Section 2

Team 9

Spring 2020

Business Plan

AMMOJAM

Portable Bluetooth Speaker

Team Members:

1. ____ Email: ______________________________

2. ____ Email: ______________________________

3. ____ Email: ______________________________

4. ____ Email: ______________________________

5. ____ Email: ______________________________

6. ____ Email: ______________________________

7. ____ Email: ______________________________

Executive Summary

Ammo Jam
Barry McCockiner
Address: 319 Business Ln, Ashland, VA, 23005
Phone: (804) 258-2458
E-mail: mccockbx@jmu.edu

Management:
Titles: General Manager, Administrative Assistant, Accountant, Marketing Manager, Warehouse Supervisor

Industry: Portable Bluetooth Speakers
NAICS code: 334310

Number of Employees: 7 full-time salary, 5 full-time hourly wage

Amount of Financing Sought:
$2,000,000

Investment Sources:
100% Family Investment: $2,000,000

Use of Funds: We will use funds to finance employee wages and raw material purchases.

Product/service selling price: $149.99

Business Description: Our product is a portable Bluetooth speaker, made from repurposed 50 caliber ammunition cans from the U.S. Military. Our company is based on bringing customization and technological improvements to the Bluetooth speaker market.
Products/Services: Our product will feature two 5-inch, full-range speakers, on the front side. The top will house the power switch, volume, bass, treble and Bluetooth indicator. There will also be a carrying handle made from military grade paracord. On the left side, there will be the metal latch to open the can, and the right side will hold the battery charging port, as well as an added AUX input for those who prefer not to use Bluetooth.
Competitive Advantage: Our company is different from other leading Bluetooth speaker companies because we will be taking used products and repurposing them, as well as enabling the consumer to have a customizable feature. This allows us to differentiate and reach a broad target market for those interested in a unique form of music which results in less strain on the environment, due to the ammunition cans already being available. Customers will prefer our products for their unique look, customization element, nostalgia, durability, quality, and their ability to reduce an individual's carbon footprint by using a product not made with plastic.
Markets: We aim to target a younger generation interested in new technology that's affordable. There is about 2,267,186 households of buying customers with an expected growth of 3-4% in the next 5 years. Our sources of revenue will predominantly pull from social media users, as most of our advertising will be on social media.

Distribution Channels: We will selling our product 100% through retail. We plan to reach these customers through advertising through social media. Once the orders are purchased, they will be directly delivered through USPS to the customer.

Competition: There are independent sellers that customize and make our product, but for a price 3 times ours. We will easily surpass this competition because of our mass production of our product, ultimately allowing us to sell cheaper. There is also indirect competition of simpler types of Bluetooth speaker's available. Our product specifically aims to make the jump past smaller, cheap Bluetooth speakers and contribute to a next level sound quality that is also affordable.

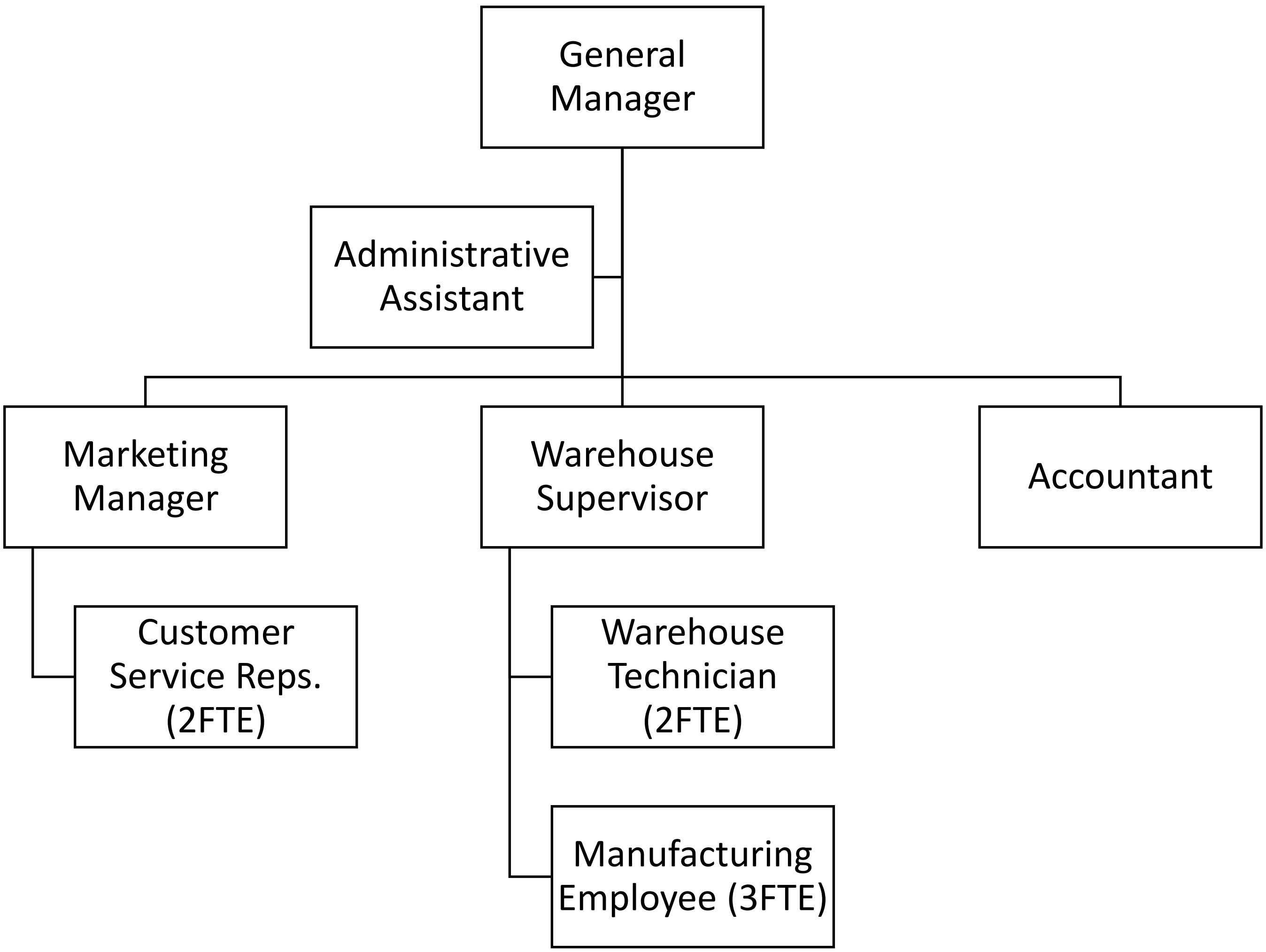
Financial Projections (Unaudited):

	2017	2018	2019	2020	2021
Revenue:	$1,904,309.28	$1,919,543.75	$4,901,790.29	$4,941,004.61	$5,312,568.16
EBIT:	($397,304)	($395,699)	$371,691	$379,800	$468,770

Narrative

Elevator Pitch: Our product is a portable Bluetooth speaker, made from used 50 caliber ammunition cans from the U.S. Military. Our company is different from other leading Bluetooth speaker companies because we will be taking used products and repurposing them. This will result in less strain on the environment due to the ammunition cans already being available. Customers will prefer our products for their unique look, nostalgia, durability, quality, customization, and their ability to reduce an individual's carbon footprint by using a repurposed product that is not made with plastic. Product Description: Our product will feature two 5 inch, full-range speakers, on the front side. The top will house the power switch, volume, bass, treble, and Bluetooth indicator. There will also be a carrying handle made from military-grade paracord. On the left side, there will be the metal latch to open the can, and the right side will hold the battery charging port, as well as an added AUX input for those who prefer not to use Bluetooth. The customer will be able to choose the color of the metal with options of army green, matte black, glossy black, and light pink. The question may be posed, what if our company runs out of used ammunition cans from the U.S. Military? We would move manufacturing of ammo cans in-house or go straight to the supplier. Competitive Advantage: Our company solely focuses on the production of ammo can Bluetooth speakers, allowing for an efficient and effective business. We have formulated the most cost-efficient plan to provide a fair price to customers and for our company's profits. Potential competitors would find it difficult and not worth the risk to imitate our product. It is not that the ammo can itself is difficult for competitors to produce, rather it is the process of constructing and selling at a fair, cheaper price. Value Proposition: There is value in our product and business because it is the first of its kind to offer a good price and full customization. The growth of the Bluetooth speaker is growing and is expected to grow annually by .2% over the next 5 years (Henry, T). We predict our market share to grow with the expected growth of the Bluetooth speaker market. An estimated amount of 1.96 billion U.S. dollars' of Bluetooth speakers were sold in the U.S. retail market (*Bluetooth speaker*). Business Strategy: We strive to build a personal relationship with all our employees and a friendly work environment. We strive to benefit those who are not only different but unorthodox by nature and are willing to open their mind up to the appeal of strangeness. We have different pricing, different appearance and different ideas than our competitors who strive to make the best speaker inside the box. Our philosophy is life is too short to stress, that is why we do not allow our employees to worry over the materialistic and to worry more about how they choose to steer their life. Business Location: We decided to base our factory out of Ashland, Virginia. It has a surplus of space for if we need to expand in future years. Our product will be sold 100% through retail and predominantly through online sales. Therefore, our location where we will be based out of is not necessarily high of value. Outsource: We outsource all of our raw materials utilized to assemble our speaker; our company will assemble the speakers at our factory. We outsource the main body of our speaker, the ammo can, from Army Warehouse Surplus which enables us to reuse military goods while reducing our carbon footprint. We acquire our speaker woofer packages (screws and wires included), aux ports, and charging ports from Parts Express. Batteries are bought from Battery Mart and paint is bought from Home Depot. Financial Performance: In the first 2 years of operation, we will be making a net loss while establishing ourselves in the market. We utilize our loan we receive early to cover our expenses within our first two years. This opens the door, so by the third year we will begin making profit and will continue increasing our profit in the next consecutive periods. In year 3, 4, and 5 we will produce incomes of $349,390, $357,012, and $440,644 respectively. We ramp up our production beginning in year 3 to compensate for the additional units that will be purchased. We ultimately put ourselves in a position to go into the beginning of our 6th year with $354,042 in retained earnings to continue the progression of success for Ammo Jam.

Exhibit 1: Organizational Chart
(Year 2021)



Assumptions

In Year 3 we will hire an additional Warehouse Technician to increase capacity and meet higher demands

Exhibit 2: Employee Cost Chart

Position	Salary or Wage Range	Second Year Pay	Mandatory Payroll Deductions	Benefits	Total Cost per Position	Total Costs All Employee
General Manager	150,000-300,000	$150,000 + $15,000 bonus = $165,000	FICA $9,740 FUTA - $42 SUTA - 200 WC - $860	Health Insur. $33,000 IRA $9,900 Other Benefits*	$221,404	$221,404
Accountant	60,000-100,000	$70,000 + $7,000 bonus = $77,000	FICA - $5891 FUTA - $42 SUTA - $200 WC - $860	Health Insur. $14,000 IRA $4,620 **	$104,175	$104,175
Marketing Manager	45,000-65,000	$50,000 + $5,000 bonus = $55,000	FICA - $4208 FUTA - $42 SUTA - $200 WC - $825	Health Insur. $11,000 IRA $3,300 ***	$75,462	$75,462
Warehouse Supervisor	30,000-50,000	$40,000 + $2,000 bonus = $42,000	FICA - $3,213 FUTA - $42 SUTA - $200 WC - $630	Health Insur. $8,000 IRA $2,520 ****	$57,730	$57,730
Warehouse Technician (2 FTE)	30,000-34,000	($33,280 + $1,664 bonus) @ 2= $69,888	FICA - $2,597 FUTA - $42 SUTA - $200 WC - $509	Health Insur. $6,990 IRA $2,097 *****	$48,355	$96,710
Customer Service Rep (2 FTE)	30,000	($30,000 + $1,500 bonus) @ 2= $63,000	FICA - $2,410 FUTA - $42 SUTA - $200 WC - $473	Health Insur. $6,300 IRA $1,890 ******	$43,408	$86,816
Manufacturing Employee (3 FTE)	22,000-25,000	($24,960 + $499 bonus) @ 3= $74,880	FICA - $1,947 FUTA - $42 SUTA - $200 WC - $382	Health Insur. $5,092 IRA $1,528 *******	$37,289	$111,867
TOTALS	462,000-469,00	$475,800-483,070	$		$	$

Benefit Assumptions

For All Employees

15 paid days of vacation, 5 days paid personal/sick leave (can accumulate), Disability insurance short term accounts for .25% of yearly pay, long term equivalent to 1% of yearly pay, Wellness program for each employee amounts to $600, IRA match of 6% of yearly pay

* Individual health insurance $35,000, life insurance ($10,000 term coverage included with health).

** Individual health insurance $14,000, life insurance ($10,000 term coverage included with health).

*** Individual health insurance $11,000, life insurance ($10,000 term coverage included with health).

**** Individual health insurance $8,000, life insurance ($5,000 term coverage included with health).

***** Individual health insurance $6,990, life insurance ($5,000 term coverage included with health).

****** Individual health insurance $6,300, life insurance ($5,000 term coverage included with health).

******* Individual health insurance $5,092, life insurance ($5,000 term coverage included with health).

Exhibit 3: Market Segments and Targets

Segment Name	Size (# of People or Households in Segment)	Growth Projection	Description	Priority level for targeting	Justification for Targeting
Suburban Spenders	1,600,000 people	3-4% rate in the next 5 years	Midscale Income, w/ kids, renters, mixed employment, some college, use game console to watch TV, switched providers in the last year, used smartphone to post to social media.	4	This segment is of interest to us because they use social media, making them easier to reach, and are interested in convenient technology.
Emerging Techies	2,200,000 people	3-4% rate in the next 5 years	Midscale income, w/o kids, homeownership is mixed, some college, follow sports on Instagram, take college courses online, use snapchat, likely never had landline service	2	This segment is a high priority for us because these individuals tend to have an interest in technology, are in the income range where they would be willing and are able to afford our product.
Striving Selfies	1,782,352 people	2-3% rate in the next 5 years	Low Income Middle Age Mostly w/o Kids, Age < 55, high amount of household technology, follows college sports, college credits, urban and suburbs, highest population: Washington state	5	This segment contains a high level of household technology, they are tech savvy, heavy use of social media, they are willing to buy the newest products in the market.
Generation WiFi	2,267,186 people	3-4% rate in the next 5 years	College graduates, ages 25-44, mid-income with no kids, has music streaming subscriptions and uses snapchat.	3	This segment would be a priority to us because they are mostly new college graduates who use the most up to date technologies and applications. The fact that many use music steaming services tells us that they care about music quality and listen often.
Midscale Younger w/out kids	2,267,186 people	3-4% rate in the next 5 years	Midscale Income without kids, ages 25-44, high tech, college graduates, has 3 or more mobile phones, follow sports/teams on Instagram, uses online radio/music sites apps: Spotify, visits Snapchat social networking site, has a paid streaming music subscription	1	This segment is the highest priority for us because it is one of our largest target markets, it is expected to grow about 3-4% in the next 5 years, our target market lifestyle of visiting social media platforms and involvement in the music industry, and our cost to reach our target market is low.

Exhibit 4: Market Quantification

Year	Total Market Potential (No. of Customers)*	Market Share**	Annual purchase amount***	Annual Unit Sales	W/Sale Price†	Retail Price†	Annual $ Revenue
2020	2,267,186	1.4%	0.4	12696	N/A	$149.99	$1,904,309.28
2021	2,285,323	1.4%	0.4	12798	N/A	$149.99	$1,919,543.75
2022	4,538,947	1.5%	0.4	27234	N/A	$179.99	$4,901,790.29
2023	4,575,258	1.5%	0.4	27452	N/A	$179.99	$4,941,004.61
2024	4,611,861	1.6%	0.4	29516	N/A	$179.99	$5,312,568.16

* We calculated our market potential based on findings from Passport GMID, we defined our target market as "Midscale Younger w/o kids" because of the growth rate over the next 5 years, this segment is also known for using music streaming services like Spotify and Apple Music. In the year 2022 we added a second segment due to the market share increase and product becoming more known.

** Multiplied 21.7% (the percentage of respondents that voted a 7, the highest likelihood, on the survey when asked if they would try the Ammo Jam) by 6.5% (the percentage of respondents that voted a 7, the highest likelihood, on the survey when asked if they would switch to the Ammo Jam) to get 1.4% Market Share.

*** We predict that the annual purchase amount will be .4 (purchase 1 every 2.5 years). We plan to release new models after 2 years, resulting in more purchases

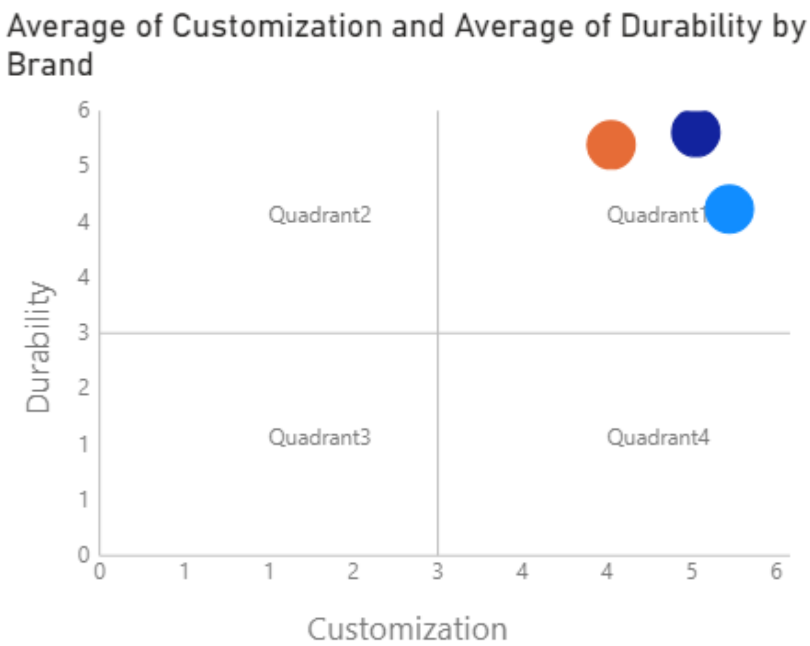
† We will be using 100% of our revenues towards retail and predominantly online sales. Our product is not fit for a wholesale environment.

Breakeven Analysis

Year	Average Price	Total Fixed Costs	Unit Variable Cost	BEP in Units
2020	$ 149.99	$ 769,698.40	$ 100.33	16259
2021	$ 149.99	$ 780,733.98	$ 100.33	16524
2022	$ 179.99	$1,400,194.19	$ 111.00	18251
2023	$ 179.99	$1,416,472.82	$ 111.00	18499
2024	$ 179.99	$1,501,026.02	$ 111.00	19424

We have an increase in Labor wages over the next 5 years accounting for inflation. Average price of the Ammo Jam increases in the third year due to an increase in market potential. Aspects of total fixed costs are subject to inflation and to an increase in units produced.

Exhibit 5: Perceptual Map and Positioning Statement



<u>Positioning Statement</u>: Our company is using the differentiation strategy because there is little to no competition with other Bluetooth ammo can speakers. Our speakers bring full customization to the table and a unique experience to the customer. Ammo Jam differentiates from the same old Bluetooth speakers and develops a new market of distinctive-styled speakers.

<u>REPORT FINDINGS FROM SURVEY</u>

It was found that half of the population surveyed said that they would have a higher likelihood of trying the Ammo Jam and 43.3% said they would switch to our product from the current product they are using. Most respondents were familiar with the JBL brand out of all Bluetooth speaker products. Although JBL was the most known, Bose was rated the highest in average sound quality, but not by much. The sound quality for Bluetooth speakers was found to be the most valued characteristic. Customization and durability did not fall behind by much, scoring a range from 4-5. These results make clear that the characteristics of sound quality, customization, and durability are all important to customers; however, sound quality should be the focus.

<u>SWOT Analysis</u>

Strengths – Ammo Jam has a cost-advantage and a distinctive style that no other Bluetooth speaker brand has. Ammo Jam will develop strong customer relations of loyalty when uniqueness and quality are combined.

Weaknesses - Our financials are a weakness as we are a new company taking out debt, however, our company is in the process of improving our financial situation. The distribution process could be a problem in the future when orders increase.

Opportunities - The Bluetooth speaker market is growing and there is much potential for our brand to grow and to be well-known. Customer culture is changing; people want to stand out with the products they buy and they can do that when they buy Ammo Jam.

Threats - Although Ammo Jam is a new product to the Bluetooth speaker market, it will not be hard for competitors to replicate our technology and attempt to sell their product at a lower price.

Exhibit 6: Marketing Mix

Product/Service Branding

Our brand name, Ammo Jam, describes what our product is and is a catchy name that customers will be attracted to. People will be curious by the name and would want to know more about our product.

Pricing

	2020	2021	2022	2023	2024
Unit Variable Cost:	100.33	100.33	111.00	111.00	111.00
Wholesale Price:	N/A	N/A	N/A	N/A	N/A
Retail Price:	149.99	149.99	179.99	179.99	179.99

The industry average for Bluetooth speakers was $160, so we wanted to steal market share away from bigger companies by offering a slightly lower price while still covering our variable costs.

Distribution/Location Strategy

Our distribution strategy is to sell Ammo Jams' all through online sales. We will be our own retailer and sell through a self-developed website.

Promotional Strategy

	2020	2021	2022	2023	2024
Total IMC Budget:					
Campaign #1					
Campaign #2					
Campaign #3					

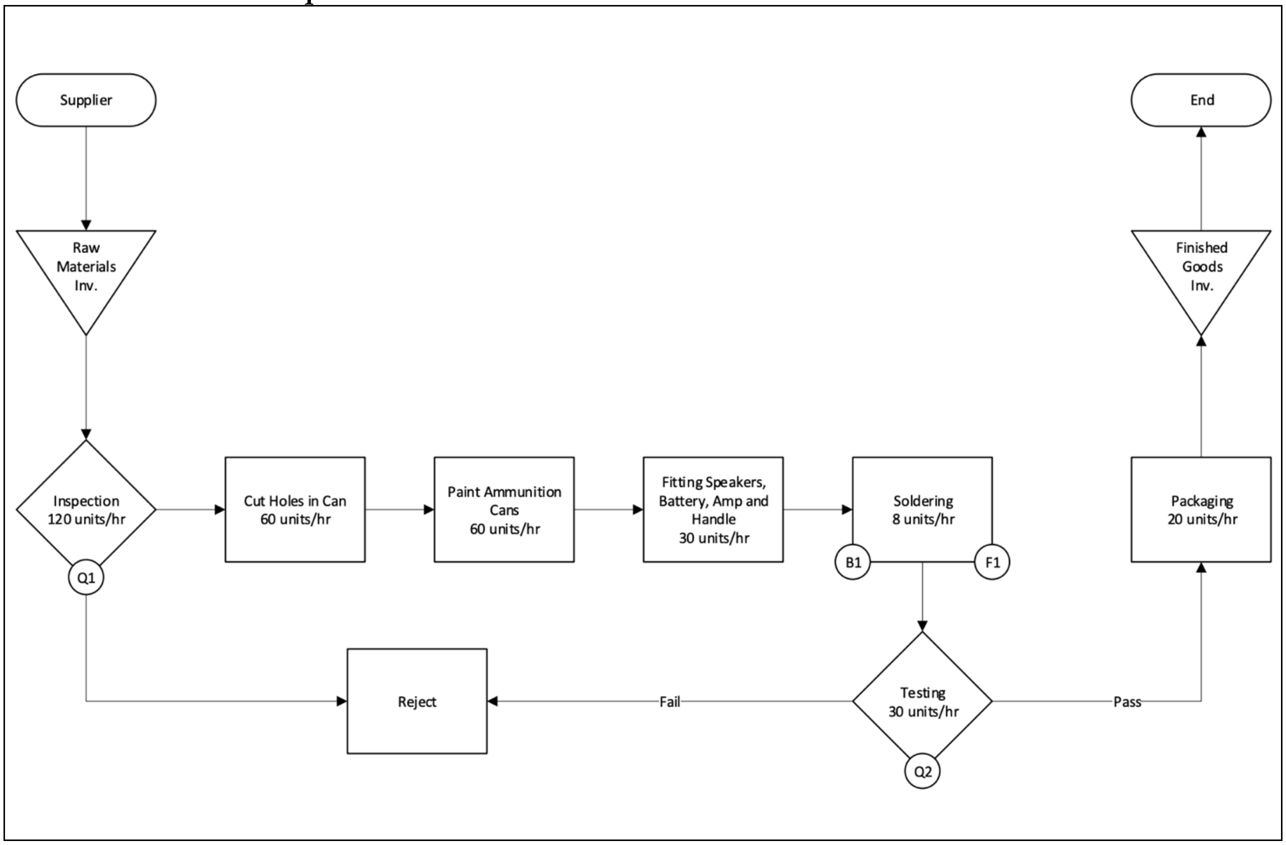
Describe specific promotional campaigns through which you will use your budget to communicate with your target market.

No. of Salespeople:						**If applicable**

Compensation Method:(Example: 30K Salary + 3% commission)

Describe your professional sales management plan

Exhibit 7: Process Map



For each major quality step:

Quality Step	What is measured?	How often?	How will you ensure quality?
Q1	The physical condition of all materials (i.e. can, speakers, amp, battery).	All merchandise is inspected.	All merchandise will be purchased from a trustworthy supplier and will be pre-inspected by the supplier.
Q2	The full functionality of our final product. Bluetooth ability, volume control, power and sound.	All merchandise is inspected.	Each speaker will be processed through an experienced technician and inspected after the fact in our warehouse by a maintenance manager before moving to packaging and shipment.

For each critical failure point:

Failure Point	Brief description	How will you prevent this failure?	How will you recover if this failure occurs?
F1	Failed soldering of wires that establish connection between battery, amp, and speakers.	By acquiring the best talent and through a talent development program which will train our employees to solder our product properly.	There will be an inspection station that will verify proper connection and guarantee a fully functional product or reject faulty products.

Exhibit 8: Quality Assurance

Indicate the Dimensions of Quality on which you will focus.	**Why is this dimension important, given your industry & target market?**	**Identify the Quality Step(s) on the Process Flowchart / Service Blueprint to which this corresponds.**
Performance	We will focus on metrics (i.e. sound quality and connectivity via Bluetooth) that are crucial to meet customer satisfaction and to compete in our industry.	Testing of finished Bluetooth speakers by our full-time maintenance specialist.
Durability	Focusing on durability is important because a product that is not durable is not worth the investment and likely to break. Our target market is looking for a product that not only satisfies its purpose but does so for a long time.	Through an initial checkpoint that guarantees the quality of purchased raw material.
Perceived Quality	Perceived quality is important because it will help our product stand out in the Bluetooth speaker market and will persuade customers to buy our product rather than an alternative Bluetooth speaker.	Through quality check points and skilled manufacturers, quality is ensured
Aesthetics	Our company uses a unique and customizable speaker design that appeals to consumers of all ages and backgrounds.	

Use the space below to describe any additional Proactive Quality Assurance Plans that are not connected to a specific activity on your Process Flowchart / Service Blueprint.
Extensive quality training, taking place twice yearly, throughout the organization that will not only engage our employees but allow them to understand the benefits of a quality product and how that has a direct impact on the employee.
Describe any reactive quality assurance plans. Include a recovery plan should a customer receive poor quality goods and/or services.
Our company will offer a 100% money back guarantee on our product. If a customer is not satisfied with our product for any reason, they will be able to return the item for free with their money refunded, or have a new product shipped to them at no extra cost.

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

☐ NA ☐ TQM ☒ Six Sigma ☐ ISO ☐ Benchmarking

☐ Other (specify what): ____________________

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

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

We have chosen the Six Sigma methodology to learn and meet the customer requirements, especially through a defect free product.

Operations Exhibit 9A: Inventory, Suppliers and Distribution

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

Item(s)	Supplier Name & Location (City, State, Country)	Reason for selecting this supplier	Supplier lead time (in days)	Frequency of replenishment (in days)	System of Management	Mode(s) of Transportation
Ammo Cans	Army Surplus Warehouse Idaho Falls, ID	Their inventory is sufficient for our company needs.	2-3	14	Fixed Order Interval	☒ Highway ☐ Rail ☐ Waterway ☐ Air
Speakers	Parts Express Springboro, OH	Reasonably priced, high quality speakers	1-2	14	Fixed Order Interval	☒ Highway ☐ Rail ☐ Waterway ☐ Air
Battery	Battery Mart Winchester, VA	Inexpensive wholesale batteries located in VA	1	14	Fixed Order Interval	☒ Highway ☐ Rail ☐ Waterway ☐ Air
Amplifier	ICStation Hongkong	Inexpensive, high quality amplifiers with free and fast shipping.	1-3	14	Fixed Order Interval	☐ Highway ☐ Rail ☐Waterway☒ Air
Auxiliary Port	Parts Express Springboro, OH	Substantial bulk purchase discount	1-2	180	Fixed Order Interval	☒ Highway ☐ Rail ☐ Waterway ☐ Air
Paint	The Home Depot	Easily accessible with good prices	0	180	Fixed Order Interval	☒ Highway ☐ Rail ☐ Waterway ☐ Air
DC Charging Port	Parts Express Springboro, OH	Substantial bulk purchase discount	1-2	180	Fixed Order Interval	☒ Highway ☐ Rail ☐ Waterway ☐ Air

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

	Finished goods produced (per hour)	Frequency of shipping finished goods	Average level of Finished goods inventory on site	Amount of safety stock on site
At the end of Year 1	8 units per hour	245 units per week	35 units on site	204
At the end of Year 2	8 units per hour	245units per week	35 units on site	202
At the end of Year 3	15 units per hour	245 units per week	35 units on site	316
At the end of Year 4	15 units per hour	245 units per week	35 units on site	312
At the end of Year 5	15 units per hour	245 units per week	35 units on site	272

What is the lifespan of your finished goods inventory?	☒NA	
How will you manage perishability of Finished Goods Inventory?	☒NA	

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

Name of transportation provider/carrier	Reason(s) for selecting this provider/carrier	Frequency of Pick Up / Drop off
USPS	It gives us a standard price per unit we ship of $13, which is cheaper than the alternative shipping methods we researched.	It will be picked up on a weekly basis.

Exhibit 10: Capacity

	Demand (per hour)	Capacity (per hour)	Utilization (%)	Hours of Operation	Bottleneck name and description	How will you manage the bottleneck to ensure you can appropriately serve or supply your customers?
At the end of Year 1	6.1	8	76.25%	2,080	Wire soldering. Here our technician will be doing the wiring for the speaker.	We will have 2 technicians working the bottleneck to ensure a more efficient way of using our employee's time.
At the end of Year 2	6.15	8	76.88%	2,080	Wire soldering. Here our technician will be doing the wiring for the speaker.	We will have 2 technicians working the bottleneck to ensure a more efficient way of using our employee's time.
At the end of Year 3	13.09	16	81.81%	2,080	Wire soldering. Here our technician will be doing the wiring for the speaker.	We will have 3 technicians working the bottleneck to ensure a more efficient way of using our employee's time.
At the end of Year 4	13.2	16	82.5%	2,080	Wire soldering. Here our technician will be doing the wiring for the speaker.	We will have 3 technicians working the bottleneck to ensure a more efficient way of using our employee's time.
At the end of Year 5	14.19	16	88.69%	2,080	Wire soldering. Here our technician will be doing the wiring for the speaker.	We will have 3 technicians working the bottleneck to ensure a more efficient way of using our employee's time.

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

Hours of operation/month	Demand/month	Demand/hour	Capacity/month	Capacity/hour	Utilization
2080/12= 174 hours	**6.1*40*4= 976 units**	**12696/2080= 6.1 units**	**8*40*4= 1280 units**	**60/7.5= 8 units**	**6.1/8= 76.25%**

Describe adjustments you will make as resource requirements vary with time. Be specific regarding which key resources (beyond your bottleneck) will be adjusted, when and how. If you will make multiple adjustments, explain each.
At year 3, when our demand increases to 27,234 units, we will be doubling our entire manufacturing team to keep up with the demand. Doubling the manufacturing teams includes increasing our technicians from 2 to 4 and increasing our other assembly line employees from 3 to 6. At year three, we would also be purchasing another machine to drill holes into the ammo cans for the speakers.
Additional resources (beyond your bottleneck) must be allocated appropriately to support operations. Identify which resources have a significant impact on capacity at start up and describe why these are appropriate amounts of resources at start up.
Other than then the materials going in to make the speaker, the only other resources we will need will be labor and a machine to drill the holes for the speakers. We will only need one of these machine's because our demand won't be high enough to require two.Z1

How will you manage seasonality? *If your organization does not have seasonal demand, please check this box*: ☒NA

Exhibit 11a: Income Statement

	Date Ending 2020	%	Date Ending 2021	%	Date Ending 2022	%	Date Ending 2023	%	Date Ending 2024	%
Sales Revenue	**$1,904,309**	100.00%	**$1,919,544**	100.00%	**$4,901,790**	100.00%	**$4,941,005**	100.00%	**$5,312,568**	100.00%
COGS	$1,273,814	66.89%	$1,284,004	66.89%	$3,022,939	61.67%	$3,047,122	61.67%	$3,276,266	61.67%
Gross Profit	**$630,495**	**33.11%**	**$635,539**	**33.11%**	**$1,878,852**	**38.33%**	**$1,893,882**	**38.33%**	**$2,036,302**	**38.33%**
General and Administrative Expenses										
Salaries and Wages *bonuses included	$549,096	28.83%	$549,096	28.61%	$584,040	11.91%	$584,040	11.82%	$584,040	10.99%
Payroll Tax Expenses	$31,486	1.65%	$31,486	1.65%	$34,834	1.83%	$34,834	1.83%	$34,834	1.83%
Employee Benefits and Retirement	$107,181	5.63%	$107,181	5.63%	$116,268	6.11%	$116,268	6.11%	$116,268	6.11%
General Insurance Expense	$1,000	0.05%	$1,020	0.05%	$1,040	0.02%	$1,060	0.02%	$1,080	0.02%
Depreciation Expense - Straight Line	$640	0.03%	$640	0.03%	$640	0.03%	$640	0.03%	$640	0.03%
Rent Expense	$67,215	3.53%	$68,627	3.58%	$70,038	1.43%	$71,450	1.45%	$72,861	1.37%
Website Expense	$10,000	0.53%	$10,000	0.52%	$10,000	0.20%	$10,000	0.20%	$10,000	0.19%
Advertising and Promotion Expense	$85,694	4.50%	$86,379	4.54%	$245,090	12.87%	$247,050	12.97%	$265,628	13.95%
Taxes & Licenses	$100	0.01%	$50	0.003%	$50	0.001%	$50	0.001%	$50	0.001%
Office Expense	$4,000	0.21%	$4,000	0.21%	$4,000	0.08%	$4,000	0.08%	$4,000	0.08%
Operational Expense	$133,302	7.00%	$134,368	7.00%	$343,125	7.00%	$345,870	7.00%	$371,880	7.00%
Other Overhead	$38,086	2.00%	$38,391	2.00%	$98,036	2.00%	$98,820	2.00%	$106,251	2.00%
Total General & Administrative Expenses	**$1,027,800**	53.97%	**$1,031,238**	53.72%	**$ 1,507,161**	30.75%	**$ 1,514,082**	30.64%	**$ 1,567,533**	29.51%
Earnings Before Interest and Taxes	**($397,304)**	-20.86%	**($395,699)**	-20.61%	**$371,691**	7.58%	**$379,800**	7.69%	**$468,770**	8.82%
Interest Expense	N/A		N/A		N/A		N/A		N/A	
Earnings Before Taxes	**($397,304)**	-20.86%	**($395,699)**	-20.61%	**$371,691**	7.58%	**$379,800**	7.69%	**$468,770**	8.82%
Income Tax Expense	$ -	0.00%	$ -	0.00%	$22,301	0.45%	$22,788	0.46%	$28,126	0.53%
Net Income (Loss)	**($397,304)**	-20.86%	**($395,699)**	-20.61%	**$349,390**	7.13%	**$357,012**	18.75%	**$440,644**	8.29%

Statement of Retained Earnings

	2020	2021	2022	2023	2024
Beginning Balance of Retained Earnings	**$ -**	**($397,304)**	**($793,003)**	**($443,613)**	**($86,601)**
Net Income (Loss)	($397,304)	($395,699)	$349,390	$357,012	$440,644
Dividends to Stockholders***	**$ -**	**$ -**	$ -	$ -	$ -
Ending Retained Earnings	**($397,304)**	**($793,003)**	**($443,613)**	**($86,601)**	**$354,042**

Exhibit 12a: Balance Sheet

	As of Inception 1/1/20	%	Date Ending 12/31/20	%	Date Ending 12/31/21	%	Date Ending 12/31/22	%	Date Ending 12/31/23	%	Date Ending 12/31/24	%
ASSETS												
Current Assets												
Cash and Cash Equivalents	$ 1,993,500	99.68%	1,516,687	82.33%	1,132,247	78.19%	$ 1,040,405	56.57%	$ 1,056,997	54.20%	$ 1,153,770	52.95%
Accounts Receivable *assume all sales		0.00%	158,692	8.61%	159,962	11.05%	408,483	22.21%	411,750	21.11%	442,714	20.32%
Inventory		0.00%	160,905	8.73%	$150,715	10.41%	135,654	7.38%	127,478	6.54%	129,214	5.93%
Short Term Investments		0.00%		0.00%	-	0.00%	150,000	8.16%	200,000		250,000	11.47%
Total Current Assets	$ 1,993,500	99.68%	$ 1,836,284	99.68%	$ 1,442,924	99.64%	$1,734,542	94.31%	$1,796,225	92.11%	$ 1,975,698	90.67%
Fixed (Long-Term) Assets												
Machinery and Equipment	$6,500	0.33%	$6,500	0.35%	$5,860	0.40%	$5,220	0.28%	$4,580	0.23%	$3,940	0.18%
Buildings *	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Land *	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Gross Fixed Assets	$ 6,500	0.33%	$ 6,500	0.35%	$ 5,860	0.40%	$ 5,220	0.28%	$ 4,580	0.23%	$ 3,940	0.18%
Less: Accumulated Depreciation		0.00%	640	0.03%	640	0.04%	640	0.03%	640	0.03%	640	0.03%
Net Fixed Assets	$ 6,500	0.33%	$ 5,860	0.32%	$ 5,220	0.36%	$ 4,580	0.25%	$ 3,940	0.20%	$ 3,300	0.15%
Other Long Term Assets												
Long Term Investments	-	0.00%	-	0.00%	-	0.00%	100,000	5.44%	150,000	7.69%	200,000	9.18%
Intangibles, Net of Amortization	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Other Long Term Assets	$ -		$ -	0.00%	$ -	0.00%	$ 100,000	5.44%	$ 150,000	7.69%	$ 200,000	9.18%
Total Assets	**$ 2,000,000**	100.00%	**$ 1,842,144**	100.00%	**$ 1,448,144**	100.00%	**$ 1,839,122**	100.00%	**$ 1,950,165**	100.00%	**$ 2,178,998**	100.00%
LIABILITIES AND STOCKHOLDERS' EQUITY												
Liabilities												
Current Liabilities												
Accounts Payable *payment cycle	-	0.00%	212,302	11.52%	214,001	14.78%	503,823	27.39%	507,854	26.04%	546,044	25.06%
Accrued Salaries and Wages	-	0.00%	19,671	1.07%	19,671	1.36%	20,951	1.14%	20,951	1.07%	20,951	0.96%
Accrued Payroll Taxes and Benefits	-	0.00%	7,475	0.41%	7,475	0.52%	7,961	0.43%	7,961	0.41%	7,961	0.37%
Notes Payable	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Current Maturity of LT Debt	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Total Current Liabilities	$ -	0.00%	$ 239,448	13.00%	$ 241,147	16.65%	$ 532,735	28.97%	$ 536,766	27.52%	$ 574,956	26.39%
Long-Term Liabilities												
LT Debt Less Current Maturities[1]	2,000,000	100.00%	2,000,000	108.57%	2,000,000	138.11%	1,750,000	95.15%	1,500,000	76.92%	1,250,000	57.37%
Repayment of Loan		0.00%		0.00%		0.00%		0.00%		0.00%		0.00%
Total Liabilities	**$ 2,000,000**	100.00%	**$2,239,448**	121.57%	**$ 2,241,147**	154.76%	**$2,282,735**	124.12%	**$2,036,766**	104.44%	**$ 1,824,956**	83.75%
STOCKHOLDER'S EQUITY												
Common Stock	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%	-	0.00%
Retained Earnings	0	0.00%	($397,304)	-21.57%	($793,003)	-54.76%	($443,613)	-24.12%	($86,601)	-4.44%	$354,042	16.25%
Total Stockholders' Equity	**$ -**	0.00%	**$ (397,304)**	-21.57%	**$ (793,003)**	-54.76%	**$ (443,613)**	-24.12%	**$ (86,601)**	-4.44%	**$ 354,042**	16.25%
Total Liabilities and Stockholders' Equity	**$ 2,000,000**	100.00%	**$ 1,842,144**	100.00%	**$ 1,448,144**	100.00%	**$ 1,839,122**	100.00%	**$ 1,950,165**	100.00%	**$ 2,178,998**	100.00%

Exhibit 13a: Cash Flows

	Date Ending 12/31/20	Date Ending 12/31/21	Date Ending 12/31/22	Date Ending 12/31/23	Date Ending 12/31/24
Cash Flows From (For) Operations					
Net Income	**($397,304)**	**($395,699)**	**$349,390**	**$357,012**	**$440,644**
Depreciation & Amortization	$640	$640	$640	$640	$640
Changes in Current Assets					
Increase in Accounts Receivable	$158,692	$1,270	$248,521	$3,267	$30,964
Increase in Inventories	$160,905	$ (10,190)	$ (15,061)	$ (8,176)	$1,736
Changes in Current Liabilities					
Increase in Accounts Payable	$212,302	$1,699	$289,822	$4,031	$38,190
Increase in Accrued Salaries and Wages	$19,671	-	$1,280	-	-
Increase in Accrued Payroll Taxes and Benefits	$7,475	-	$486	-	-
Net Cash Flow From (For) Operating	**($476,813)**	**($384,440)**	**$408,158**	**$366,592**	**$446,774**
Cash Flow (For) From Investing Activities					
Fixed Asset Purchases	$ (6,500)				
Short Term Investments	-	-	$ (150,000)	$ (50,000)	$ (50,000)
Long Term Investments	-	-	$ (100,000)	$ (50,000)	$ (50,000)
Net Cash Flow (For) From Investing	**$ (6,500)**	**$ -**	**$ (250,000)**	**$ (100,000)**	**$ (100,000)**
Cash Flow From (For) Financing Activities					
Issuance of Common Stock	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Short Term Debt Borrowings	-	-	-	-	-
Long Term Debt Borrowings	$2,000,000	-	-	-	-
Long Term Debt Payments	-	-	$ (250,000)	$ (250,000)	$ (250,000)
Dividends Paid to Stockholders	-	-	-	-	-
Net Cash Flows From (For) Financing	**$ 2,000,000**	**$ -**	**$ (250,000)**	**$ (250,000)**	**$ (250,000)**
Net Change in Cash	**$1,516,687**	**$ (384,440)**	**($91,842)**	**$ 16,592**	**$ 96,774**
Beginning Cash Balance		**$ 1,516,687**	**$ 1,132,247**	**$ 1,040,405**	**$ 1,056,997**
Net Change in Cash	**$ 1,516,687**	**$ (384,440)**	**$ (91,842)**	**$ 16,592**	**$ 96,774**
Ending Cash Balance	**$ 1,516,687**	**$ 1,132,247**	**$ 1,040,405**	**$ 1,056,997**	**$ 1,153,770**

Financial Statement Notes

- In year three, we will add another marketing segment which will increase the number of units we sell each year, and ultimately increasing our sales as well as costs.
- One machine will be bought at year 0. This sole machine will be able to operate at our given output for all 5 years without the need for any other machines, thus resulting in only one purchase of machinery and equipment throughout our 5 years.
- We budgeted our accounts receivable to reflect one month of credit sales, and we budgeted our accounts payable to reflect 60 days of payables.
- We budgeted our accrued salaries and wages to reflect two weeks of our workers total pay. We also budgeted our payroll taxes and benefits to reflect two weeks.
- We will obtain our $2 million loan from fellow group member Luke Leopold's grandparents. Fortunately for us, Luke's grandparents are willing to give us this loan at an interest free rate since Luke is very close with them.
- Beginning in year 3, we will start repaying the $2 million loan since we start to be profitable that year. We will make $250,000 payments each year until the full $2 million is paid off.
- We will not need to purchase any land because we will be renting out a warehouse by month. This space will be enough to perform our operations without the need of any purchases of additional land.
- Since we are a small-scale company, we will not be issuing any stock.

Exhibit 15: Financial Ratios

	Date Ending 2020	Date Ending 2021	Date Ending 2022	Date Ending 2023	Date Ending 2024	Industry Average Ratios
Liquidity Ratios						
Current Ratio	**7.67**	**5.98**	**3.26**	**3.35**	**3.44**	2.19
Quick Ratio	**7.00**	**5.36**	**3.00**	**3.11**	**3.21**	2.30
Operating Cycle	**76.52**	**42.84**	**46.80**	**45.69**	**44.81**	121.35
Leverage Ratios						
Debt/Equity	**-5.64**	**-2.83**	**-5.15**	**-23.52**	**5.15**	0.78
Times Interest Earned	**0.00 x**	**0.00 x**	**0.00 x**	**0.00 x**	**0.00 x**	8.45
Asset Management Ratios						
Inventory Turnover	**7.92 x**	**8.24 x**	**21.11 x**	**23.16 x**	**25.53 x**	7.57
Receivables Turnover	**12.00 x**	**12.05 x**	**17.25 x**	**12.05 x**	**12.43 x**	6.54
Fixed Asset Turnover	**324.97 x**	**367.73 x**	**1070.26 x**	**1254.06 x**	**1609.87 x**	6.21
Profitability Ratios						
Gross Profit Margin	**33.11%**	**33.11%**	**38.33%**	**38.33%**	**38.33%**	40.78%
Operating Profit Margin	**-20.86%**	**-20.61%**	**7.58%**	**7.69%**	**8.82%**	11.48%
Return on Assets	**-21.57%**	**-27.32%**	**20.21%**	**19.48%**	**20.22%**	11.50%
DuPont Analysis						
Net Profit Margin	**-20.86%**	**-20.61%**	**7.13%**	**7.23%**	**8.29%**	8.28%
Total Asset Turnover	**1.03 x**	**1.33 x**	**2.67 x**	**2.53 x**	**2.44 x**	1.39
Equity Multiplier	**-4.64**	**-1.83**	**-4.15**	**-22.52**	**6.15**	2.10
Return on Equity	**100.00%**	**49.90%**	**-78.76%**	**-412.25%**	**124.46%**	20.48%

Financial Analysis

- Our inventory turnover ratio increases significantly after our third year due to our increase in production because of the addition of the second market segment.
- Our current and quick ratios are slightly above average by our 5^{th} year of operation, which allows us to cover our short-term liabilities.
- Our gross profit margin and Operating profit margin grow closer to the industry average starting in our third year, showing that we are becoming increasingly financially stable
- Our net profit margin starts out as a negative percentage but grows increasingly closer to the average as we begin to make profits. This shows that we are beginning to generate a profit from our sales revenue.

Bibliography

12 volt 5 ah sealed lead acid rechargeable battery—F1 terminal. (n.d.). BatteryMart.Com. Retrieved February 14, 2020, from https://www.batterymart.com/p-12v-5ah-sealed-lead-acid-battery.html

50 cal ammo box. (n.d.). Army Surplus Warehouse, Inc. Retrieved February 16, 2020, from https://armysurpluswarehouse.com/50-cal-ammo-box/

319 business ln, ashland, va, 23005—Flex space for lease | loopnet. Com. (n.d.). LoopNet. Retrieved February 8, 2020, from https://www.loopnet.com/Listing/319-Business-Ln-Ashland-VA/4092668/

Chao, P., & Lin, S. (2017). Translating brand names effectively: Brand attitude reversal and perceived brand name translation relevance in an emerging market. *Journal of International Consumer Marketing*, *29*(3), 120–134. https://doi.org/10.1080/08961530.2017.1281784

Claritas. (n.d.). Retrieved February 12, 2020, from https://claritas360.claritas.com/mybestsegments/#segDetails

Editors, T. (2019, November 25). *The best portable speakers on amazon, according to hyperenthusiastic reviewers*. The Strategist. https://nymag.com/strategist/article/best-portable-speakers-bluetooth.html

Ellerson, B. (Ed.). (2000). *Sisters of the screen: Women of Africa on film, video, and television*. Africa World Press.

Express, P. (n.d.-a). *"2.1mm Panel Mount DC Jack" from www.parts-express.com!* Retrieved February 16, 2020, from https://www.parts-express.com/21mm-panel-mount-dc-jack--090-5012

Express, P. (n.d.-b). *"3.5mm Stereo Panel Mount Jack" from www.parts-express.com!* Retrieved February 12, 2020, from https://www.parts-express.com/35mm-stereo-panel-mount-jack--090-317

Express, P. (n.d.-c). *"Dayton Audio PC105-8 4" Full-Range Poly Cone Driver" from www.parts-express.com!* Retrieved February 17, 2020, from https://www.parts-express.com/dayton-audio-pc105-8-4-full-range-poly-cone-driver--295-160

Hifi amplifier tda2050a. (n.d.). Retrieved February 21, 2020, from http://www.icstation.com/ne5532-bass-subwoofer-audio-hifi-amplifier-board-module-tda2050atda2030a-p-13444.html

Hsu, M. (2011, December 17). The untethered sound system. *Wall Street Journal*. https://www.wsj.com/articles/SB10001424052970203518404577096953130902654

Kronsberg, M. (2020, February 20). These unknown chinese audio brands might just be the best. *Wall Street Journal*. https://www.wsj.com/articles/these-unknown-chinese-audio-brands-might-just-be-the-best-11582229017

Messner, W. (2020). Cultural and individual differences in online reviews. *Journal of International Consumer Marketing*, *0*(0), 1–27. https://doi.org/10.1080/08961530.2020.1722980

Org chart bluetooth sig. (n.d.). The Official Board; The Official Board. Retrieved February 14, 2020, from http://www.theofficialboard.com/org-chart/bluetooth-sig

Ross, J. (2019, July 24). *Pick up a sleek Bluetooth speaker to blast tunes in your dorm room*. CNN Underscored; CNN. https://www.cnn.com/2019/07/24/cnn-underscored/jbl-flip-4-waterproof-portable-bluetooth-speaker-walmart/index.html

Speakers—United states | statista market forecast. (n.d.). Statista; Statista. Retrieved February 15, 2020, from https://www.statista.com/outlook/15010500/109/speakers/united-states

Steingold, F. S. (2004). *Legal forms for starting & running a small business* (3rd ed). Nolo.
The best speakers overall. (n.d.). Business Insider. Retrieved February 20, 2020, from https://www.businessinsider.in/slideshows/miscellaneous/the-best-speakers/the-best-speakers-overall/slideshow/74309687.cms
Steel, A. (2019). *Social Media Marketing and Advertising for Your Personal Brand in 2019: How To Avoid Beginner Mistakes and Hack Your Facebook, Instagram, Youtube, LinkedIn and Ads for Massive Growth and Profit.* Concord, CA: Handmade Publishing.
Bluetooth speaker US unit sales 2013-2018. (n.d.-b). Statista. Retrieved February 23, 2020, from https://www.statista.com/statistics/642608/us-bluetooth-speakers-sales/
Henry, T. (n.d.). *Audio and video equipment manufacturing in the us*. IBIS World; US Industry Report. Retrieved February 22, 2020, from https://services.ibisworld.com/identity/login?signin=67fd77852cf09cf3124cc97291cd0910