Executive Summary

Introduction

Headshops are a potentially lucrative market in any developed area, but what are many of them doing wrong?

* A lack of professionalism and salesmanship – a generalized *bazaar* feel that is ‘cookie cuttered’ across the united states
* A failure to focus on niche’s within the market, and ‘overstocking’ to squeeze every penny out of a customer based on ridiculous / **low-margin** products
* A failure to address local geography to exploit populated demographics.

This simple business plan focuses on selling two products and nothing else. High Quality handmade water pipes made by hand in Eugene by ONE PREMIUM COMPANY - Noble Glass, and Kratom (***a completely legal****, non-addictive, herbal supplement that aids in relaxation, pain-management, anxiety management, and weaning off of more serious narcotics, and is taken orally (not smoked)*). After personally speaking with several headshop owners in Eugene and Medford alike, we have several accounts that Kratom is one of the most PROMINENT sellers. We would strive to be the largest kratom dealer in the northwest, offering the most varieties, and information available about the product. Lazaar (of Lazaar’s Bazaar) recently confessed to me that “*nearly half of my business*” comes from kratom, and he does nothing to educate people about, or promote the product. **There is an undocumented but clear and emerging trend that kratom is becoming widely used and popular, specifically in Eugene.**

We are looking to start in the **virtually untapped market** of west Eugene, on the highly trafficked west 11th avenue, in the old 17,000 sq ft west 11th archery building (currently for rent, *see attatched*).

**Business Concept**

**Objective:** To own and operate a small retail shop with extremely low overhead, selling kratom and premium waterpipes on west 11th avenue.

To take advantage of an excellent location based opportunity, cross-promote both products, and service an area of Eugene (and extended Eugene) that does not have these services readily available.

**Financial Features**

**Margins that make sense**

**Noble Glass Premium Water pipes**– 50% profit margin via consignment ranging from $35 to $350 in price- *see wholesale price sheet attached*). I personally know the owner and would be able to be fully stocked on consignment meaning no overhead.

**Kratom –** wholesale online distributers of high quality product yielding outrageous margins of %80-70 (if purchasing in bulk – *see spreadsheet attached*). Kratom sells for between $25 per 25 grams, or $100 plus for premium products (such as extract or in pill form).

**Financial Requirements**

Seeking 12 - 15k to get up and running.

**Current Business Position**

Aaron Du Chateau currently co-owns and operates GeniusMediaSolutions, LLC (72 west broadway, suite 220), but an LLC has not yet been formed for this proposed business.

**Major Achievements**

Ideal location identified (*see attatched*), Wholesale Distribution channels available and identified for both products.

**Business Description**

This will be a retail based business. It will be two fold in nature (Water Pipes and Kratom) to ensure that:

* Kratom can be cross promoted to patrons who are browsing glass and havn’t heard of it
* Glass can be cross promoted to Kratom enthusiasts
* A ‘two piller’ approach allows us to be solvent and agile if local or federal laws suddenly change regarding the Kratom Product

**Market Strategies**

* Update GIANT sign facing both directions of west eleventh to be attention grabbing
* Conventional print based coupon advertising (with margins as low as they are we can afford to do this).
* Online advertising (Aaron DuChateau currently specializes in SEO, Adwords, PPC, social network, and other forms of online advertising as co-owner of GeniusMediaSolutions)
  + groupon, living social
* Referral based discount Incentives for customers, managed through sql database
* A new look and feel to a very old headshop concept that is approachable for a more mature (but indulging) demographic
* Online and Offline Geo-targeted Mailing Lists

**Competative Analysis**

* Competition lies almost entirely around campus. Our competitors have hodge-podged, often dirty and nauseating environments. We have virtually no competition within a 30 square mile radius pushing out into the outskirts of west eleventh, South Eugene / Churchill residential, Highway 99, and River Road.

**Design and Development Plan**

**Month One:** - Acquire former West eleventh archery building, for rent @ 1,100 dollars per month. Purchase 4-5 used (but quality) glass display cases, creating a natural enclosure/between service and help area. Purchase two flat screen t.v.’s to loop video of Noble Glass in Production, and Information about the exciting benefits of Kratom, and it’s wide variety of applications. Perform minor build out (drywall/sectioning) to suite our needs for customer service area and small warehouse area. Purchase signage/lighting for sign facing west eleventh and top of entrance to building. Build Simple website, and focus on marketing strategies for grand opening. Purchase ~ 2 thousand dollars of kratom at wholesale prices, and stock up with full line of Noble Glass on consignment. Register LLC, open company account, and set merchant account and credit card processing.

**Month Two:** Grand Opening pushed by a small amount of advertising and new signage. Naomi Rhoads will act as operating manager (currently manager at Café Zenon), and will be supported by Aaron Du Chateau in day to day operations.

**Month Three:** Asses status of sales and inventory. Provide detailed reporting on success / or failure of second month’s operations, and re-contextualize strategy. Hire staff and set up payroll if applicable.

**Operations and Mangement Plan:**

Operational Costs:

* $1,100 per month, utilities, internet, business insurance = **~$1,400 per month**
* Salary for Naomi as operations manager in month 2 = **unknown**
* Inventory Glass = **Consignment** (no overhead)
* Inventory Kratom = **concurrent with unknown initial demand.**

**Non-finite total >$1,400**

Capital Requirements

* Building out store front, signage (inside and out) and building mods, cleanup, decorating = **~$2,000**
* Two 40” flat screen t.v.’s on salesfloor =**$600**
* 4-5 glass display cases=**$400-500**
* Kratom = **$1,500-$2000**
* Work Computer/Hp desktop = **$300-400**

**Finite Total = ~ $4,800 – 5,500**

Costs of Goods

* See attatched kratom sheet, glass is on consignment

**Financial Components**

* At this point Income Statement, Cashflow Statement, and Balance Sheet are speculative.