

Business Plan
Business Name: Omni



Business Idea: The Therafuser is an essential oil diffuser with 4 settings: decongestion, relaxation, focus and mood improvement, all benefits of various essential oils. Each product will come with 4 empty cartridges to fill with your own scent.

Team Members:

		Email Address
Ethan Bedner	<i>Ethan Bedner</i>	bednereg@dukes.jmu.edu
Aidan Brindley	<i>Aidan Brindley</i>	brindlap@dukes.jmu.edu
Dillon Grady	<i>Dillon Grady</i>	gradyda@dukes.jmu.edu
Gaby Mabalay	<i>Gaby Mabalay</i>	mabal2am@dukes.jmu.edu
Jadon Mathew	<i>Jadon Mathew</i>	mathewje@dukes.jmu.edu
Virginia Meade	<i>Virginia Meade</i>	meadevx@dukes.jmu.edu
Kevin Reilly	<i>Kevin Reilly</i>	reill2kf@dukes.jmu.edu
John Sherman	<i>John Sherman</i>	sherm2jp@dukes.jmu.edu

Executive Summary

Omni
Omni LLC.
1085 S 300 W, Salt Lake City, Utah, 84101
Phone: 540-216-1700
E-mail: Therafuser@gmail.com

<p>Management: Titles: General Manager, Sales Manager, Operations Manager</p> <p>Industry: Small Electrical Appliance Manufacturing (NAICS Code- 335210)</p> <p>Number of Employees: 14</p> <p>Amount of Financing Sought: \$3,450,000</p> <p>Investment Sources: Our company received a \$950,000 loan from the bank and \$2,500,000 from equity, of which \$400,000 will be founder investment.</p> <p>Use of Funds: Our funds will be used to cover initial cash deficits, and start-up costs.</p> <p>Product/service selling price: \$200</p> <p>Business Description: We are an essential oil diffuser manufacturing company, selling on Amazon and our website for profit.</p>	<p>Products/Services: This is a multichambered ultrasonic essential oil diffuser, with 4 settings each providing a different benefit. It will cost \$59.17 to produce one unit. It will be sold for \$200 and gradually increase to \$250 in our fifth year. Our sales volume is expected to increase from 659 units in our first year to 26,384 units in our fifth year of operation.</p> <p>Competitive Advantage: We are actively pursuing a patent to safeguard our unique multichambered ultrasonic design, ensuring long-term protection for our product's differentiating features.</p> <p>Markets: Our three segments that we are targeting are active, health-conscious women in the United States, earning 60k+, ages 25-34, 35-49, and 50-59. The respective growth rates are -3.92%, 4.83%, and -4.81%. Trends show that the overall health and wellness market is growing. The total number of households is 13.614 million. Our revenue model consists of income streams from website and Amazon sales.</p>
--	--

Distribution Channels: For orders directly from our website we will ship using FedEx Ground. We are also using Amazon as a channel, we will ship inventory to Amazon's fulfillment warehouse in Salt Lake City, Utah, where they will ship our product to customers.

Competition: Our competitors include DoTERRA, YoungLiving, Homedics, Sage, and Aroma360. Currently, none of our competitors have a product on the market that offers the same functionality as Therafuser.

Financial Projections (Unaudited):

	2024	2025	2026	2027	2028
Revenue:	\$120,235	\$1,805,601	\$3,975,748	\$5,275,419	\$5,705,540
EBIT:	(\$1,105,998)	(\$559,490)	(\$528,313)	\$312,830	(\$3,513)

Narrative

Elevator Pitch: Since the COVID-19 pandemic in 2020, interest in the health and wellness industry has seen significant growth and is projected to continue in the next five years. Aromatherapy has been established as an effective method to enhance personal well-being and provides a multitude of beneficial properties. Existing essential oil diffuser brands are limited in their ability to provide ease of functionality for the user along with a variety of scents. Our product addresses that fault by providing a high-quality diffuser with the ability to change between four scents that each have their own unique health-wellness benefits.

Product Description: This is a multichambered ultrasonic essential oil diffuser with four settings, each for different benefits. It's composed of a refillable reservoir for distilled water, four air transfer chambers with replaceable aroma cartridges, four small fans, and a fibrous wicking element, which moves water from the reservoir into a piezo transducer. The small fans push air through the felt. This air meets the nebulized water mist from the transducer. The water and the volatile aroma component is mixed in a low-pressure column of air created by the upward velocity of the water mist stream. This will be about 2lbs, 11 inches tall and 6 inches wide. Customers will receive 4 empty cartridges to add their own oils.

Competitive Advantage: Our competitive advantage lies in the innovation of our essential oil diffuser, which is not easily replicable in the industry we're entering. Unlike traditional diffusers, our product features easily replaceable cartridges that eliminate the need to empty and clean the reservoir, reducing hassle. Our unique offering allows customers to select the specific health benefits they desire, making it a highly personalized experience currently unavailable on the market. With its unique value proposition, our premium-priced diffuser is poised for success in the market, catering to customers seeking convenience, quality, and personalization in their aromatherapy experience.

Value Proposition: Personal wellbeing is suffering throughout almost all demographics in today's world. By introducing our product into their homes, our customers will experience the soothing essence of nature, and will enhance their well-being exponentially. Harmonize your wellbeing today and find your inner peace with the all new Therafuser by Omni.

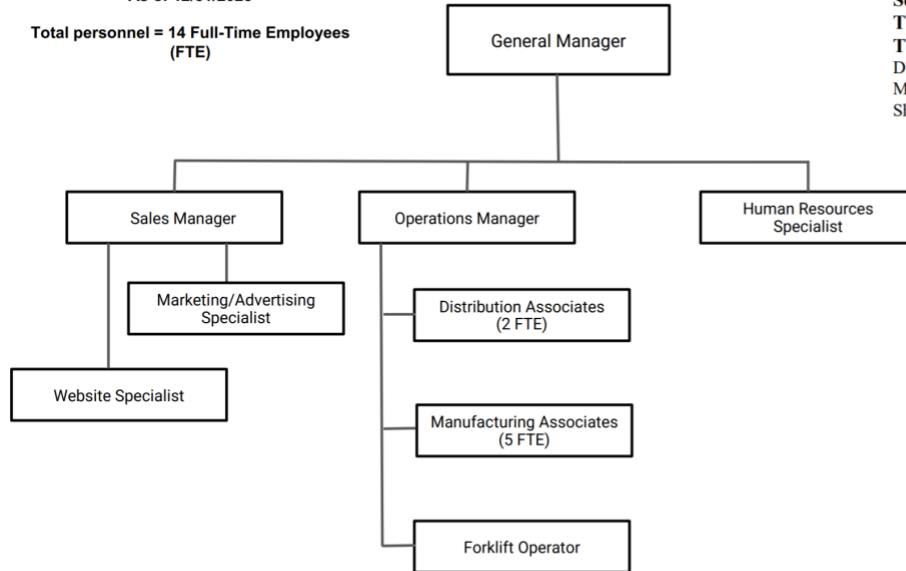
Business Strategy: We are implementing a focus strategy, which is to consistently deliver quality products by actively listening to customer feedback and innovating technology to provide a unique benefit that differentiates us from competitors in the market.

Business Location: Utah has earned the reputation of being the MLM (multi-level marketing) mecca due to a concentrated presence of companies that target our core market—women with disposable income. The state has a population with this demographic, especially with a large community of stay-at-home moms. Furthermore, our reliance on Amazon for sales benefits from the proximity of a same-day fulfillment center, streamlining our logistical operations. Utah's inclusion in the top 10 best states on the State Business Tax Climate Index (2023) underscores its favorable business environment, further enhancing our operational advantages.

Outsources Functions: We are outsourcing accounting and IT, and we have our manufactured plastic components custom made in China due to the cost advantages. Local accounting costs average \$65,000 per year, while outsourcing costs are only \$24,000, resulting in annual savings of \$41,000. For IT, local costs of about \$67,000 annually are replaced by structured outsourcing costs, starting at \$1,320 per employee, which leads to savings of \$59,000 in years 1 and 2, \$56,000 in years 3 and 4, and \$55,000 in year 5. Outsourcing will drive cost savings and improve efficiency.

Financial Performance: Our gross profit margin increases from 23% in Year 1, to 66% in Year 5. Based on our plan we will be experiencing a net loss in Years 1,2,3, and 5. We are profitable in Year 4 with a net income of \$166,498. Omni is mildly profitable primarily due to us having healthy increases in revenue, however our expenses overshadow this progress. Revising our expenses would drastically improve the value of our company.

As of 12/31/2025
Total personnel = 14 Full-Time Employees (FTE)



Section 3

Therafuser Org. Chart

Team 2: Ethan Bedner, Aidan Brindley, Dillon Grady, Gaby Mabalay, Jadon Mathew, Virginia Meade, Kevin Reilly, John Sherman

We will be outsourcing the following roles:

- IT Services
- Accounting

Exhibit 1: Organization Chart

In year one, working in our offices, we will have a General Manager, a Sales Manager, an Operations Manager, a Human Resources Specialist, a Web Specialist, and a Marketing/Advertising Specialist, and a Forklift Operator, and a Distribution Associate working in the warehouse. We have only 2 Distribution Associate in the first year to handle order fulfillment, packaging, etc. At the end of year two, we will hire 7 more Manufacturing Associates, increasing our capacity per year from 4,940 units to 13,780 units. This is when we see the biggest increase in demand, from 695 units to over 10,000 units.

In year three, we will hire an additional Web Specialist to handle increased traffic on our site, an additional Marketing Specialist, Distribution Associate, Forklift Operator, and 7 Manufacturing Associate to meet the continued increase in demand. This brings our capacity per year to 31,200. We hire the most in the first three years because this is when we see the biggest spike in demand. In year four we will hire a Distribution associate and a Manufacturing Associate and in year five we will hire a Marketing Associate and two more Maintenance Associates. As our company scales, the complexity and demands of our marketing plan and strategy increase. Expanding our marketing department will ensure our employees are not overworked or overwhelmed.

Exhibit 2: Pay, Mandatory Deductions, Benefits, Knowledge, Skills Abilities and Motivation Table

	Compensation						Mandatory Payroll Deductions				Benefits					
Position (Salary/Wage - W) (Full-time Assumed, Part-time - PT %)				Projected End of Year 2 Salary or Wage including bonus/comm. Each	Projected End of Year 2 Salary or Wage including bonus/comm. all positions											
	Salary or Wage for position)	Bonus or Commission	# for position			FICA	FUTA*	SUTA	WC	Mandatory Deductions - Total	Benefits - Health Cost	Retirement Cost	Benefits - Any other Benefit Cost	Benefits - Total	Total Cost per Employee	Total Cost for All Employees
General Manager	\$ 118,000	11,800	1	129,800	129,800	9,930	42	134	1,012	11,119	13,200	7,788	2,000	22,988	\$ 163,907	\$ 163,907
Sales Manager	\$ 68,500	6,850	1	75,350	75,350	5,764	42	134	588	6,528	13,200	4,521	2,000	19,721	\$ 101,599	\$ 101,599
Operations Manager	\$ 68,500	6,850	1	75,350	75,350	5,764	42	134	588	6,528	13,200	4,521	2,000	19,721	\$ 101,599	\$ 101,599
Human Resources Specialist	\$ 58,500	4,680	1	63,180	63,180	4,833	42	134	493	5,502	13,200	3,791	2,000	18,991	\$ 87,673	\$ 87,673
Website Specialist	\$ 64,000	5,120	1	69,120	69,120	5,288	42	134	539	6,003	13,200	4,147	2,000	19,347	\$ 94,470	\$ 94,470
Marketing/Advertising Specialist	\$ 59,000	4,720	1	63,720	63,720	4,875	42	134	497	5,548	13,200	3,823	2,000	19,023	\$ 88,291	\$ 88,291
Distribution Associates	\$ 52,500	4,200	2	56,700	113,400	8,675	84	269	885	9,912	26,400	6,804	4,000	37,204	\$ 80,258	\$ 160,516
Manufacturing Associates	\$ 51,500	4,120	5	55,620	278,100	21,275	210	834	2,169	24,488	66,000	16,686	10,000	92,686	\$ 79,055	\$ 395,274
Maintenance Associates	\$ 50,000	4,000		54,000	0	0	0	0	0	0	0	0	0	0	\$ -	\$ -
Forklift Operator	\$ 54,500	4,360	1	58,860	58,860	4,503	42	134	459	5,138	13,200	3,532	2,000	18,732	\$ 82,730	\$ 82,730
Totals	\$ 645,000	56,700	14	701,700	926,880	70,906	588	2,044	7,230	80,768	184,800	55,613	28,000	268,413	\$ 879,583	\$ 1,276,061

As of 12/31/2025

Knowledge, Skills, and Abilities		
Key Service or Product manufacturing positions		
Manufacturing Associate	Physical Stamina, Communication Skills, Organization Skills, Time Management	We will verify employee qualification by carefully reviewing resumes, previous experiences, and a mix of formal and informal interview processes to try and secure the best talent. We will secure employee knowledge, skills and abilities by giving them adequate training so they can understand the tasks they need to do in relation to our business.
Forklift Operator	Forklift Certification, Technical Skills, Critical Thinking, Coordination	
Distribution Associates	Inventory Management Skills, Communication Skills, Basic Math, Quality Assurance	

Motivating Employees
At Omni, we provide a 5% annual Cost of Living Wages increase, and bonuses ranging from 8% to 10% for all positions. We offer a 6% retirement matching program, vacation allowances of 16 days per year, and flexible health plans tailored to individual needs. We hold the belief that well-compensated employees experience reduced stress levels and can concentrate better on their tasks, ultimately boosting productivity; furthermore, we believe that generosity in our approach will lead to increased sales. We emphasize continuous learning and development, transparent communication, and regular recognition to foster engagement and professional growth. Our commitment to creating a motivating work environment underscores our dedication to the well-being and success of our valued employees.

Exhibit 3: Market Segmentation Analysis/Target Market

Target Name	Size	GP	Description	PL	Justification
Active, Health-conscious Women ages 25-34, in the United States (60k+)	2.1 million	-3.92% projected growth of segment in next 5 years	Demographically, this segment consists of women between the ages of 25-34 (Statistica 2021), who make above 60,000 dollars a year (DQYDJ 2023), residing in the United States. Psychographically, these are women who are very health conscious and live active lifestyles. They are highly conscious of their physical and mental well-being and they are interested in holistic health practices (Callaghan 2022). Most of the women in this segment are millennials. This segment uses the internet by far the most out of all our segments, with nearly 100% being internet users (Pew Research Center 2019). Their media habits differ from older generations. While all segments use these key platforms, YouTube, Facebook and Instagram, there are far more users from this segment than any other (Pew Research Center 2021).	1	The psychographic traits and characteristics of this segment indicate that they would be responsive to our product since it is a health and wellness tool. According to a McKinsey & Company article about the U.S. health market, "Millennials lead the way in wellness purchasing" (Callaghan 2022), another indicator this segment will be responsive to our firms offering. This segment is also attractive due to its reachability; out of all the segments we considered, they have by far the greatest social media presence across the most platforms (Pew Research 2021). Prioritizing this segment will help us increase our brand awareness.
Active, Health-conscious Women ages 35-49, in the United States (60k+)	7.548 million	4.83% projected growth rate of segment in next 5 years.	This segment consists of women living in the United States, between the ages of 35-49 (Statistica 2021), who make above 60,000 dollars a year (DQYDJ 2023). Psychographically, these are women exhibit the same behaviors and characteristics as the first segment. This segment differs from the first in their media usage/habits. We found email marketing is most popular in this segment (Statista 2022), and that they spend more time on apps every day than any other segment.	1	This segment is attractive, and we have chosen to prioritize it because it is responsive and reachable. Millennials also fall into this segment, who desire wellness products at a rate between 6-7% higher than the average consumer (Callaghan 2022). Though they are not as active on social media as the younger segment, they still have a massive presence, especially on Facebook and YouTube. 70% of Facebook users visit the site daily, 49% using it several times a day (Pew Research 2021), making these users very easy to reach through persuasive communications.
Active, Health-conscious Women ages 50-59, in the United States (60k+)	3.966 million	-4.81% projected growth rate of segment in next 5 years.	This segment consists of women between the ages of 50-59 (Statistica 2021), earning more than 60,000 dollars a year (DQYDJ 2023), who reside in the United States. Psychographically these women are becoming more conscious of their health as they age and approach retirement. Gen X are particularly interested in health and wellness, like other segments. However, many more of these women are looking for solutions to manage stress (Wiley 2022). Many of these women are parents and/or caregivers to parents, and as a result, struggle with stress much more than younger generations.	2	The psychographic qualities of this segment indicate it will be responsive. We found this segment earns the most on average across all the segments (DQYDJ 2023), meaning this segment has the greatest buying power. Given the price of our product, and the income effect, we also believe this will increase the segment adoption percentage, in turn increasing the potential profitability of this segment. We chose to prioritize this segment the least because they have the smallest percentage of the age population who report using social media (Pew Research 2021).

Exhibit 4: Market Quantification

Year	Total Market Potential (No. of customers)	Market Share**	Annual purchase amount***	Annual Unit Sales	Wholesale Price†	Retail Price†	Annual \$ Revenue
2024	13,625,504	0.07%	0.0731	695	\$170.00	\$200	\$120,235
2025	13,637,007	1.05%	0.0731	10,437	\$170.00	\$200	\$1,805,601
2026	13,648,511	2.09%	0.0731	20,892	\$187.00	\$220	\$3,975,748
2027	13,660,014	2.44%	0.0731	24,395	\$212.50	\$250	\$5,275,419
2028	13,671,518	2.64%	0.0731	26,384	\$212.50	\$250	\$5,705,540

Explain source and assumptions used to calculate total market potential (eg. is there a new target market added? Growth rate?) We arrived at the market potential by defining our market segments- women 25-34, 34-49, and 49-59, who are health conscious and make over 60k a year. Given the price range of our product, and its focus on wellness benefits, we have determined this segment to be our target customers. There were roughly 2.10 million women between the ages of 25-34 and 7.548 million women between the ages of 34-49, and 3.966 million women 50-59 who fit these criteria, found using Statista and a DQYDJ table, cited below. We arrive growing at the growth rate of women in those age segments, calculated using the five year growth rate (Statista 2021), divided by 5 to determine the growth rate year to year. This is conservative estimate as it does not account for the growing interest in health and wellness.

****Explain source and assumptions used to identify the market share Utilize the three methods: 1) proxy 2) survey results 3) market analysis.** Our market share/market capture rate was calculated using Proxy firm method. We evaluated three proxy firms, doTERRA, Young Living Essential Oils, and Aroma360. All 3 firms are made to stock distributors of essential oils and diffusers. doTERRA and Young Living both use a multi-level marketing strategy but are both also based in Utah. All 3 firms sell a similar product to our organization and share a target market. Aroma360 is the firm most comparable to ours, as they primarily sell through Amazon, they are a higher quality, high-cost brand. We used a weighted average, with the heaviest weight (.5) being assigned to Aroma360, given the similarities in our firms and survey results. Using Statista's estimate of the U.S. essential oil market value (2017) for 2024 of 7.3 billion, we calculated our first-year market share, .0698%. To determine our fifth-year market share, we used our survey results to estimate our market share, multiplying 24%, how likely they are to buy, with 11%, how likely they are to switch, coming to 2.64%. Given the lack of available data, we referred to an in-class discussion, where we learned the market share of startups tend to grow exponentially, so the bulk of the increase happens between years 1-3, before leveling off at year 4.

***** Indicate source and/or assumptions used to identify the annual purchase amount** We have identified our annual purchase amount as approximately 0.0731. We achieved this calculation by taking the average lifespan of ultrasonic diffuser ceramic discs which was approximately 4,000 hours of runtime (How long does an essential oil scent last? 2023). Then we divided that by the daily recommended use, we found a conservative report stating that 1.5 hours per day (Alnuweiri, T. 2018), to get our approximate product lifespan in days which was approximately 2,666. Next, we took the estimated product lifespan and divided that by 365 and concluded our customers would, on average, need to replace our product every 7.31 years. This resulted in an annual purchase frequency of 0.0731 units/year.

Justify the prices that you chose. This includes markups for your channel members. Indicate your assumptions as to what % of your revenues come from wholesale and what % come from retail sales. We determined our retail price after evaluating our objectives, customers, costs, competition, and channel members. We decided to pursue a competitor-oriented approach, utilizing the competitive parity method, analyzing our competitors' products like doTERRA, Young Living, Aroma360, and Saje. These are other companies that produce high-quality, high-end diffusers. Their prices for their highest quality diffusers range from about 70\$ to as much as 500\$. Based off our competition's prices, we've decided to set the price of the Therafuser at \$200 for the first two years, \$220 for the third year, and \$250 for years four and five. This price also reflects the longevity and durability of our product; the repurchase rate for this product is about once every 10 years. Our channel member will be online retailer, Amazon. According to Thrive Marketing Agency's "Online Marketplace Services", online sellers must pay up to a 15% referral fee to sell your product, in addition to fulfillment and shipping fees that vary depending on price, size, and packaging of products. On average Amazon uses a 15% commission rate. We got our channel price by multiplying our retail price by the 15% Amazon requires to sell on their online store and taking that amount and subtract it away from the retail price, since 15% of the profits will be going to Amazon. Our goal is that approximately 90% of our sales will be conducted through online platforms like Amazon. We intend to focus on selling to online retailers because of the reach, the convenience for customers, the efficient marketing, and the potential for global expansion.

Breakeven Analysis

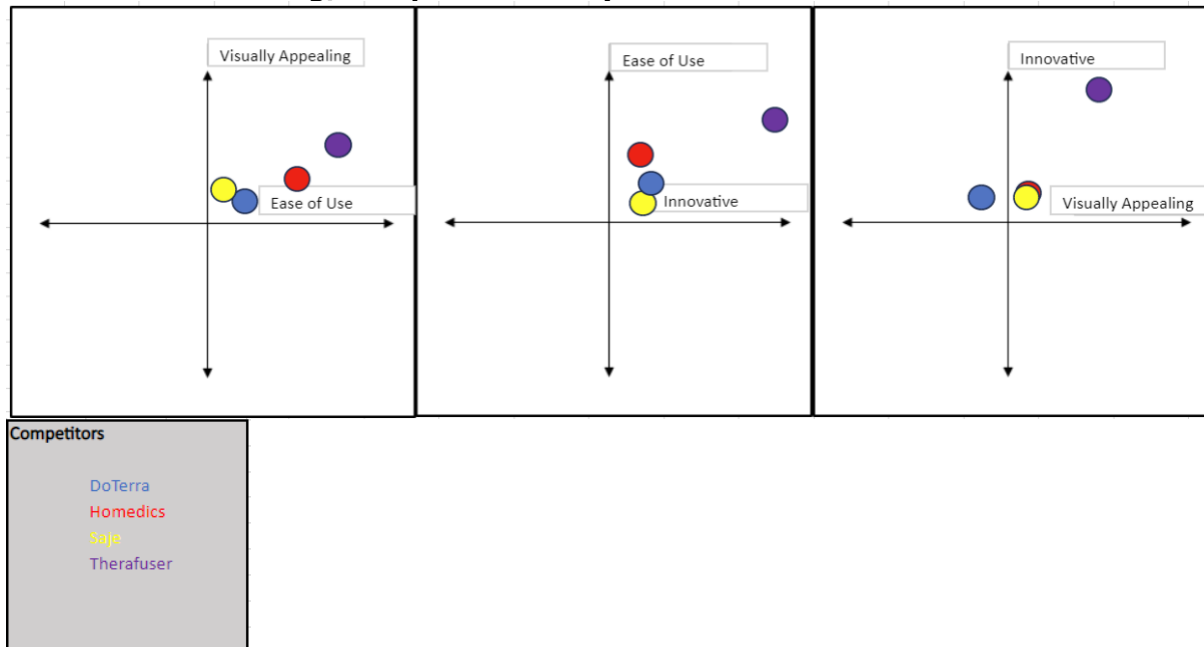
Year	Average Price	Total Fixed Costs	Unit Variable Cost	BEP in Units
2024	\$173.00	\$1,132,032	\$25.75	7,688
2025	\$173.00	\$1,689,898	\$25.09	11,426
2026	\$190.30	\$2,945,079	\$25.04	17,821
2027	\$216.25	\$3,254,799	\$24.97	17,016
2028	\$216.25	\$3,712,762	\$24.94	19,408

We calculated our Total Fixed Costs by subtracting our Other Overhead costs from our Total Operating Expense, and our variable costs came from our yearly costs of goods sold in our income statement. We got our average price by calculating a weighted average of expected sales from Amazon versus expected sales from our website.

Forecast by Month (Year 2)	Units	Revenue \$
Jun	869	\$150,337
Jul	869	\$150,337
Aug	869	\$150,337
Sep	869	\$150,337
Oct	741	\$128,193
Nov	935	\$161,755
Dec	1,200	\$207,600
Jan	869	\$150,337
Feb	869	\$150,337
Mar	731	\$126,463
Apr	731	\$126,463
May	885	\$153,105
TOTALS	10,437	\$1,805,631.93

We used monthly trend assumptions to determine forecasting for year two. We expect to see increases in sales in November and December due to Black Friday and Holiday season. We expect to see decreases in sales in October due to the trend of it being a down month for the economy. We also expect to see decreases in March and April due to it being close to tax season.

Exhibit 5: Positioning/Competitive Analysis



Positioning Statement

For health-conscious women, Therafuser is the essential oil diffuser that pairs quality with convenience. Omni provides consumers with a unique diffuser compared to any other competitor out there, in large part due to its ease of use. A common complaint by customers of oil diffusers is how irritating it is to have to constantly switch out the water and oil. With the Therafuser, there are four different compartments, giving consumers the ability to possess four individual scents within their diffuser. Amongst other benefits such as visual appeal and ease of use, customers will be able to enjoy the satisfaction of an easy-to-use product. Users can cycle through the unique smells seamlessly using the buttons on the front of the diffuser. Our company prides itself in being one of a kind and a visually appealing solution to our customers' problems. From our research on Amazon reviews a lot of customers are not impressed by visual design of most, so it is a staple of The Therafuser to ensure customer satisfaction. The Therafuser has a sleek birch wood appearance that has a clean and pristine look showcasing that even to distinct tastes it is still a high quality visually appealing product. As mentioned earlier we are very unique in our market where no other diffusers match our multi-compartment design. This allows our customers to use four different essential oils of their choice, making the product more customer-oriented and personalized. Going off The Therafuser being more customer-oriented our final attribute is giving them ease of use for our product. With the multi-compartment design being able to put in different scents so that the customer can cycle through them based off their mood allowing the customer to not have to change their scents as often as they would with other essential oil diffusers.

Exhibit 6: Marketing Mix

Product/Service Branding						
We wish to distinguish ourselves from other essential oil diffusers by offering a multifunctional and unique form of aromatherapy. In addition to having a unique design our device offers 4 different compartments allowing our customers to choose 4 different scents while also offering ease of use. Our goal is to use the power of Nature's scent to improve day-to-day life through our slogan "essence of wellness." The simplicity of our logo represents the ease and the simplicity of use for our product. We plan to package in a higher level of quality with a white and green lining on our boxes to emphasize to our customers we prioritize wellness we get from Nature's scent.						
Pricing	Year 1	Year 2	Year 3	Year 4	Year 5	
Homedics SereneScent™ Home Fragrance Diffuser Price	\$150.00	\$150.00	\$150.00	\$150.00	\$150.00	
Saje Aroma Om® Deluxe Price	\$152.00	\$152.00	\$152.00	\$152.00	\$152.00	
Your Channel Price:	\$170.00	\$170.00	\$187.00	\$212.50	\$212.50	
Your Retail/Customer Price:	\$200.00	\$220.00	\$220.00	\$250.00	\$250.00	
Our chosen retail pricing strategy for the Therafuser is a competitor-oriented approach, benchmarking against products offered by competitors such as doTERRA, Young Living, Aroma360, and Saje. This pricing analysis, driven by our objectives, customer insights, and cost structures has helped us to establish a pricing model that entails an initial price point of \$200 for the first two years, followed by an increase to \$220 in the third year, and a further adjustment to \$250 by the year 2028. Our chosen distribution channel is the esteemed online retailer Amazon, which, as per Thrive Marketing Agency's "Online Marketplace Services" report, requires online sellers to adhere to a 15% referral fee structure, along with a monthly fee of \$40 for professional selling and advertising benefits ("Selling Plans, Category Referral Fees," sell.amazon.com). Additionally, Amazon imposes variable referral, fulfillment, and shipping fees based on product attributes. Calculating our channel price involves deducting the 15% referral fee from our retail price, acknowledging that this portion contributes to Amazon's service. Our strategic vision aims for approximately 90% of our sales to be facilitated through Amazon due to their market reach, customer convenience, efficient marketing capabilities, and the potential for expansion it offers.						
Distribution/Location Strategy						
We are going to handle distribution through Amazon which provides us with exposure to a massive online audience especially to our target market of women. This allows us to collect data and information from customers that we can use for future projections. For orders from our website, we are going to handle fulfillment and shipping to our customers. For orders for Amazon, we will handle extra packaging and shipping to Amazon's fulfillment warehouse in Salt Lake City, Utah, which is located close to our warehouse in Salt Lake City, Utah. From there Amazon will handle the rest of fulfillment and shipping to the customer. For direct orders from our website, we will use FedEx shipping and distribution to ship our orders to the customer.						
Promotional Strategy	(in thousands of \$)	Year 1	Year 2	Year 3	Year 4	Year 5
Total IMC Budget:	\$20,000	\$126,392	\$278,302	\$369,279	\$399,387	
Social Media Marketing (YouTube, Facebook, Instagram):	\$10,000	\$63,196	\$139,151	\$184,640	\$199,694	
Direct Marketing:	\$7,000	\$18,595	\$41,754	\$55,392	\$59,908	
Public Relations (PR):	\$3,000	\$18,595	\$41,754	\$55,392	\$59,908	
Sales Promotion:	\$4,000	\$25,278	\$55,661	\$73,855	\$79,877	
In year one we will be using competitive parity for our advertising costs to match our competitors in the industry Aroma 360 and doTERRA who average "\$20,000 in advertising costs" so we plan to start off with that amount (Data Axel 2023). In years 2-5 we plan to use roughly around 7% of our revenues and allocate those towards marketing advertisements because "reports average marketing spending was 7.9% of revenues" (SBA 2023). We plan to allocate roughly 50% of our advertising budget towards social media, 20% towards Sales Promotion, and 15% for Direct Marketing and Public Relations. We designate most of the budget towards social media because according to "Pew Research Center" our market segments of women use YouTube the most, while they use Facebook a little less, and use Instagram a substantial amount less (Pew Research Center 2023). For Public Relations, we will implement our budget to pay influencers to promote our product on their platforms. Direct Marketing budget will be used for email campaigns. Our goal for our promotional program is to achieve more market exposure to raise our market share since we are penetrating a market that already exists. Our key message is to emphasize how our product is multifunctional and has a unique design and technology compared to other diffusers by having customization for four different scents and that they are more convenient for customer use.						
# of Marketing/Advertising Specialists:	1	1	2	2	3	
Compensation Method:	\$59,000 Marketing/Advertising Specialist base salary + bonuses up to \$4,720 (8% of salary)					
Our sales management plan consists of employing a Sales Manager, Marketing/Advertising Specialist, and Website Specialist. The Sales Manager will act as the manager for both the specialist roles. They will also facilitate sales growth through our online store as well as our amazon sales channel. Our Marketing/Advertising Specialist will report to our Sales Manager regarding consumer reach and facilitate advertising campaigns. The Website Specialist will also report to the Sales Manager and will assist in achieving high volumes of web-based sales by ensuring our website is intuitive and operational 24/7, as it is one of our primary sources of sales. Our specialists will earn a bonus that is capped at \$5,120 (8% of base salary). The Sales Manager will earn a bonus of \$6,850 (10% of base salary) These bonuses are subject to performance adjustments to incentivize productivity and are above the industry average for similar positions in our region. We will start year 1 with one full-time employee for each of these roles, then in year 3 we will add another Website Specialist and Marketing/Advertising Specialist. Lastly, in year 5 we will add another Marketing/Advertising Specialist. These additional roles are forecasted based on our projected growth.						

Quality Step	What is measured?	How often?	How will you ensure quality?
Q1	Number of defective materials in a sample	Every hour	Acceptance Sampling
Q2	Number of defective products in a sample	Every hour	Statistical Process Control
Q3	Number of defective cartridges in a sample	Every 2 hours	Statistical Process Control
Q4	Number of defective finished goods in a sample	Every hour	Statistical Process Control

Critical Resource	Brief Description	Unit Cost (in appropriate unit)	How many?
CR1 (2013 CLARK TMX15S)	The forklift is critical to our businesses operations since it is needed to move pallets of finished goods and resources required for production within our facilities.	Approximately \$18,000 for the forklift	1
CR2 (YIHUA 982 Precision Soldering Iron Station Kit)	Soldering equipment needed to attach electrical components during assembly	\$120 for the soldering kit	1

9

Exhibit 8: Quality

Dimension of Quality	Why is this dimension important, given your industry & target market?	Quality Step(s) on the Process Map
Reliability	Given that our annual purchase rate is once a decade, it is very crucial that our diffuser is extremely reliable so our product can have a good reputation for reliability, which will help keep our core customers.	Q2
Durability	For a product that is supposed to last for the greater part of a decade, durability is one of the more important dimensions. Building our diffuser to stand the test of time is going to be one of the most important quality checks we do.	Q3
Performance	Performance is a very important dimension for a product like this, that is designed to consistently perform a function for consumers. Our industry is very competitive, and there are many options on the market, so ensuring exceptional, continuous performance is essential to our marketability.	Q4

Additional Proactive Quality Assurance Plans not connected to a specific activity on Process Map

Regularly utilize Statistical Process Control (SPC) techniques to analyze process data and identify trends or variations that could indicate potential quality issues. Identify Key Performance Indicators (KPIs) and track them routinely. Apply quality improvement methodology's selected below when problems are identified.

Reactive quality assurance plans.

Establish IS system for reporting and documenting customer complaints. Monitor reviews and feedback for potential quality issues. Make it easy for customers to report defective products and send product replacements within an established period, through our website, regardless of where the product was purchased.

Quality/process improvement methodology: <input checked="" type="checkbox"/> Six Sigma <input checked="" type="checkbox"/> Benchmarking
<p>The company is implementing Six Sigma and Benchmarking methodologies to enhance product quality in diffuser manufacturing. When problems arise, the DMAIC system will be applied, employing statistical tools to pinpoint root causes and implementing improvement strategies. The control phase will include ongoing monitoring and routine audits. The data-driven approach allows management to make informed decisions based on statistical and data analysis. The Benchmarking approach involves identifying benchmarking partners with exceptional quality in similar processes, collecting data, and implementing improvements based on successful practices observed. Both methodologies aim to reduce costs, increase customer satisfaction, and build brand loyalty through proven quality enhancement approaches.</p>

Exhibit 9a: Inventory, Suppliers, and Distribution

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
Manufactured Plastic Components ***	Maxtop (Quanzhou, Fujian, China)	Cost (lobalsources, 2023)	15-25 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input checked="" type="checkbox"/> Air
Essential Oils	Nutrix International (Salt Lake City, Utah, USA)	Offers a large variety of high-grade essential oils for aromatic and topical use. They produce the highest quality products found on the cosmetic and nutraceutical market today. (Nutrix, 2023)	3 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air
Wicking element (felt)	WebstaurantStore.com (Lancaster, Pennsylvania, USA)	This supplier is well-known and the largest online restaurant supply store. They have low prices and fast shipping. (Jones, 2021)	1-2 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air
Disc Plates	Woodpeckers (Jackson, New Jersey, USA)	This supplier has quality plywood that is a high grade of wood. It is known for its strength, durability, and beauty. (Woodpeckers, 2023)	7 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air
Fans	Digi-Key (Thief River Falls, Minnesota, USA)	Digi-key is the most preferred electronic components supplier in the world and provides quality components. (Digikey, 2023)	7 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air
Transducer	Digi-Key (Thief River Falls, Minnesota, USA)	Digi-key is the most preferred electronic components supplier in the world and provides quality components. (Digikey, 2023)	7 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air
Switch kit push button	Digi-Key (Thief River Falls, Minnesota, USA)	Digi-key is the most preferred electronic components supplier in the world and provides quality components. (Digikey, 2023)	7 business days	30 days	Fixed Quantity System	<input checked="" type="checkbox"/> Highway <input type="checkbox"/> Rail <input type="checkbox"/> Waterway <input type="checkbox"/> Air

*** (Plastic components include: reservoir base, cap, housing element, external housing, air chambers, cartridges)

FINISHED GOODS INVENTORY

	Finished goods produced (per hour)	Frequency of shipping finished goods	Average level of Finished goods inventory on site (rounded up)	Amount of safety stock on site (1% of inventory on site)
At the end of Year 1	.33	Once a week	$(.33*40+0)/2=7$.07
At the end of Year 2	5.02	Once a week	$(5.02*40+0)/2=101$	1.01
At the end of Year 3	10.04	Once a week	$(10.04*40+0)/2=201$	2.01
At the end of Year 4	11.72	Once a week	$(11.72*40+0)/2=235$	2.35
At the end of Year 5	12.97	Once a week	$(12.97*40+0)/2=260$	2.6

What is the lifespan of your finished goods inventory?	<input type="checkbox"/> NA	The lifespan of our diffuser is about 10 years.
How will you manage the perishability of Finished Goods Inventory?	<input checked="" type="checkbox"/> 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
FedEx Ground	FedEx Ground is an affordable shipping service and delivers faster than UPS Ground. (FedEx, 2023)	Once a week

Exhibit 10: Capacity and Resources

	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	0.3341346	2.375	14%	2080	The whole line is the bottleneck- includes 15 steps, assembly process done by one worker.	We will add 3 more workers to have the 4 stations shown in Process Map.
At the end of Year 2	5.0177885	6.67	75%	2080	Station 2- includes inserting the wicking element, attaching the transducer, placing the air transfer chambers, and placing the fans in the air transfer chambers.	We will add 1 more worker to station 2.
At the end of Year 3	10.044231	2x6.67= 13.34	88%	2080	Station 2- includes inserting the wicking element, attaching the transducer, placing the air transfer chambers, and placing the fans in the air transfer chambers.	N/A
At the end of Year 4	11.728365	2x6.67= 13.34	88%	2080	Station 2- includes inserting the wicking element, attaching the transducer, placing the air transfer chambers, and placing the fans in the air transfer chambers.	We will add 1 more worker to station 2.
At the end of Year 5	12.97308	7.5x2=15	80%	2080	Station 3- includes the securing the external housing element, gluing bamboo, adding the oil to cartridges, inserting the cartridges, and attaching the top cover.	N/A

Hours of operation/month	Demand/month	Demand/hour	Capacity/month	Capacity/hour	Utilization
$(260 * 8) / 12 = 173.33$	$0.334134615 * 173.33 = 57.92$ units/month	$695/2080 = 0.33413/\text{hour}$	$(2080/12) * 2.375 = 411.67/\text{month}$	$19/8 = 2.375$	$0.334134615 / 2.375 = 14\%$

Our transducer, air transfer chambers, wicking element, and oil cartridges are essential to our process. To support our operations, we just need one manufacturing associate to appropriately run the assembly line and construct the diffuser. By year five we will utilize all 15 of our manufacturing associates to ensure the Therafuser's assembly line is as streamlined and efficient as possible.

In the first five years, our manufacturing associates will be heavily contributing to our operations by running the warehouse and assembling our diffuser. If the demand ends up eclipsing our projected capacity, we are prepared to hire more employees, specifically manufacturing associates, to meet our demand.

Exhibit 11: Income Statement

	Fiscal year				
	2024	2025	2026	2027	2028
Sales Revenue	\$120,235	\$1,805,601	\$3,975,748	\$5,275,419	\$5,705,540
COGS	\$92,998	\$657,137	\$1,510,224	\$1,655,036	\$1,939,236
Gross Profit	\$27,237	\$1,148,464	\$2,456,524	\$3,620,383	\$3,766,304
G&A Expenses					
Salaries	\$615,315	\$926,880	\$1,699,551	\$1,847,040	\$2,141,930
Benefits	\$166,879	\$268,412	\$516,931	\$563,286	\$656,390
Payroll Taxes	\$53,409	\$80,766	\$148,523	\$161,413	\$187,246
General Insurance Expense	\$1,200	\$1,248	\$1,298	\$1,350	\$1,404
Amortization Expense	\$250	\$250	\$250	\$250	\$250
Depreciation Expense	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Rent Expense	\$196,560	\$204,422	\$212,599	\$221,103	\$229,947
Utilities	\$28,665	\$29,812	\$31,004	\$32,244	\$33,534
Advertising Expense	\$20,000	\$126,392	\$278,302	\$369,279	\$399,387
Travel Expense	\$15,000	\$15,600	\$16,224	\$16,873	\$17,548
Amazon Expense	\$480	\$499	\$519	\$540	\$562
Website Expense	\$500	\$520	\$541	\$562	\$585
Licensing Fees	\$54	\$56	\$58	\$61	\$63
Accounting Expense	\$24,000	\$24,960	\$25,958	\$26,997	\$28,077
IT Expense	\$7,920	\$8,280	\$11,520	\$12,000	\$14,040
Other Overhead	\$1,202	\$18,056	\$39,757	\$52,754	\$57,055
Total G&A Expenses	<u>\$1,133,234</u>	<u>\$1,707,954</u>	<u>\$2,984,836</u>	<u>\$3,307,553</u>	<u>\$3,769,817</u>
Earnings Before Interest and Taxes	(\$1,105,997)	(\$559,490)	(\$528,313)	\$312,830	(\$3,513)
Interest Expense	\$109,250	\$102,872	\$95,761	\$87,832	\$78,991
Earnings Before Taxes	(\$1,215,247)	\$662,362	(\$624,074)	\$224,998	(\$82,504)
Income Tax Expense	\$0	\$0	\$0	\$58,499	\$0
Net Income or Loss	<u>(\$1,215,247)</u>	<u>\$(662,362)</u>	<u>(\$624,074)</u>	<u>\$166,498</u>	<u>(\$82,504)</u>

Exhibit 12: Balance Sheet

	As of	Fiscal year				
	Inception	2024	2025	2026	2027	2028
Assets						
Current Assets						
Cash and Cash Equivalents	\$3,427,000	\$2,185,837	\$1,454,173	\$778,787	\$834,962	\$686,921
Accounts Receivable	\$0	\$4,809	\$72,224	\$159,030	\$211,017	\$228,222
Inventory	<u>\$0</u>	<u>\$1,185</u>	<u>\$2,534</u>	<u>\$5,033</u>	<u>\$5,868</u>	<u>\$6,484</u>
Total Current Assets	\$3,427,000	\$2,191,831	\$1,529,690	\$942,850	\$1,051,847	\$921,627
Fixed (Long-Term) Assets						
Machinery and Equipment	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Acquired Intangible Assets, Net	\$5,000	\$4,750	\$4,500	\$4,250	\$4,000	\$3,750
Total Gross Fixed Assets	\$23,000	\$22,750	\$22,500	\$22,250	\$22,000	\$21,750
Less: Accumulated Depreciation	<u>\$0</u>	<u>\$1,800</u>	<u>\$3,600</u>	<u>\$5,400</u>	<u>\$7,200</u>	<u>\$9,000</u>
Net Fixed Assets	\$23,000	\$20,950	\$18,900	\$16,850	\$14,800	\$12,750
Total Assets	<u>\$3,450,000</u>	<u>\$2,212,781</u>	<u>\$1,548,590</u>	<u>\$959,700</u>	<u>\$1,066,647</u>	<u>\$934,377</u>
Liabilities						
Current Liabilities						
Accounts Payable	\$0	\$7,849	\$54,874	\$126,810	\$137,989	\$161,654
Accrued Salaries, Taxes & Benefits	<u>\$0</u>	<u>\$25,638</u>	<u>\$38,620</u>	<u>\$70,815</u>	<u>\$76,960</u>	<u>\$89,247</u>
Current Maturity of LT Debt	<u>\$55,458</u>	<u>\$61,836</u>	<u>\$68,947</u>	<u>\$76,876</u>	<u>\$85,717</u>	<u>\$95,574</u>
Total Current Liabilities	\$55,458	\$95,323	\$162,441	\$274,501	\$300,666	\$346,476
Long-Term Liabilities						
LT Debt Less Current Maturities	\$894,542	\$832,706	\$763,758	\$686,882	\$601,165	\$505,591
Total Liabilities	\$950,000	\$928,028	\$926,200	\$961,383	\$901,831	\$852,067
Owners' Equity						
Common Stock	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000	\$2,500,000
Retained Earnings	<u>\$0</u>	<u>(\$1,215,247)</u>	<u>(\$1,877,609)</u>	<u>(\$2,501,683)</u>	<u>(\$2,335,185)</u>	<u>(\$2,417,689)</u>
Total Owners' Equity	<u>\$2,500,000</u>	<u>\$1,284,753</u>	<u>\$622,391</u>	<u>(\$1,683)</u>	<u>\$164,815</u>	<u>\$82,311</u>
Total Liabilities and Owners' Equity	<u>\$3,450,000</u>	<u>\$2,212,781</u>	<u>\$1,548,590</u>	<u>\$959,700</u>	<u>\$1,066,647</u>	<u>\$934,377</u>

Exhibit 13: Cash Flow of Statement

	As of	Fiscal year				
	Inception	2024	2025	2026	2027	2028
<i>Cash Flows From (For) Operations</i>						
Net Income	\$0	(\$1,215,247)	(\$662,362)	(\$624,074)	\$166,498	(\$82,504)
Depreciation	\$0	\$1,800	\$1,800	\$1,800	\$1,800	\$1,800
Amortization	\$0	\$250	\$250	\$250	\$250	\$250
<i>Changes in Current Assets</i>						
Change in Accounts Receivable	\$0	(\$4,809)	(\$67,415)	(\$86,806)	(\$51,987)	(\$17,205)
Change in Inventories	\$0	(\$1,185)	(\$1,350)	(\$2,499)	(835)	(\$616)
<i>Changes in Current Liabilities</i>						
Change in Accounts Payable	\$0	\$7,849	\$47,025	\$71,936	\$11,179	\$23,665
Change in Salaries, Taxes & Benefits	\$0	\$25,638	\$12,982	\$32,195	\$6,145	\$12,287
Net Cash Flow From (For) Operating	\$0	(\$1,185,704)	(\$669,069)	(\$607,198)	\$133,051	(\$62,323)
<i>Cash Flow From (For) Investing Activities</i>						
Machinery and Equipment Purchases	<u>(\$18,000)</u>	\$0	<u>\$0</u>	\$0	<u>\$0</u>	\$0
Patent Purchase	<u>(\$5,000)</u>	\$0	<u>\$0</u>	\$0	<u>\$0</u>	\$0
Net Cash Flow From (For) Investing	<u>(\$23,000)</u>	\$0	<u>\$0</u>	\$0	<u>\$0</u>	\$0
<i>Cash Flow From (For) Financing Activities</i>						
Issuance of Common Stock	<u>\$2,500,000</u>	\$0	<u>\$0</u>	\$0	<u>\$0</u>	\$0
LT Debt Borrowings/Repayments	<u>\$950,000</u>	<u>(\$55,458)</u>	<u>(\$61,836)</u>	<u>(\$68,947)</u>	<u>(\$76,876)</u>	<u>(\$85,717)</u>
Net Cash Flows From (For) Financing	<u>\$3,450,000</u>	<u>(\$55,458)</u>	<u>(\$61,836)</u>	<u>(\$68,947)</u>	<u>(\$76,876)</u>	<u>(\$85,717)</u>
Net Change in Cash	<u>\$3,427,000</u>	<u>(\$1,241,163)</u>	<u>(\$730,905)</u>	(\$676,145)	<u>\$56,175</u>	(\$148,040)
Beginning Cash Balance	\$0	\$3,427,000	\$2,185,837	\$1,454,932	\$778,787	\$834,962
Net Change in Cash	<u>\$3,427,000</u>	<u>(\$1,241,163)</u>	<u>(\$730,905)</u>	(\$676,145)	<u>\$56,175</u>	(\$148,040)
Ending Cash Balance	\$3,427,000	\$2,185,837	\$1,454,932	\$778,787	\$834,962	\$686,921

Exhibit 14: Financial Statement Notes

Note 1 - Assumptions

- Accrued wages are assumed to be two weeks of the annual salaries
- Employee bonuses are accounted for within labor costs on the income statement
- Depreciation expense of fixed assets is computed using the straight-line depreciation method
- Federal income tax for our company is assumed to be 21% (Social Security Administration)
- State income tax for our company is assumed to be 5% (Utah Gov. 2020)

Note 2 - Accounting methods

- The company uses straight-line depreciation for its fixed assets

Note 3 - Investment capital

- Our initial startup costs are funded with a \$950,000 SBA loan at 11.5% interest per year, and this loan is paid off over ten years. In addition to this SBA loan, outside equity investors will contribute \$2,100,000, while we as founders will contribute \$400,000 of our own capital. Resulting in total common stock of \$2,500,000.

Note 4 - Risks

- There are risks in acquiring the patent for our product
- economic variables and environment
- finding necessary talent such as our Leads and General Manager
- FDA
- Quality assurance of components manufactured by suppliers
- Emerging technology (we combat this with R&D)

Exhibit 15: Financial Ratios

	Fiscal year					
	2024	2025	2026	2027	2028	Industry
Liquidity Ratios						
Current Ratio	22.99	9.42	3.43	3.50	2.66	1.50
Quick Ratio	22.98	9.40	3.42	3.48	2.64	1.00
Operating cycle (days)	18.20	15.11	15.06	15.01	15.01	284.42
Leverage Ratios						
Debt/Equity	0.65	1.23	-408.07	3.65	6.14	0.38
Times Interest Earned	-10.12	-5.44	-5.52	3.56	-0.04	3.60
Asset Management Ratios						
Inventory Turnover	101.51	712.52	789.93	899.02	879.89	2.10
Receivables Turnover	25.00	25.00	25.00	25.00	25.00	3.30
Fixed Asset Turnover	5.74	95.53	235.95	356.45	447.49	0.60
Profitability Ratios						
Gross Profit Margin	23%	64%	62%	69%	66%	37%
Operating Profit Margin	-920%	-31%	-13%	6%	0%	18%
Return on Assets	-55%	-43%	-65%	16%	-9%	9%
DuPont Analysis						
Net Profit Margin	-1011%	-37%	-16%	3%	-1%	15%
Total Asset Turnover	0.05	1.17	4.14	4.95	6.11	0.6
Equity Multiplier	1.72	2.49	-570.14	6.47	11.35	4.09
Return on Equity	-95%	-106%	37075%	101%	-100%	36%

Exhibit 16: Financial Analysis

Liquidity

Our current and quick ratios for Year 1 are far above the industry average because we hold so much cash initially. We start channeling cash to repaying debt in Year 2 to decrease the amount of cash we hold, bringing our liquidity to more reasonable levels. While we are still above industry average, we pursue a slightly more risk-adverse strategy.

The operating cycle is short because we produce to demand, not capacity, so our average level of inventory on site is low. We also collect very quickly on our credit sales. Many of the companies in our industry have very different company policies regarding credit sales, and since they are more established, they tend to hold higher levels of inventory.

Financial Leverage

Our debt-to-equity ratio can be explained by the disproportionate level of debt we hold. We do work to decrease this debt, but the fluxes in our equity, due to losses, explain the disparity.

Asset Management

The inventory turnover is substantially higher than our industry average primarily due to our business maintaining a low level of inventory. The business' fixed asset turnover is also well above the industry average, with our closest year to the average being Year 1 with a ratio of 5.74 compared to an industry average of 0.60, this continues to grow exponentially ending Year 5 with a ratio of 447.49. Despite our significant growth, we do not have the need for any new equipment to increase capacity, so we do not purchase any new fixed assets after Year 1.

Profitability

The gross profit margin is below our industry average in Year 1 and then exceeds the industry average in the following four years, consistently increasing until a slight drop in Year 5. Our industry (Small Electrical Appliance Manufacturing) produces a wide variety of very different products, not just diffusers. This means there is much variability in the COGS per unit, as some electrical appliances are far more complicated to make than ours. The operating profit margin is well below our industry average for so many years because we have a lot of employees who we try to compensate above market rates. It is a core belief of ours that retaining employees in down years builds loyalty and motivates employees. We try to view employees as assets, not expenses. Long term, we expect to see a return from establishing a strong company culture of motivated employees. Return on assets is significantly below our industry average for Year 1, due to the significant increase in our expenses as we scale. Year 4 sees almost double the industry average. From these three ratios, we conclude that the company will be less profitable than the industry in the early stages, but because our gross profit margin is so far above average, we expect to become far more profitable as our market share continues to increase.

DuPoint Analysis

Our net profit margin is significantly lower than our industry due to a net loss. Losses are obviously to be expected with any start-up, but we have a good foundation to become profitable in later years, owed largely to the lower cost of production. Our asset turnover remains larger than the industry average throughout all 5 years since we do not hold nearly as much inventory or fixed assets as other companies. Our equity multiplier remains lower than our industry in Years 1-3, but increases after Year 4 due to a big spike in equity while assets maintain a steady growth rate. Due to this, our return on equity fluctuates throughout the years but by Year 5 it's more consistent with our industry average. Our return on equity fluctuates significantly, as net income varies so much year to year. In our profitable year however, we are significantly above industry average.

Bibliography:

- Aldridge. (2023, May 25). *How much does it outsourcing cost in 2022?*
<https://aldridge.com/cost-of-it-outsourcing-budget/#:~:text=The%20average%20cost%20of%20IT,%24200%20per%20user%2C%20per%20month>
- Amazon Staff. (2023, March 15). *3 ways Amazon supports its customers every day*. US About Amazon. <https://www.aboutamazon.com/news/company-news/3-ways-amazon-supports-its-customers-every-day#:~:text=Customers%20can%20shop%20in%20Amazon's,A%2Dto%2Dz%20Guarantee>
- Amazon. (2010). *GP*. https://www.amazon.com/gp/customer-reviews/RZ8LPL3NX3PWC/ref=cm_cr_ar_p_d_viewpnt?ie=UTF8&ASIN=B0785GZTFT#RZ8LPL3NX3PWC
- Amazon. (2023, August 4). *Amazon partnered Carrier Program*. SellerMobile. <https://sellermobile.com/what-you-need-to-know-about-the-amazon-partnered-carrier-program/>
- Amazon. (n.d.-a). Amazon.com: Aroma360 wireless proTM essential oil diffuser for ... <https://www.amazon.com/Aroma360-Essential-Aromatherapy-Therapeutic-Technology/dp/B0CH3XP97Y>
- Amazon. (n.d.-b). https://www.amazon.com/YIHUA-982-Precision-Soldering-Iron-Station-Kit-Digital-LCD-Display-210-Soldering-Tip-Cartridge-Compatible-Solder-Wire-Dispenser-Memory-Channels/dp/B0BCJPGSG7/ref=sxin_16_pa_sp_search_thematic_sspa?content-id=amzn1.sym.9cbe3359-611f-40e8-a779-21650339bb99%3Aamzn1.sym.9cbe3359-611f-40e8-a779-21650339bb99&cv_ct_cx=soldering+equipment&hvadid=604562258090&hvdev=c&hvlocphy=9008306&hvnetw=g&hvqmt=e&hvrnd=4711172788148164573&hvtargid=kwd-21743606&hydadcr=1615_13457780&keywords=soldering+equipment&pd_rd_i=B0BCJPGSG7&pd_rd_r=7c09ee3e-d15e-43e4-973d-dfb377e7e77a&pd_rd_w=EE50k&pd_rd_wg=VjLQ3&pf_rd_p=9cbe3359-611f-40e8-a779-21650339bb99&pf_rd_r=VYHA318B5JWFS670EXVZ&qid=1695918720&s=industrial&sbo=RZvfv%2F%2FHxDF%2BO5021pAnSA%3D%3D&sr=1-4-364cf978-ce2a-480a-9bb0-bdb96faa0f61-spons&sp_csd=d2lkZ2V0TmFtZT1zcF9zZWYyY2hfdGhlbWF0aWM&psc=1
- Amazon. (n.d.-c). https://www.amazon.com/Porseme-Essential-Aromatherapy-Ultrasonic-Humidifier/dp/B0BHSKYZZM/ref=sxin_14_pa_sp_search_thematic_sspa?content-id=amzn1.sym.1c86ab1a-a73c-4131-85f1-15bd92ae152d%3Aamzn1.sym.1c86ab1a-a73c-4131-85f1-15bd92ae152d&cv_ct_cx=essential%2Boil%2Bdiffuser&keywords=essential%2Boil%2Bdiffuser&pd_rd_i=B0BHSKYZZM&pd_rd_r=e1b1471e-5ca8-446d-a41f-3d2445985431&pd_rd_w=fJeNM&pd_rd_wg=pEO0w&pf_rd_p=1c86ab1a-a73c-4131-85f1-15bd92ae152d&pf_rd_r=KHFM4CKWVXMKBM7QGVW4&qid=1694551592&sbo=RZvfv%2F%2FHxDF%2B`O5021pAnSA%3D%3D&sr=1-4-364cf978-ce2a-480a-9bb0-bdb96faa0f61-spons&sp_csd=d2lkZ2V0TmFtZT1zcF9zZWYyY2hfdGhlbWF0aWM&th=1
- Association, A. P. H. (2018, June 30). *A majority of Americans are making healthy lifestyle changes*. PR Newswire: press release distribution, targeting, monitoring and

- marketing. <https://www.prnewswire.com/news-releases/a-majority-of-americans-are-making-healthy-lifestyle-changes-89927472.html>
- Auxier, B. (2021, April 7). *Social media use in 2021*. Pew Research Center: Internet, Science & Tech. <https://www.pewresearch.org/internet/2021/04/07/social-media-use-in-2021/>
- Basis 365 Accounting. (n.d.). *How much does it cost to outsource accounting?: BASIS 365 accounting*. Outsourced Accounting & Bookkeeping. <https://www.basis365.com/cost-to-outsource-accounting-and-bookkeeping#:~:text=The%20typical%20cost%20of%20outsourcing,the%20accounting%20for%20any%20business.>
- Begoun, P. (2000). *Don't go shopping for Hair Care Products Without Me: Over 4,000 brand name products reviewed, plus the latest hair care information*. Amazon. https://www.amazon.com/product-reviews/B00NZFGLHS/ref=cm_cr_unknown?ie=UTF8&filterByStar=four_star&reviewerType=all_reviews&pageNumber=1#reviews-filter-bar
- Blackrock Benefits. (2023, August 21). *Small Business Health Insurance Utah*. <https://blackrockbenefits.com/small-business-health-insurance-utah/>
- Bureau of Labor Statistics. (n.d.). *Employer costs for employee compensation - september 2021*. https://www.bls.gov/news.release/archives/ecec_12162021.pdf
- Callaghan, S., Lösch, M., Medalsy, J., Pione, A., & Teichner, W. (2022, September 19). *Still feeling good: The US wellness market continues to boom*. McKinsey & Company. <https://www.mckinsey.com/industries/consumer-packaged-goods/our-insights/still-feeling-good-the-us-wellness-market-continues-to-boom>
- Crexi. (n.d.). *Crexi.com*. <https://www.crexix.com/lease/properties/612969/utah-13650-sf-wh-flex-space-1085-so-300-w-slc-ut>
- De Hechavarria, A. (2023, September 27). *Air treatment - US - 2022 : Consumer Market Research Report: Mintel.com*. Mintel Store. <https://reports.mintel.com/display/1100385/?fromSearch=%3Ffreetext%3Dair%2520diffusers%26resultPosition%3D2>
- doTERRA. (2023, September 21). *Essential oil diffusers - dōterra product line: DōTERRA Essential Oils*. dōTERRA Product Line | dōTERRA Essential Oils. <https://www.doterra.com/US/en/pl/diffusers>
- DQYDJ. (2023, September 29). *Income percentile by age calculator*. <https://dqydj.com/income-percentile-by-age-calculator/>
- Easyship. (n.d.). *Now you can sell worldwide*. <https://app.easyship.com/quote>
- eHealth Insurance. (n.d.). *Utah Small Business Health Insurance*. eHealth. <https://www.ehealthinsurance.com/utah-health-insurance/health-plans/group-medical>
- Expedia. (n.d.). https://www.expedia.com/Hotel-Search?_endDate=2023-10-25&_startDate=2023-10-23&adults=1&airlineCode&cabinClass=COACH&destination=Quanzhou%2C%20Fujian%2C%20China&directFlights=false&endDate=2023-10-25&infantsInSeats=0&l10n=%5Bobject%20Object%5D&latLong=25.210075%2C118.255913&localDateFormat=M%2Fd%2Fyyyy&misId=AqjJndXHmZm_4LwBEOPBx_eyqdbi_nQEgwiDuRw~ARIEGgIARowCAESFgoDU0xDGNOYjQIqCjIwMjMtMTAtMjMSFAoDWE1OGIE4KgoYMDIzLTEwLTI1&origin=Salt%20Lake%20City%2C%20UT%2C%20United%20States%20of%20America%20%28SLC-Salt%20Lake%20City%20Intl.%29&packageType=fh&partialStay=false®ionId=7169&searchProduct=hotel&semdtl=&sort=RECOMMENDED&startDate=2023-10-23&theme=&tripType=ROUND_TRIP&useRewards=false&userIntent=

- EY Building a better working world. (n.d.). How can societal change drive the next - EY. https://assets.ey.com/content/dam/ey-sites/ey-com/en_us/topics/consulting/ey-societal-and-generational-shifts-drive-the-next-business-shift.pdf
- FedEx. (n.d.-a). *Calculate FedEx shipping rates*. FedEx.com. <https://www.fedex.com/en-us/online/rating.html>
- FedEx. (n.d.-b). *FedEx Ground Shipping*. <https://www.fedex.com/en-us/shipping/ground.html#:~:text=FedEx%20Ground%20is%20a%20low,the%20U.S.%20population%20on%20Sundays>.
- First Nonprofit. (n.d.). *Utah State Unemployment Insurance Fact Sheet*. https://utahnnonprofits.org/images/pdfs-doc/2022/Benefit_Partners/Utah_SUI_Fact_Sheet_2022.pdf
- Florida Atlantic University. (2015, August 26). *Sobering statistics on physical inactivity in the U.S.* ScienceDaily. <https://www.sciencedaily.com/releases/2015/08/150826093015.htm>
- Fortune Business Insights. (n.d.). *Essential Oils Market Size & Key Insights: Report [2030]*. Essential Oils Market Size & Key Insights | Report [2030]. <https://www.fortunebusinessinsights.com/industry-reports/essential-oils-market-101063>
- Gelder, K. van. (2023, July 11). *United States: Favorite Online Stores by gender 2020*. Statista. <https://www.statista.com/statistics/1192685/favorite-online-stores-among-men-and-women-united-states/#:~:text=In%20comparison%20to%20men%2C%20more,male%20consumers%20gravitated%20towards%20Ebay>
- Google Patents. (2017, August 10). *US20170224864A1 - dual chamber ultrasonic diffuser and method of use*. <https://patents.google.com/patent/US20170224864A1/en?q=%28ultrasonic%2Bdiffuser%29&oq=ultrasonic%2Bdiffuser>
- Guinan, S. (2023, September 15). *Guide to Providing Health Care Benefits to Employees*. Value Penguin. <https://www.valuepenguin.com/health-insurance/guide-providing-health-care-benefits-employees#:~:text=%3A%22double%22%7D-,How%20much%20does%20employee%20health%20insurance%20cost%3F,the%20Other%20%24549%20per%20mont>
- Götting, M. C. (2022, June 1). *U.S. time spent with media by age 2020*. Statista. <https://www.statista.com/statistics/233386/average-daily-media-use-of-us-adult-population-by-medium/>
- Homedics. (n.d.). *Ultrasonic Aroma diffuser*. Homedics.com. <https://www.homedics.com/ultrasonic-aroma-diffuser/>
- IBIS World. (n.d.-a). *33521 Key Statistics- Industry Data*. <https://my.ibisworld.com/us/en/industry/33521/key-statistics>
- IBIS World. (n.d.-b). *IBISWorld - industry market research, reports, & statistics*. IBISWorld Industry Reports. <https://www.ibisworld.com/>
- Internal Revenue Service. (n.d.). *Federal unemployment tax*. <https://www.irs.gov/individuals/international-taxpayers/federal-unemployment-tax>
- Kohl's. (n.d.). *HoMedics ultrasonic aroma diffuser*. https://www.kohls.com/product/prd-3882638/homedics-ultrasonic-aroma-diffuser.jsp?kwid=p66447982808&utm_source=bing&utm_medium=cpc&utm_term=home+decor+candles+&utm_campaign=DSA_Home%2BDecor_Search_Bing_Generi&utm_Adgroupid=58700007409949567&pfx=pfx_bing_roi&cid=genericsearch&msclkid=599f2c44c4fe10e6cfbb49469a4eb009&qclid=599f2c44c4fe10e6cfbb49469a4eb009&qclsrc=3p.ds

- Kriss, R. (2023, October 2). *SBA loan rates 2023*. NerdWallet. [https://www.nerdwallet.com/article/small-business/sba-loan-rates#:~:text=Current%20SBA%20\(a\)%20loan%20interest%20rates&text=11.5%25.,finding%20a%20small-business%20loan](https://www.nerdwallet.com/article/small-business/sba-loan-rates#:~:text=Current%20SBA%20(a)%20loan%20interest%20rates&text=11.5%25.,finding%20a%20small-business%20loan).
- Lesonsky, R. (2019, July 9). *How to get the most from your marketing budget*. U.S. Small Business Administration. <https://www.sba.gov/blog/how-get-most-your-marketing-budget>
- LiftsToday. (n.d.). *2013 Clark TMX15S for sale in West Valley City, Utah*. LiftsToday.com. <https://www.liftstoday.com/listing/for-sale/32800567/2013-clark-tmx15s-cushion-tire-forklifts>
- Market Data Forecast. (n.d.). *Women's health market size, share, growth report to 2028*. <https://www.marketdataforecast.com/market-reports/womens-health-market>
- Maxime. (2020, April 3). *The simple habits of health-conscious people*. Thrive Global. <https://community.thriveglobal.com/the-simple-habits-of-health-conscious-people/>
- Monaghan, M. (2023, January 5). *Website maintenance cost: 8 key costs you should know*. Website Builder Expert. <https://www.websitebuilderexpert.com/building-websites/website-maintenance-cost/#:~:text=Website%20maintenance%20costs%20vary%20depending,enter%20the%20%241%2C000%2B%20annual%20range>.
- Mordor Intelligence. (n.d.). *Essential oils market - size, analysis & share*. Essential Oils Market - Size, Analysis & Share. <https://www.mordorintelligence.com/industry-reports/essential-oils-market>
- NAICS Association. (n.d.). *NAICS code: 335210 Small Electrical Appliance Manufacturing*. <https://www.naics.com/naics-code-description/?code=335210&v=2022>
- Neff, B. C. (2023, July 30). *Small Business Taxes in Utah: Employer's Complete 2023 Guide*. Gusto. <https://gusto.com/resources/articles/taxes/utah-small-business-taxes>
- Penland, J. (2023, September 26). *Business Insurance cost for startups: How much is it?*. Kinsta®. <https://kinsta.com/blog/business-insurance-cost-for-startup/#:~:text=General%20liability%20insurance%20for%20a,basic%20liability%20lawsuits%20and%20damages>.
- Petruzzi, D. (2022, February 2). *Essential oils market demand U.S. 2014-2025*. Statista. <https://www.statista.com/statistics/973170/us-essential-oils-market-demand/>
- Picincu, A. (2018, December 24). *How is provision for bad debt calculated?*. Small Business - Chron.com. <https://smallbusiness.chron.com/provision-bad-debt-calculated-80681.html>
- Shields, C. (2023, September 21). *Outsourced IT support benefits and costs in 2023*. Ntiva. <https://www.ntiva.com/blog/outsourced-it-services-benefits-and-cost>
- SimplyHired. (n.d.). *Forklift operator jobs in Salt Lake City, UT - simplyhired*. <https://www.simplyhired.com/search?q=forklift+operator&l=salt+lake+city%2C+ut>
- Smith, R. (2021, February 19). *Doterra Essential Oil Diffuser Review*. Rigel from Blissd Mama. <https://www.blissd mama.com/blog/2021/2/19/doterra-essential-oil-diffuser-review/>
- Social Security Administration. (n.d.). *What is FICA?*. Social Security Administration (SSA). <https://www.ssa.gov/thirdparty/materials/pdfs/educators/What-is-FICA-Infographic-EN-05-10297.pdf>
- State Tax Index. (n.d.). *Utah: State Business Tax Climate Index - Tax Foundation*. Utah | State Business Tax Climate Index - Tax Foundation. <https://statetaxindex.org/state/utah/>
- Statista. (n.d.-a). *Beauty & Personal Care Report*. <https://www.statista.com/study/55499/cosmetics-and-personal-care/>
- Statista. (n.d.-b). *Wellness industry*. <https://www.statista.com/study/13668/wellness-and-spa-statista-dossier/>




- Stockton, B., & Treece, K. (2020, September 22). *How much does a patent cost? the beginner's guide*. Fit Small Business. <https://fitsmallbusiness.com/how-much-does-a-patent-cost/#:~:text=In%20general%2C%20you%20can%20expect%20the%20following%20costs,%2410%2C000%204%20Total%20patent%20cost%3A%20%241%2C500%20to%20%2415%2C000>
- Target Pick Up Options. (n.d.). *300ml cutout ceramic color changing oil diffuser white - opalhouseTM*. Target. <https://www.target.com/p/300ml-cutout-ceramic-color-changing-oil-diffuser-white-opalhouse-8482/-/A-76399946#lnk=sametab>
- Team Deskera Content. (2022, October 18). *A complete guide to Utah payroll taxes*. Deskera Blog. <https://www.deskera.com/blog/utah-payroll-taxes/>
- Tibbetts, J. S. (2014, August 1). *Compensation and benefits for startup companies*. Harvard Business Review. <https://hbr.org/1989/01/compensation-and-benefits-for-startup-companies>
- U.S. Bureau of Labor Statistics. (2023a, April 25). *May 2022 National Occupational Employment and Wage Estimates*. https://www.bls.gov/oes/current/oes_nat.htm#11-0000
- U.S. Bureau of Labor Statistics. (2023b, April 25). *Occupational Employment and Wage Statistics*. <https://www.bls.gov/oes/current/oes111011.htm>
- U.S. Census Bureau, & 2, O. (2023, October 2). *Population of the U.S. by sex and age 2022*. Statista. <https://www.statista.com/statistics/241488/population-of-the-us-by-sex-and-age/>
- U.S. Department of Labor. (n.d.). *Futa credit reductions*. FUTA Credit Reductions, Employment & Training Administration (ETA) - U.S. Department of Labor. https://oui.doleta.gov/unemploy/futa_credit.asp
- United States Patent and Trademark Office. (2022, June 13). *How much does it cost?*. United States Patent and Trademark Office - An Agency of the Department of Commerce. <https://www.uspto.gov/trademarks/basics/how-much-does-it-cost>
- Utah Department of Health & Human Services. (n.d.). *Health indicator report of utah population characteristics: Poverty, all persons*. IBIS. [https://ibis.health.utah.gov/ibisph-view/indicator/view/Pov.LHD.html#:~:text=or%20her%20threshold.-,The%20poverty%20threshold%20for%20a%20family%20of%20four%20including%20two,Consumers%20\(CPI%2DU\).](https://ibis.health.utah.gov/ibisph-view/indicator/view/Pov.LHD.html#:~:text=or%20her%20threshold.-,The%20poverty%20threshold%20for%20a%20family%20of%20four%20including%20two,Consumers%20(CPI%2DU).)
- Utah Department of Workforce Services. (2022, October). *Occupational Wages*. Department of Workforce Services. <https://jobs.utah.gov/wi/data/library/wages/wagestory.html>
- Utah Gov. (2020, August 26). *Sales & Use tax rates*. Utah State Tax Commission. <https://tax.utah.gov/sales/rates>
- Vogels, E. A. (2019, September 9). *Millennials stand out for their technology use, but older generations also Embrace Digital Life*. Pew Research Center. <https://www.pewresearch.org/short-reads/2019/09/09/us-generations-technology-use/>
- Walmart In Store. (n.d.). *Fimilo 500ML upgraded White Aroma diffuser with 6*10ml essential oil and remote control for Large Room Home Office car,aromatherapy fragrant oil air humidifier vaporizer for Gift*. Walmart.com. <https://www.walmart.com/ip/Fimilo-500ml-Upgraded-White-Aroma-Diffuser-6-10ml-Essential-Oil-Remote-Control-Large-Room-Home-Office-Car-Aromatherapy-Fragrant-Air-Humidifier-Vapori/269805064?adsRedirect=true>
- Watts, A. (2005). *Modern construction facades: MCF*. Amazon. <https://supplychain.amazon.com/mcf>
- Winer, R. S. (2005). *Pricing*. Amazon. <https://sell.amazon.com/pricing>

YoungLiving. (n.d.). *Diffusers*. <https://www.youngliving.com/us/en/category/essential-oil-diffusers>

YouTube Advertising. (n.d.). *YouTube insights & video measurement - youtube advertising*.
YouTube. https://www.youtube.com/intl/en_us/ads/how-it-works/measure-your-results/

Bios:

	<p>My name is Ethan Bedner and I am from Loudoun County, Virginia. I am currently a junior studying Business Computer Information Systems at James Madison University. Here at JMU I'm a part of a Professional fraternity and am part of different clubs related to my major. In my free time I like to play sports like basketball, pickleball, and golf with my friends as well as listen to music.</p>
	<p>My name is Aidan Brindley and I am from Warrenton, Virginia. I am a third year Business Management Major. Outside of class I like to stay active by playing intramural soccer, intramural flag football, golf, and distance running.</p>
	<p>My name is Dillon Grady and I am originally from Round Hill, VA. I am currently a 4th year student studying Business Management for my major at James Madison University. Here at JMU I am a member of our Ski and Snowboard Racing Club. Outside of class I enjoy snowboarding, skateboarding, music, and golf.</p>
	<p>My name is Gaby Mabalay and I am from Fairfax, Virginia. I am currently a Junior Marketing Major at James Madison University with hopes of concentrating in Digital Marketing. At JMU I am a member of Sigma Kappa and I have greatly enjoyed every minute of it. When I am not in class, I love listening to Taylor Swift and being around my roommates and friends.</p>
	<p>My name is Jadon Mathew and I'm from Philadelphia, PA. I am currently majoring in Accounting here at James Madison University. Some of my interests outside of my studies include basketball and playing the bass guitar.</p>

	<p>Hi, my name is Virginia Meade, and I am from Richmond, Virginia. I transferred from a local community college last year and am currently majoring in Accounting here at JMU. Outside of work and school I like to cook and exercise and travel.</p>
	<p>Hi, my name is Kevin Reilly, and I am from Virginia Beach, Virginia. I am a marketing major in my 3rd year here at JMU. In my free time I like to listen to music and enjoy playing sports like basketball with my close friends.</p>
	<p>Hello, I'm John Sherman. I'm a Computer Information Systems major from Chantilly, Virginia. Outside of class I like to go to read, play chess, watch sports, and go to UREC with friends.</p>