money on this service because this is not a necessity expense. The best web community to market to would be social media sites such as Facebook because of the older audience, Pinterest because it's a platform for crafty ideas and products, and Instagram because according to Instagram there are roughly 1 billion monthly active users. According to Justin Walton in an article called *Facebook: who is the target audience* a large portion of Facebook's audience is between the ages of 30-65, which happens to be in the range of our target market. This online form of advertising on social media can be little to no cost and attract a huge amount of traffic to our business. For example, creating a Facebook page for our service and posting a video allows us to advertise for free unless we want to pay for traffic. That being said; once the video is posted having friends, families, and employees share the video in turn others share the video which allows the video to reach a huge audience at no cost. This technique sort of works like word-of-mouth advertising because it allows others to basically say, "Hey, check this out". Nonetheless, if this doesn't work, we can pay Facebook to advertise our video and drive traffic to our page. C. Myron, 2015). Additionally, we can advertise using a search-engine-based program called Google AdSense. This will allow us to market to people using key words that people use when searching for in the Google search bar. Cards, birthday cards, Christmas cards, and announcements are the most searched words on Google for our industry according to *Spors*.

The history of the market:

Greeting cards were first introduced back when the Egyptians and Romans had their form of gift giving. This led to the process of greeting card production starting in the early 1900's and created a variety of cards for different occasions. The first company in the industry to mass produce greeting cards was American Greetings in 1906. Its rival Hallmark was introduced in 1910 and has been the leader in the industry since it started (S. Papson, 1986). According to E. West (2007), Hallmark loyalty tries to keep the business and selling content to a minimum and focuses mainly on the emotional message on the cards. West also talks about how Hallmark conducts surveys for customers and uses the results to create a new line of cards. Hallmark wants to understand the needs of the customers and use the needs to create new products. These new lines of products are suggestions that customers make, and they tend to be what most consumers are looking for. The internet has opened new possibilities for the greeting card industry. American Greetings and Hallmark have both adapted to the change in digital technology such as the internet and social media. Customers now could send an e-greeting which can be emailed to a recipient within seconds and all at the convenience at home (E. West, 2003).

Future trend prediction in the market:

A technology that has impacted the greeting card industry is the internet. The convenience of the internet will continually grow and impact the greeting card industry. Today there are services that allow customers to purchase e-greetings and send them instantly to the recipient's email address. Although, the e-cards are a form of adopting new technology they aren't quite as popular as the physical cards. In addition, the producers of greeting cards have adapted to social and cultural trends because the customers are looking to purchase something with their culture or interests. Hallmark and American Greetings have both adapted to the social trend of technology (M. Dodosh, 2012). Now both businesses allow users to purchase e-greetings in addition to offering the physical cards at stores. According to *A Year in the Life of a Greeting Card*, "sales in the greeting card industry grow about the same rate of the population growth" (D. Luzadder, 2003). Using technology Future Greetings wants to put the hidden

value back into the physical cards, allowing the internet to assist the industry and not destroy it. Future greetings could potentially help to grow the greeting card industry because this added value is new to the market. This service does use the internet to help us with the databases of card information as well as buying and selling the cards.

Government regulations affecting the market:

There are no government regulations affecting our market. However, Future Greetings is an e-commerce business. We are required to register our business name, obtain an employer identification number, register with state labor agencies, and obtain a sales tax permit.

The niche Future Greetings is attacking:

There are some unique benefits and features that others in the greeting card are missing. The unique benefit is the value of a physical greeting card with a person handwritten message and signature. American Greetings spent about \$15 million in 2012 on promoting a new website Cardstore.com, which allows consumers to buy paper greeting cards on the internet and have the physical cards delivered to the recipient (Dodosh, 2012). However, the website is missing the most important component of the physical card. This component is the handwritten letter inside the card with the givers' signature. There are also a few benefits to the service that we will provide. The first benefit is that people will never send out a late birthday card again using our service. We will send out the cards two weeks before the occasion date to ensure on time delivery. The second and most important benefit of the greeting card is the sentimental value of receiving a card that was written years ago. The customer can write absolutely anything from thoughts about what the future is like or a personal letter showing love and affection. The ability for us to send a card in the future allows us to create a unique value which people will enjoy. The process can be like a time capsule or like a will. You can send your pictures and write what you think your future will be in 20 years. Also, as a mother or father, you could write your children personalized messages for each of their birthdays to be sent out each year just in case you pass away using our service. This feature creates the most sentimental value possibly with assurance that they will receive it. "Greeting cards bring mass production and interpersonal, emotional communication together and are a unique location to explore the consumer culture" (West, 2004). These benefits of our business have been unseen by others in the industry and this could revolutionize the industry.

Overarching strategy:

The plan for our business is to differentiate from the rest of the greeting card industry. We haven't found any competitors that offer the exact service as us. Many company's offer to send the cards out, but not up to 20 years in the future. In addition, we have not found on company with all the same components we have such as handwritten cards, delivery, a service allowing you to change the recipients address, send cards over a period of 20 years, and using the physical greeting card. We feel like this distinction can give us an advantage over our competitors. We will easily be able to get into the market by providing a different cost than others in the industry because the amount of people that is within our target market is so large, we will be able to get some unreachable customers. Others in the industry make people pay the cost per card, while we just have a fixed fee for the overall service. Customers are the most important component in deciding a company's pricing strategy. "Nothing happens without a customer. No sales, no maximizing a sale, no material cost, no direct labor cost- and

your company will still have overhead cost” (Hamilton). With our pricing strategy customers will know they are getting the most for their money.

How Future Greetings will fend off competitors once established:

We will fend off competitors by constantly listening to customers thoughts on ways we could improve our service and problems that occur. When we listen to these problems and ideas, we will do our best to try and decide whether it's a major concern and then implement it. We will provide the best service quality because we constantly motivate our employees with rewards for a job well done. We will hire managers that can understand employee behaviors and encourage employees to have the best job performance possible. We will make sure that employees understand the responsibilities of their role and what they are expected to accomplish which will make them more likely to put forth the effort (Anderson, 2006). According to K. R. Johnson, “Training is one of the most pervasive methods for communication, organization goals to employees and enhancing the productivity of individuals.” Intangibility, inseparability, and heterogeneity or variability is vital for service organizations. These characteristics make employee attitudes important for service quality, customer satisfaction and organizational performance. Designing customer-friendly service systems also contribute to the ability to deliver quality service (Johnson). In addition to providing a service, we will expand into a product business as soon as we have the funding from the profit we will receive from subscribers. We could expand into a product business and sell greeting cards in bulk allowing us to ship consumers' cards to be handwritten with messages. Also, we can sell flowers, or other gifts that could be delivered with the cards giving it a more personal feel to the gift the recipients receive. There is some much room for product and service expansion with Future Greetings that we could constantly make new things that customers would be interested in.

Future Greetings Marketing Plan

Product:

Future Greetings is a service-based business. The essence of our business is providing a scheduling system for customers along with the actual delivery of the greeting cards they send us. Our business is suitable for the market and customers today, because greeting cards are so universal. Our target market, which consists of middle-aged women and people age 55-65, is one that will continue to replenish itself. Even when our current age group (college students) reach that middle-age point in their life, buying greeting cards will become more normal for them as well. It is a female-driven market, as according to the Greeting Card Association, women make up about 80% of greeting card sales. This shows that there is a market for our business and we are targeting the right area. Our business is differentiated from other businesses in our industry based on the amount of time we offer our future services. No other service offers our 20-year plan, in which customers can utilize and not have to worry about sending their greeting cards. Another element we bring is an efficient system that will allow us to plan for the customers and provide convenience. Our service is something that the market will demand, and it will bring value to customers.

Price:

Our current price for a card is \$4.00. This factors in the postage stamps but the card still lands in the average price range. Looking at some of our competitors, you have the Greeting Card Shop. They offer their customizable cards for \$2.00 and they will also mail it for you, but they don't offer future arranged send outs. Another competitor of ours would be BlueBirdCards.com. They sell their cards for the same price as us at \$3.99 per card. Again, they offer to send the cards for customers as well, but they don't offer the scheduling system that allows us to send cards on multiple future dates for years to come. The other services are usually one-time things, which would provide the customers with less convenience than our service.

A greeting card can cost anything from 50 cents to 10 dollars. The average price of a greeting card falls between the \$2 – \$4 price band. This is an interesting figure as it shows what the market accepts as a fair price for a card. The Greeting Card Association also report that cards featuring special techniques, intricate designs, and new technologies are at the top of the price scale. This would suggest that handmade cards that feature lots of detail and unique designs should be able to command higher prices. While we aren't offering handmade cards, this shows the basic price range within the greeting card industry. We also aren't necessarily competing on prices, but we feel that our prices along with our scheduling system and delivery services (we believe these to be our distinctive competences) will give us a leg up on the competition.

Promotion:

A good area for us to promote our business is any store that sells greeting cards, like Jewel or Walgreens. Stores like these usually have a pretty extensive selection of greeting cards for countless occasions and we believe that this might be a good way to get our business' name out to the general public. By reaching out to people who frequently buy greeting cards in-store, we may be able to attract their attention and help make their card buying and sending process easier by providing an all-inclusive service.

We will also use Facebook banner ads to help promote our business because Facebook is one of the only social media platforms that caters to both the older and newer generations. Facebook banner ads can be a hit or miss depending on who the advertisement is relayed to through the website, so it is important that we don't invest too heavily in this method of advertising.

Another affordable way we can advertise is through the newspaper. Specifically, we will purchase a space in the local newspaper to promote our business throughout the greater Bloomington-Normal area. Though newspaper has become a secondary source of news for many people, much of our target market is likely still reading newspapers daily. We do not expect to receive a great amount of publicity from the newspapers, but it will serve as a good physical advertisement that may catch the eyes of a regular reader.

Since we are not experienced marketers, we have also considered working with Isabella Birdi that at Escomedia social media consulting. She had informed us that she can help us reach a bigger audience and accurately convey what our company does. She had gone over that for \$3,000 every 6 months she can take full control over our social media presence, creating accounts, publishing content, engaging our

potential customers and collecting analytics on what is working and what isn't. Even if it is just a part-time marketing consultant, having assistance from a third party would greatly improve the effectiveness of our advertising.

Place:

The place where our service is sold is through an online website. We do have a physical location that stores the greeting cards located in Channahon, Illinois. Most customers will never actually see our physical location because everything is done online. The physical location is currently a residential house until we have enough revenues for an office space. The home has a room that is 15 feet by 17 feet and will be able to hold a large amount of inventory with shelf space.

The exact location where the customer meets our salesperson is on our home page when the website opens. The landing page serves as a salesperson because it provides potential customers with information and a call to action button telling them to buy now or to leave their email for our newsletter.

We can sell our service through traditional telemarketing and have a couple employees in their spare time to call people and ask them some questions along with if they are interested in our service. Since we sell our service online it, any leads we have from telemarketing will allow customers easy access to our website and allow them to do more research about our service before they make a purchase decision. Although telemarketing is a tough way to reach customers, it will most likely be beneficial to our company because we will be able to receive information about how customers react to our service. In addition, Future Greetings could have a joint venture with Hallmark or American Greetings. The only reason that we would have a joint venture with Hallmark would be to expand our business and add a product expansion of selling the greeting cards. When we gain enough market share of the greeting card industry, we will be able to ask Hallmark if they want to become a part of our business so that way they don't go out of business when we change the industry. We would want to partner with Hallmark because they have so much information about the industry and have done a lot of research about what type of cards people are wanting to purchase. The reason behind this is because once there is an additional value to the industry people will have more reasons to purchase the product.

The best places and locations for the customer to receive buying information about our service is in super markets and hallmark stores. In the grocery stores having an advertisement for our service in the greeting card aisle will help us obtain more leads because we would be able to directly advertise to our target market. We could change the advertisement to give customers our website, so they can directly visit our website and learn more about our service. We could also offer our service through a Facebook business page, which would give the leads notifications about new products or business news allowing them to become more aware of our brand.

Packaging:

Future Greetings packaging to the customer is everything from when they first visit our website to when they are finished checking out. The homepage must be attention grabbing and be able to keep potential customers interested in our service while they navigate through the website. Jakob Nielsen from

Nielsen Norman group states, "Users often leave webpages in 10-20 seconds. To gain several minutes of user attention, you must clearly communicate your value proposition within 10 seconds." Therefore, we must be able to clearly show what the problem people are having and what solution our service offers in the homepage of our website. Tanner Rankin, our E-commerce consultant, informed us that the visitors we get should be brought to our landing page which will consist of a headline, a brief description of our service, a supporting image or video, a form to capture customer information and a call to action button to direct visitors to the next step. After that, customers will then make the decision to create an account and purchase or to leave our website. If they chose to create an account, it doesn't mean that they are a customer, but it does mean they will be turned into a lead. Our form that captures customer information will put them on our mailing list and that will help us gather more leads. If a customer decided that they wanted our service, then they are greeted with our service packages and once they make a purchase, they can schedule their services. Creating this page is something that we will do ourselves with over the phone consultation from our E-commerce consultant that charges by the hour.

Overall, Future Greetings' image to customers should be a family company. Having customers see images of families on our website and in our advertisements will make customers more likely to trust our company. In addition, customers would like to see our business as family friendly because greeting cards is always something that should make someone feel better, whether it's a get-well card or a birthday card. Every advertisement should capture families to think about their loved ones.

When the recipient receives a card, they are going to think about who sent it. Therefore, we want it to be as unique to the individual as possible. If we leave the envelopes with personal handwriting on it, the customer will think about who sent it. If we printed out the addresses using an automated sticker system, then the recipient would think that of our business and not the person who sent them the card. Therefore, if we put a clear cover over each envelope with a small logo on top of the cover it will show the customer that we are a quality business.

Positioning:

For family men and women over the age of 40, Future Greetings turns thoughtful gestures into constant reminders of love. Since we are a storage, scheduling and delivery service, each card sent out is specifically tailored because the sender has full control over how the recipient will experience their greeting card. The control that the customer has is in terms of what the card will potentially look, smell, sound, feel and even taste like. Cards sent by us are more intimate because they can include sensory experiences that have emotional importance shared between the sender and the recipient. For example, greeting cards that play audio recordings, have handwritten messages and contains a familiar scent to the recipient that reminds them of the sender will give a stronger emotional response than the cards that our competitors can offer. Our competitors offer a limited selection of greeting cards to settle on, whereas customers provide Future Greetings with the cards that they ideally want to send. We do not influence any aspect of the decision-making process in the minds of our customers granting them unlimited options to choose from. Unlike our competitors, the cards sent by us are completely authentic as if they had been sent by our customers personally. This "authenticity" provides an impression in the minds of recipients that their card is a well thought out reminder of love and not just some purchased item sent out due to things such as tradition or habit. Since we strictly do storage, scheduling and

delivery services not only do customers never forget to send a card on an important date, but the recipients get the most personal experience possible.

People:

Outside of our company, the main group of people we believe will have the greatest impact on our business is the buyers themselves. We have a relatively broad target market because there is no age limitation for our service, however, we project that many customers will be over the age of 40. Because of this, it is important that all aspects of our business are made as simple as possible – from picking out a card to making a payment. Generally, when conducting business solely online, a sale can be lost in a matter of seconds if the interface/design of the website is too complicated to work through. To avoid this, we will ensure that our website and service is considerate and accessible to people of all ages.

In terms of the people inside the company, other than us four, we don't initially plan to have a lot of employees. We may hire one or two people to assist with inventory and the delivery process, but other than that, we will be able to handle everything on our own – unless the business grows beyond our capabilities. By controlling most of the business' operations, we can maintain better customer service and quality assurance.

Estimated costs for each type of advertising:

The price we plan to advertise:

Our competitors are postable.com, sendoutcards.com, and thegreetingcardshop.com. Each competitor has different overall strategies which basically determines the value of the price.

Post-Ables have a variety of cards to choose from including those that people can digitally handwrite messages and even upload photos to be used. The company advertises cards in envelopes at \$2.99 per card. Send Out Cards is for people or businesses that can send cards on a subscription or per card basis. They advertise that the per card option is \$2.75 plus the cost of postage.

We will plan to advertise our price for \$4 per card.

MARKETING COSTS:

	<i>Potential Reach</i>	<i>Cost Per Ad</i>	<i>Frequency Per Year</i>	<i>Total Cost</i>
<i>Marketing Agency</i>	N/A	3000	2	\$6000
<i>Facebook</i>	1000	\$7.29	27	\$200
<i>Super Markets</i>	450,000	\$1,100 per store/ 50 minimum	1	\$55,000
<i>Local Newspaper</i>	Directly in our target market 4,900 weekly	\$28	14 Weeks	\$392

Pinterest: | 10,000+ daily \$999 1 Month \$999

SEE BELOW REGARDING MORE INFORMATION

Marketing Agency: The marketing Agency that we will hire will set up and manage our social media accounts for our business. For example, they will help us create an online presence on popular social medias like Facebook, Pinterest, Twitter, etc. and manage content creation to attract customers while we focus on the other aspects of the business. We talked with Isabelle Birdi at Escomedia social media consulting. The metrics that we will collect from different forms of paid advertising will be from a variety of social platforms and not on the other types of physical forms of advertising.

Facebook: When we talked to the marketing Agency they said that the total cost usually for advertisements is around \$7.29 to reach 1,000 people in a brand awareness advertisement. We would like to advertise to 27,000 people that are in our direct target market. Facebook allows us to narrow down who we will market to such as age, gender, regions, and if they have a family. We are going to market to women in the age of 40-65 and currently only in the Chicago area that have a family. This will help us get a feel for if the advertisements are working and see if we have any Facebook page like or website visits. If we see that this form of advertising works then we will spend more on marketing on Facebook.

Super Markets (greeting card aisles): We spoke with an employee of Blue Line Media about advertising in grocery stores using shelf advertising. We contacted the company through their contact information on their website which allowed us to speak with a representative. Blue Line Media is a company that offers advertising media in 300 cities across the United States. The type of advertising we asked them about was a shelf display cost. Shelf display ads are usually small placards that are placed on products shelves that promote new products or services. Having shelf displays in stores are a great way to contact the consumer of a specific product selection point. We told the company that we would like to advertise in the Chicagoland area. Since the greeting card aisle has quite the amount of foot traffic and the location, they told us that an average quote would be roughly around \$1,100 per store per 4-week period. However, we were unaware that the minimum purchase for this type of advertisement would be in 50 stores. The total cost for a one-month advertisement in 50 supermarkets in Chicago would be \$55,000. Although this is an expensive cost for our business the number of potential customers, we could reach in our target market is much larger than any other form of advertising. We are going to assume roughly 300 minimum people go in the aisle each day for 30 days in 50 stores. This shows that we could potentially reach 450,000 people that potentially would use our service. According to *Major Media in the Shopping Aisle* by Matt Ego and Chris Vollmer, research showed that in-store marketing pilots tend to lead to a 15 to 60 percent boost in sales, depending on the item, locations, and seasons.

Local Newspaper: After speaking to our local newspaper, the Normalite Newspaper, they said that a 4-inch column display ad will cost \$28 per week. We will run these ads for a total of 14 weeks split between the summer and winter. We chose these times because the most popular card giving occasions are birthdays and Christmas (NPR) and we found that the most popular birthday months in the U.S.A are found in the Summer (Readers Digest). This newspaper will reach out to all of McClean County in Illinois with a current circulation of 4,900 issues weekly (*Normalite.com*).

Pinterest:

Lastly, we will advertise on Pinterest for one month because we are going to see if this form of advertising is effective. If the advertisement for brand awareness on Pinterest leads to a substantial amount of leads, then we will continue to advertise on Pinterest. The advertisement on Pinterest will help create brand awareness for mostly females and it will cost us \$999. These females that we can reach on Pinterest are all interested in discovering new ideas and find inspiration to do things they love. We have a hypothesis to test out using advertising on Pinterest. We believe that women who use Pinterest are more likely to be crafty and use more greeting cards than others. However, if our hypothesis is incorrect we might be able to still capture some leads as well as some brand awareness, while finding out more about our specific target market.

Future Greetings Organizational Design

Legal Form of Organization:

After briefly talking to Tim Leighton from Leighton Legal Group in Bloomington, we have chosen to legally identify our organization as a corporation. Like an LLC, a corporation will protect creditors from settling debts by acquiring our own personal assets. The primary concern when owning and running a business is to ensure that you cannot be held personally responsible for accidents, customer dissatisfaction/injury, internal feuds etc. Becoming a corporation will shield us from any such liabilities and allow us to continue normal business operations in the event of any legal discrepancies.

Unlike an LLC, a corporation will also provide much more opportunity for scalability as we may raise additional funds for our organization by selling off shares in the corporation and deduct the cost of benefits provided to our employees and officers. The potential benefits that come along with a corporation will help us expand our business in ways that otherwise could not be done under other legal identities like an LLC, sole proprietorship, or partnership. A corporation's life does not depend on how long the owner lives. A corporation has the possibility for an unlimited life, meaning if an owner dies the corporation will continue to exist and do business. In addition, corporations tend to have a tax advantage such as being able to deduct health insurance premiums of an owner-employee; savings on self-employment taxes. Corporate income is not subject to social security, workers compensation and Medicare taxes, and being able to deduct other expenses such as life insurance. Even though forming a corporation will require more time and money, we project the benefits to far outweigh the costs.

In general, incorporating our business will protect our assets, grant us access to tax advantages and help the organization grow all while defining our business in terms of legality and strategy. Some advantages of having a corporation includes, enhanced credibility, brand protection, perpetual existence (the business can easily be passed down to investors, employees, officers, etc.), deductible expenses, easily established retirement plans, tax structure.

Founding Team:

Our founding team members are:

- **Chief Executive Officer:** Bailey Dillon
- **Chief Financial Officer:** David Tuscher
- **Director of Marketing:** Maio Greer
- **Vice President:** Chad Pearson

We'll have a Chief Executive Officer, Chief Financial Officer, President, and Vice President. Bailey Dillon is responsible for making major corporate decisions, managing the overall operations and resources of a company, and acting as the main point of communication between the board of directors and corporate operations. David Tuscher is responsible for managing the company's finances, including financial planning, management of financial risks, record-keeping, and financial reporting. Maio Greer is responsible for overseeing the implementation of the marketing strategy which includes campaigns, events, digital marketing, and PR. Chad Pearson is responsible for making sure that he executes the day-to-day operations of the company.

When it comes to the final say on major decisions, like many other companies, we'll look to our CEO. The founding team will come together to discuss the different variables and possible outcomes of each decision. Everyone will have a chance to give their input into the discussion, because we will all have a spot on the board of directors and majority votes will chose the decision. Once the decisions are made, we'll easily be able to communicate them to the rest of the company. Using tools like email and memos, we can alert the rest of our staff, and since we're only a startup, the number of people we need to reach won't be very large. In the future we plan to expand our business, and once that comes to fruition, we will have people who report to the founding team directly, and then they will oversee distributing the information to the staff below them.

Organizational Structure:

As with any other E-commerce website, our organizational structure will be highly centralized. As we scale it will inevitably change, but for now, in the early stages of the business we will have a functional structure. This structure is appropriate because our scheduling, storage and delivery service of greeting cards is in a moderately low uncertainty, stable environment. We want to focus on control and efficiency in the beginning. We will have a top-down hierarchy consisting of the top management team directing middle management. The VP will direct all the middle management besides marketing, making sure that operations are carried out. The VP will also be responsible for monitoring key performance indicators of management and supporting talent acquisition of all employees involved in day to day operations. For example, the VP will be the final approval of employees with relevant skills such as previously being a receptionist or someone working in the mail sorting industry. Middle management will oversee all bottom level employees making sure to monitor their performance and carry out organizational objectives. This is the typical management structure that most corporations perform, and it tends to be more efficient.

Formal rules and standards are going to be put in place so that our workers know exactly what is expected of them and that full accountability is taken for the performance of their jobs. Our human resource department will have multiple responsibilities such as managing relations between employers

and employees, payroll, benefits, recruiting, selecting and training. Our human resource department will be tough with recruiting individuals right for the job. In addition, they will provide help for employees to help them with questions or concerns about their paychecks, potential benefits and tax questions. Standard employee evaluation forms for things like vacation requests or expense reimbursements must be submitted to direct managers by specific deadlines. This type of communication structure allows those receiving reports, memos and proposals to quickly get to the relevant information they need because the information will be presented in the same way every time. Communication within the hierarchy will range from one-on-one and group meetings to tools that transmit messages like memos, reports and company emails. Additionally, there will be enterprise software and the use of virtual teams that will aid in the communication of the hierarchy. We will have an organizational communication plan that practices protocol. Ongoing assessments will be made of the current state of our organizational communications.

Future Greetings is using a hybrid structure in the organization of leadership. The hybrid structure for Future Greetings is to apply resources and knowledge in each function, while maintaining specialization in different areas of the business. A hybrid organizational structure allows Future Greetings to be more flexible when distributing work and assigning job roles. We have a CEO, director of finance, director of marketing, and a vice president. The vice president will be responsible for making sure that day-to-day operations of the company are carried out.

Future Greetings is an online store that sells a service. There is only one store that the customers can purchase our service and it is an online website. Future Greetings can be a scalable business by having more physical locations to disperse the greeting cards around the world and become a cheaper cost for us to deliver it to consumers. Future Greetings can also have a product expansion in the business by bringing in products into the marketplace by introducing our own line of greeting cards, shipping flowers, jewelry or many other items along with the greeting cards. Our customers could eventually be able to have a rewards program, and other customer benefits with our service. Many other additions we can add will help with quality of the product such as a protective film over the greeting card with a small logo showing that we care about your business. Future Greetings will always continue to innovate and adapt to changes in the environment and marketplace to strive to become one of the leading companies in the industry.

We will not have a physical store that allows customers to purchase our service. However, we have a physical warehouse location that will be used to store our inventory. Greeting cards take up very little room when stored properly. After having a filing cabinet for each designated day of the month and year we will most likely be able to fill a warehouse that is roughly 5,000 square feet with about 8,000,000 cards. The number of cards that we can hold within the warehouse can be calculated by the size of an average greeting card is roughly 6 inches and there is 720,000 inches in 5,000 square feet. That means that we can fit 120,000 greeting cards if we lay them all on an even ground in a 10-foot warehouse and using cabinets and allowing us space to walk and desk space allow us to hold around 8,000,000 greeting cards. We can scale our business by having a few warehouses in different locations across the world to make shipping and handling easier. This not only will cut shipping costs, but it will grow our on-time delivery window. Making customers' happy throughout the world with on-time delivery to show them that we are a quality company.

Financial Assumptions

Startup Costs:

Business registration:

According to the office of the Illinois Secretary of State, we can register our business name Future Greetings as a corporation. The state fee is **\$281** to register our name as a c-corporation and it will cost us **\$25** to reserve the name. In compliance with the requirements in Illinois we are subjected to **\$153** filing fee 60 days immediately preceding first day of anniversary month. The total startup cost for legally registering our business as a C-corporation will be \$459.

Domain name:

We will be purchasing a domain name for our website in order to have a simple website that will help us drive customers to our website. FutureGreetings.com would be the best domain name for our business because it is a simple name to remember and it describe our business. We have checked the prices to purchase the domain name at three different websites. At GoDaddy.com the price to purchase the domain name is \$1088. At Buydomains.com, and register.com the prices were the same. These businesses labeled FutureGreetings.com as a premium domain name which is more valuable than other domains because they are based on common words or phrases people often use in their online searches. BuyDomains.com is the only website that shows that we can make an offer for the website. I made an offer at \$750 for the domain name and they counter offered me at \$925. I put another counter offer for **\$850** and they accepted the deal. Making this offer allowed us to save \$238. The cost will also include Privacy & Business Protection for **14.95** per year that will help show the customers that when doing business with us that their information will be safe. Other options that will be purchased for our website will be search engine visibility, allowing us to be seen on Google, Bing, Yahoo, and many other search engines. The cost is **\$119.40** for 5 years of search engine visibility. We will also purchase website security for 5 years, which give us automatic daily malware scanning, unlimited manual malware removal, and Google blacklist monitoring and removal. GoDaddy will charge us **\$293.58** to have security for our website for 5 years. The total cost for our website domain and additional options will be \$1,277.93.

Hosting website (annual cost):

According to GoDaddy.com, hosting our domain name will cost us \$15 year. Also, being able to access and edit our website from HostGator will cost us \$49 per year.

Professional website design:

I have talked to some experts in web design and they gave me a price of around \$1,500 as a one-time fee. This is because using a booking service and having an e-commerce business design is tougher to design than another website. They need to attract users to make it from homepage to check-out without leaving. We are a business that focuses on the primary use of a data management system that helps us to provide this service to our customers. After talking to professionals at Amazon about website configuration and what it will most likely cost to have a professional website that can handle a mass amount of cloud storage could cost from \$10,000- \$500,000. They said I would be roughly looking at about \$35,000 for the overall design and an additional \$5,000 -\$6,000 per year in maintenance and improvements to have an e-commerce business website like what Future Greetings is exactly looking for. Therefore, if we pay the upfront cost of \$35,000 and add maintenance cost for the next three years it will be an additional \$16,500. Giving us a \$51,500 cost to have a profession website that works best for Future Greetings.

Business email (annual cost):

According to GoDaddy.com we can purchase a business email package for \$6.99 per month, which includes Microsoft office 2016, giving us a total of **\$83.88** per year for a business email. This business email allows full Microsoft office on 5 PC's and 5 iPads or Window Tablet users, 50GB+ of email storage, and full access to editing on our tablets and smartphones on Microsoft office, and email, calendar & contacts sync across all devices. The professional business email will be a great opportunity to put on our business cards such as contact baileydillon@futuregreetings.com. This will show that our business is more professional.

Equipment:

The equipment that we will need to purchase would be computers, desks, filing cabinets, a printer, and desk chairs. We will purchase two desktop computers. One of the computers will be for the business owner and the other for the receptionist acting as a customer service representative. After looking at stores such as IKEA, Staples, Amazon, Apple, and Office Depot we decided which store had the best deals and the highest quality of equipment to choose our products. We are going to be using apple computers, and the cost of one computer is roughly about \$1,050. The two desktop computers will cost

us **\$2,100**. In addition, we will purchase two desks which comes with chairs costing \$239 each from Office Depot. The total cost for the two desks and chairs is **\$478**. Furthermore, we will need to purchase some filing cabinets to store the inventory that we will receive from customers. According to Office Depot the price for filing cabinets are \$78 per cabinet with three drawers. Since we are just starting out, we are going to purchase 5 cabinets because we will just separate the cards with folders that label that date. The total cost for the filing cabinets is **\$390**. Lastly, we will need to purchase a printer for important information and a label printer to print off customers information. According to Amazon.com the cost of a label printer is **\$899**, and the cost of an office printer is **\$199**.

All in all, the total startup cost for equipment is \$4,066.

Marketing:

Please refer to our marketing plan to get a further understanding about our marketing costs. We plan on purchasing signs, business cards, and advertising online. First, we are going to purchase banners to have stores advertise our service in the greeting card section of their store. Next, we will purchase business cards. According to Vistaprint.com we can purchase 5,000 custom business cards for **\$200**. In the marketing plan we discussed the ways of advertising that will be most effective for our business. The monthly expense was \$5215.92 to advertise and create brand aware, loyalty and to give customers an emotional appeal. For the startup cost we will be spending roughly three times our monthly marketing expenses because we need to create brand awareness. This cost could increase the first month's sales substantially.

Pre-opening payroll:

To begin with, we are going to hire 2 full-time employees at the start of the business. First, we will hire a receptionist to act as a customer service representative that will answer phones for problems customers have and if people need help understanding our service. To train this employee we will give them a script on what to say when they answer the phone and show them what they have access to. We will train this employee for 35 hours at a pay rate of \$10 per hour. The total cost to train the receptionist will be **\$350**. Next, we will hire someone to manage the inventory coming in and store it in a dated folder. This person will also oversee sending out the greeting cards when the specific date comes. To train this employee we will walk the employee through the overall process of our business and what we expect. We expect to train this employee for 35 hours throughout the week at a rate of \$10 per hour. The employee will cost us **\$350** to train. In addition, we are going to have three months extra of salary

expensive in case our business doesn't make much profit in its first months costing us an additional **\$2,250** for a grand total startup cost of **\$3,000**.

Professional services:

First, we are going to hire a lawyer to research our industry rules and regulations to determine if we are following them. The average cost of a lawyer is \$150 per hour and we plan on the lawyer taking 5 hours to research our business and meet with us to discuss the information. The total startup cost to have a lawyer look over our business will be **\$750**. Next, we will hire an accountant. According to Amanda Cameron a small business accountant will cost roughly around \$7,000 per year. We will pay **\$583.33** monthly to have an accountant look over our finances every month to make sure that we are doing everything correctly. We will pay the account a monthly fee in the beginning to look over all our startup costs and to help us with budgeting our revenues. All in all, we will spend **\$1,333.33** as a startup cost for professional services.

Lease on property:

According to Aaron Dvorkin from DDL Property Limited, we can lease property located at 25200 Reed St., Channahon, Illinois 60410 for \$10 per square feet per year. The lease term is available for 1-5 years and for our financial projections we are going to lease this property for three years. Furthermore, we have the choice to lease a space that is 1,649 square feet or 2,745 square feet. Our business will lease the space that is 1,649 square feet because we don't need that much space to store envelopes for greeting cards. The landlord would like the first month's rent as a security deposit. To get the first month rent we first need to multiply 1,649 square feet by \$10 to get \$16,490 and divide it by twelve months. Therefore, the security deposit will be **\$1,374.17**.

Leasehold improvements:

We will spend **\$400** on installing lighting fixtures and making the environment filled with natural lighting to show the employees we are a quality company and we want it to be bright, so employees feel great. In addition, we will spend **\$700** on changing the paint color of the office walls which includes the cost of all the supplies needed to paint. We don't necessarily need to have a good-looking office because we are a completely online business. However, if investors or customers come to our office, we need our office to look presentable, so they know we are a professional business. Our total cost for leasehold improvements will be **\$5,500**.

Utilities:

According to Nationalgridus.com, the average annual utility cost is \$1.34 per square foot for electricity and 18 cents per square foot for natural gas. If we multiply the 1,649 square feet of office space by \$1.52, we will spend roughly \$2,506.48 annually in utilities. We are going to start up with **\$626.62** in startup cost for utilities because we are going to have an addition 25% of annual electricity cost as a fallback because the cost of utilities will vary with the amount of consumption. Having this additional budget for utilities allows us to account for any additional costs that might occur in the amount of electricity consumption or for any time we don't receive enough revenue to pay the cost.

Insurance:

The insurance that we are going to purchase will be general liability insurance and business insurance. According to trustedchoice.com, business insurance for a small business with one sole owner typically cost around \$500 per year and \$41.67 monthly. According to insureon.com, general liability insurance has a median cost around \$428 annually and costing \$35.67 per month. We are going to start up with a budget of \$900 for insurance for any additional cost in case our rates go up because of a claim.

Cash In:

To determine revenue, we need to determine the average cost of each customer. According to an Article published on May 9, 2018 by *Southern Living*, "Nine out of ten households buy an average of 30 individual cards per year." Kate Pullen published *Greeting Card Industry Facts and Figures* also stated, "The average household buys thirty greeting cards per year."

If we capture just one person that sends an average of 30 greetings cards to use our service at \$4 a card, they will spend \$120 on our service per year. We are going to assume that the customer will use our service for at one year before they purchase to send their cards a few years from now. Future Greetings can get an addition twenty year of revenue in the first few years and then make the addition yearly revenue every year after the twenty-year mark, but we are not going to assume that for the revenue projections because it's unpredictable about how many customers would do it.

Southern Living and Kate Pullen also stated, "A greeting paper can cost anywhere between fifty cents to ten bucks, but the average is between \$2-\$4." They also talk about how the market revenue for greeting cards is estimated at \$7.5 billion dollars per year.

We are going to set our price for our service at \$4 per greeting card because it's in the average range for the price of a greeting card, but we are adding value to a priceless service. According to *Statista*, there were 126,220,000 households in the United States in 2017. In the first year if 5,000 households or .00004% of households were to use our service and send out the average number of 30 greeting cards per year, we would receive 150,000 cards giving us annual sales of \$600,000. For the first year we are going to assume that customers only will use our service for one greeting card because they most likely want to see if the service is trusted.

Using the funnel effect to determine the number of potential customers our business could receive. First, the number of suspects who can possibly buy our products is everyone who uses the internet. According to *Internet World Stats* (2017) there are 4.15 billion internet users in the world and 345,660,847 of those users are people that live in the United States.

Furthermore, we will determine the number of prospects that can engage in our business. According to *Marketing Charts* (2017), the percentage of website visits to a brand retail site is 21%. We are going to assume that all these people are somewhat interested in greeting cards. By multiplying the total number of internet users by 21% we get 72,588,778. This number represents the total number of potential prospects.

According to *The Average Website Conversion Rate by Industry* (2017), the current average conversion of shoppers worldwide is 2.95%. If we multiply that percent by the total amount of prospects, then we would have the potential to have 2,140,484 customers.

When looking into the first month's sales we need to consider the amount of money we spent on marketing our business and that may be why the sales are higher than the future months.

To determine the capitalization of other investments we are going to take the highest negative balance of \$144,848 and add a three-month cushion of all the expenses we must have to keep the business running each month. The costs that we must pay to keep the business running for three months is labor costs, payroll tax, insurance, rent, utilities, and phone. For one month all these expenses are \$17,430.38. We want to have a three-month cash cushion so the total cash cushion to maintain cost of running the business is \$52,291.14. The total investment needed to have a positive cash flow for Future Greetings is \$197,139.14

Cash-Out

The direct costs that go into our service consists of postage stamps, and the paper for the labels that are put on top of the envelopes. After looking at the prices of postage stamps, they cost from 47 to 50 cents. Therefore, the cost of the postage stamps is 10% of the cost per card service and the paper for the labels are 5%. This gives us the total of 15% of cost are direct cost that are incurred with our service. We are going to assume that we haven't received any discount for bulk orders on postage stamps.

Next, we will talk about our indirect costs occurring over the next 3 years. First, our returns and allowance will be 2% of our total sales for the month. The average return rate for a product business is roughly 2%. Future Greetings is a service business and we are going to have a 1% return rate for our service and another 1% will be the percentage of allowance we give to our customers from our referral program.

Another indirect cost will be labor costs because we will be paying our employees a variable amount of money for the number of hours, they work each week. We will have two full-time employees and I will be working full-time as the owner. We will pay the receptionist \$13 an hour for working a full 40 hours a week, which is a total cost of \$520 per week and \$2,080 per month. Then we will have an employee that sorts the incoming inventory and is responsible for sending out the inventory at the proper time. We will pay this employee \$12 an hour for working 40 hours a week. We pay the employee \$480 per week for a total of \$1,920 per month. Also, as the owner I am willing to run the business at \$15 an hour and working 40 hours a week so I can afford my personal expenses. I will be paid a salary of \$1000 a week totaling \$4000 a month as the CEO. The CFO, VP, and the Director of Marketing will be paid a salary \$800 per week and \$3200 a month. The total cost per month for labor will vary around \$15,520 multiplied by the payroll tax of 8.95%. Then we subtract the payroll tax of \$1389.04 from the labor cost to get the real amount of cost from variable labor and salary. The first year's labor cost will be \$14,130.96 per month.

In the second year for labor cost we add an additional employee for sorting incoming inventory and shipping the inventory out when necessary. We are going to pay this employee the same as the other with the same position. We will pay this employee \$12 an hour for working 40 hours a week and they will get paid \$480 per week for a total of \$1,920 per month. Therefore, for the second year we have an additional cost of \$1,920 per month minus the additional \$171.84 for payroll tax. We have an exact cost of \$15,879.12 per month and an additional cost of \$1,560.88 in payroll tax.

In the third year for labor costs we are going to need an additional receptionist to answer phone calls about our service. We will pay the receptionist \$13 an hour for working a full 40 hours a week, which is a total cost of \$520 per week and \$2,080 per month. The total cost for labor in the third year will be \$17,772.96 per month and an additional cost of \$1747.04 per month in payroll tax.

The next indirect cost will be insurance that will be paid monthly. According to [trustedchoice.com](https://www.trustedchoice.com), business insurance for a small business with one sole owner typically cost around \$500 per year which is \$41.67 monthly. According to [insureon.com](https://www.insureon.com), general liability insurance has a median cost around \$428 annually which ends up costing \$35.67 per month. The amount we will pay per month for insurance will be \$41.67 for business insurance and \$35.67 for general liability insurance, which gives us a total of \$77.34 monthly expense.

Furthermore, marketing and advertising cost will be our next monthly indirect cost. To get into more detail of the breakdown of these numbers, please visit the marketing plan. We have an annual budget of \$41,668 related to marketing expenses. Therefore, we have a monthly budget of \$3,472.33 to spend on marketing.

Additionally, rent will be the next indirect cost expense each month. Going back to the startup costs, the lease term for our property we will be renting is for three years. We have chosen to lease a space that is 1,649 square feet at \$10 per square feet. To determine the price that our business will pay for the lease in one year we multiplied \$10 by 1,649 square feet and got \$16,490 per year. The total cost we will pay for our lease will be \$49,470 because we would multiply the yearly cost by three years. To determine how much we will pay monthly for the lease we took \$16,490 and divided it by twelve to get \$1,374.17.

Utilities will be the next indirect expense. According to [Nationalgridus.com](https://www.nationalgridus.com) the average annual utility cost is \$1.34 per square foot for electricity and 18 cents per square foot for natural gas. If we multiply the 1,649 square feet of office space by \$1.52, we will spend \$2,506.48 annually in utilities. Then by dividing that number by twelve we get a monthly payment of \$208.87 for utilities.

Next, we will have a business phone number for customers to contact us. According to Vonage business it cost the business \$20 a month per line plus taxes and fees. For our business we are going to have ten lines. One of the phones will be for the receptionist at their front desk and the other will be in my office if any people need to contact me directly. The cost will be \$200 per month plus taxes and fees, which we are going to overestimate and put an additional \$50 for taxes and fees. The total cost per month to have a business phone will be \$250.

In addition, we are going to set a fixed amount per month for potential repairs and maintenance that could occur over the three years. According to Paula Pant, you should budget \$6,000 per year for repair and maintenance costs. We should budget \$500 per month in case of necessary repair or maintenance costs.

Next, will set aside \$500 per month for office supplies. We will need purchase some paper and ink for the office printer and some sticker paper for the labels. In addition, we must purchase pens and folders frequently to keep track of the date the customer would like to the recipient to receive the card. In total, we will allocate \$6,000 per year on office supplies.

Another indirect cost will be having professional services. The average cost of a lawyer is \$150 per hour and we plan to talk with the lawyer for at least ten hours a month. Which will cost us about \$1500 per month. Next, we will hire an accountant. According to Amanda Cameron a small business accountant will cost roughly around \$7,000 per year. We will pay \$583.33 monthly to have an accountant look over our finances every month to make sure that we are doing everything correctly. All in all, we will spend \$2,533.33 as a monthly fee for professional services.

Another indirect cost that our business will incur will be leasehold improvements. We will set aside \$600 per month for future leasehold improvements. We will constantly install storage for the inventory and persistently upgrade our technology systems to scale and improve our service. Additional improvements such as floor replacement, additional or specialized lighting, and plumbing and problems we can't control. In total, we will budget about \$7200 in leasehold improvements per year.

Finally, we are going to budget \$2500 per month for equipment that we can purchase in the future. The budget will account for any additional equipment such as computers, printers, and storage items that we need to add to become more efficient or if something breaks down. Future Greetings is always scaling and that requires much more equipment every month. We have budgeted \$30,000 per year for equipment.

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