

Timbre

BUSINESS PLAN

by Emily Irish

Executive Summary

Have you ever thrown away a pair of cheap airplane headphones or one of those musical birthday cards? So have I. Everything we throw away has an impact on our planet, especially electronic waste which takes longer to break down and is toxic to plants and animals. In 2012, Americans produced an average of 65.6 pounds of e-waste per person.

You can take a step to help the environment while listening to your favorite music with *Timbre*. *Timbre* is a speaker made from reused electronic parts that can plug into any device. It reuses speakers from musical greeting cards, cords from headphones, and empty Altoids tins to create good quality, small and inexpensive speakers that require no charging! For the low price of \$25, *Timbre* users will have portable speakers while taking a stand to save our planet.

Based on preliminary research, *Timbre's* target audience is teenagers—primarily girls—who enjoy listening to music and who care about the environment. In primary research conducted for this business plan, 94% of survey respondents said they would purchase a speaker made out of re-used materials. There are not many options in the marketplace for people who want eco-friendly speakers at a reasonable price.

In its first year, *Timbre* will sell 36 units locally to Terra Linda students for a total potential revenue of \$900 (\$648 after expenses). If *Timbre* is successful and if we were to target 1% of American teenagers nationally (214,698 students) at \$25 per sale, *Timbre* can generate over \$5 million (\$3.8 million after expenses).

Timbre will keep production prices low through the use of old electronic materials and a small start-up team. We will market *Timbre* speakers on social media sites like Facebook and Instagram and eventually conduct sales through Etsy.

2) Business Description

Timbre reuses speakers from musical greeting cards, cords from headphones, and empty Altoids tins to create good quality, small and inexpensive speakers. They look cool and they're portable. They also can fit in your pocket! They have a 3.5mm jack, so they can be plugged into most modern electronics.

3) Market Opportunity

a) The Need

Manufacturing and waste of electronics damages our Earth. *Timbre* reduces waste by re-using unwanted electronics and turning them into a portable speaker.

b) Target Market

The target market is teenagers, primarily girls, who enjoy listening to music, and who care about the environment.

- i) Persona profile: Jackie is a 16-year old girl who lives in the United States. She is half African American and half Caucasian. She enjoys listening to music, playing the guitar, writing, and using tumblr. She has a part-time job at a nearby shoe store and she makes about seventy-five dollars each month. Jackie has access to the internet and television at her home. She spends her free time in her room playing guitar and hanging out at the park with friends. She is currently attending public high school and planning on attending college.

c) Market Demand

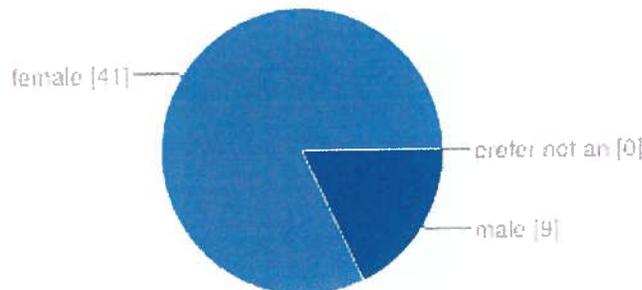
- i) Size of target population: In 2008, there were approximately 21,469,780 teenagers between the ages of 15 and 19 in America according to the US Census Bureau.
- ii) My business plan assumes that *Timbre* will initially be marketed locally to the Terra Linda High School population. According to U.S. News and World Report, Terra Linda High School has 1,069 students and 49% of them are female (523 students). *Timbre* will initially target these students and we hope to sell to approximately 15% of them. *Timbre* also expects to expand via the Internet by using sites for independent designers like Etsy.
- iii) Average revenue for each customer: *Timbre* will generate \$25 per sale with an initial production of 36 units in 2015

- iv) Total potential revenue per year: In its initial phase, *Timbre* will sell 36 units locally to the Terra Linda students for the total potential revenue of \$900 (\$648 after expenses). If *Timbre* is a success and we expand nationally targeting 1% of American teenagers (214,698 students) at \$25 per sale, we could generate over \$5 million (\$3.8 million after expenses).
- v) The estimated annual revenue for *Timbre*'s first phase is \$648 after expenses.

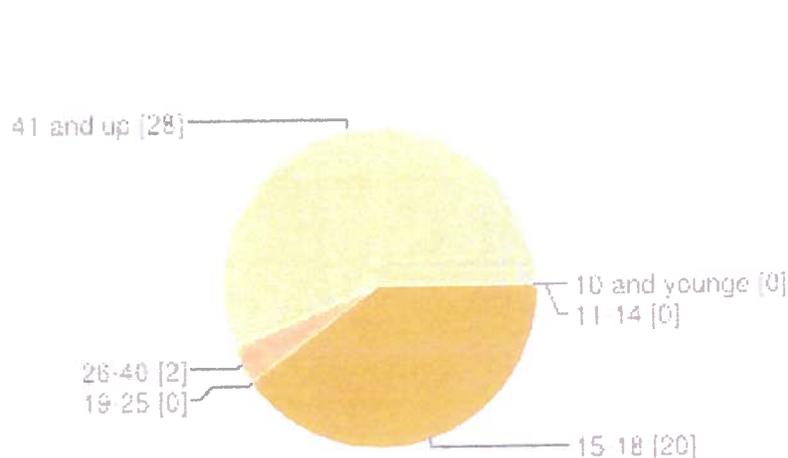
d) Market Research

- i) Primary research: I conducted an online survey of 50 people in November 2015 about the concept of *Timbre* speakers. 82% of the respondents were female and 40% of them were between the ages of 15-18.

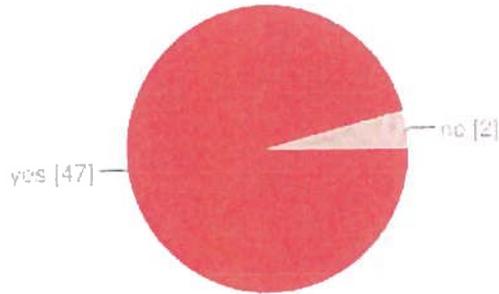
Gender of Survey Respondents:



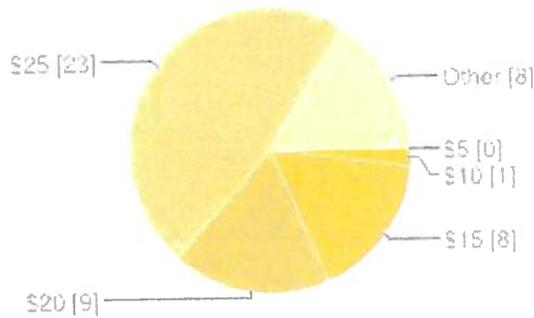
Age of Survey Respondents:



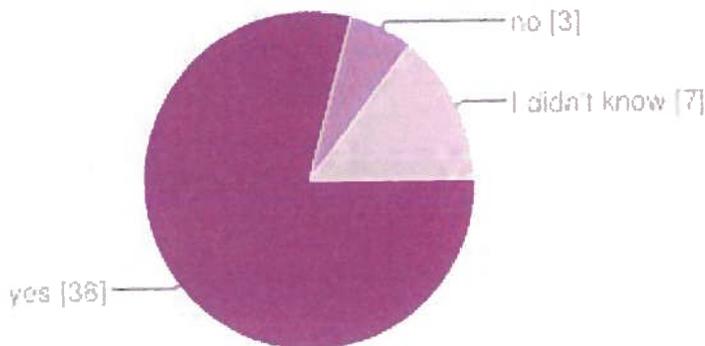
94% of them said they would buy a speaker if it was made out of reused materials:



Almost half of the respondents (46%) said they would spend \$25 on the speakers:



76% of the respondents recycle and re-use electronic waste:



ii) Secondary Research

I searched online and discovered several web pages of examples and instructions of how to make similar speakers out of Altoids tins at Instructables.com. The instructions weren't very clear and they skipped necessary steps. My Altoids speaker is derived from a combination of a few of the different Instructables with some of my own ideas.

Also, since the Instructables were fairly confusing, I don't believe most people will take the time and effort to search for these instructions and build their own speakers.

e) Competitive Analysis

Competitor Name	Products/ Service	Price	Quality	Competitive Advantage	Weaknesses	How are you different?
OrigAudio Fold n Play	cardboard speakers	\$18.00	somewhat flimsy, looks pretty	very lightweight, and small	could be crushed or bent	my speakers are sturdier, and my speakers are made by reusing materials
Design It Yourself Eco Speakers		\$15.99	looks very similar almost identical to the OrigAudio Fold n Play	made from recycled materials, foldable for transportation, comes with colored pencils for decorating	again could be crushed or bent in transportation	my speakers are sturdier, plus they come already decorated, also my speakers are made by reusing materials
Bamboo speaker amplifier	bamboo tube which connects to all types of smartphones	\$16.99	real bamboo, looks nice	nice looking, all natural	large and very bulky	more compact, and can be plugged into anything with a 3.5mm jack, also my speakers are made by reusing materials
Portable Bluetooth Speaker Solar Eco Friendly Waterproof MicroSolar Music Play	waterproof solar speaker that uses bluetooth to play music	\$85.99	great quality, looks durable, waterproof	solar powered, waterproof	very large, takes up a lot of space	my speakers aren't solar powered or waterproof, but transportation is easier and the price is cut by a large margin, also my speakers are made by reusing materials

f) SWOT Analysis

- i) Strengths: small, compact; can be plugged into anything with a 3.5mm jack; takes way trash from landfills
Weaknesses: old parts of materials; people won't take student entrepreneurs seriously; this is a "school project" instead of something I came up with on my own;
Opportunities: environmentally friendly—re-using materials; intrinsic motivation
Threats: people will not want to buy from a high-school student; it will be hard to find donated materials (especially Altoid tins)
- ii) What might happen in the future to impact my business positively & negatively? In the future, *Timbre* can be successful if people are excited to buy from a teenager and if I position the "school project" as an important, professional business. While I may not have a designated location for my business, *Timbre* can be sold online. On the negative side, I might not be able to secure donated materials or people won't want to buy a product from a highschooler.

4) Marketing Strategy

a) Mission, Vision, Values

- i) The mission of *Timbre* is to reduce the amount of electronic waste in landfills and change trash into treasure while transforming people's attitudes.
- ii) The vision of *Timbre* is that people, especially teenagers, will become more aware of their impact on the environment and the potential to re-use what they once saw as waste.
- iii) The values of *Timbre* include quality, commitment to the environment and constant positive change.

b) Branding

- i) *Timbre* is the name of my brand. According to Merriam-Webster online dictionary, the definition of timbre is the quality of the sound made by a particular voice or musical instrument. *Timbre* speakers will be distinct with a personality that makes you feel good about helping the planet; they'll be professional, fun, creative and sturdy.
- ii) Logo



- iii) The slogan will be "Think Outside the Box".
- iv) Customer service style: *Timbre* will let people enjoy their music with no expense to the environment.

c) MOST Grid

Marketing Objective	Strategy	Tactics
Initial goal is to sell 36 units locally	Use social media to gain and keep customers	Instagram: Document the production of <i>Timbre</i> speakers, preview our designs, and encourage community participation
		Facebook: Updates about <i>Timbre</i> and special campaigns to encourage followers
		Tumblr: Official web site with links to other social media (main hub)
		Etsy (longer term): Create a presence to sell to the masses
	Promote within TL	Flyers promoting <i>Timbre</i>
		Possibly sell at TL events
		Give away a <i>Timbre</i> to an influential student

5) Operations

Timbre has a flexible location. We don't require much space for production since the speakers and materials are so small. *Timbre* will get most of our supplies from donations from the public and people within TL and MSEL. The remainder of materials we will get from a craft store such as Michaels. Equipment to make *Timbre's* speakers is already available and includes exacto knives, a drill, and hot glue gun.

6) Management Plan

Timbre needs these key positions:

CEO will lead the daily operations and be in charge of all final decisions regarding *Timbre*. They need to be able to communicate easily with members of the team and be open minded and on task. They also require proven experience building a strong team and they are focused on quality. The CEO will be responsible for the financials including costs and revenue projections and annual reports.

Sound Engineer to work on improving the audio quality and volume of the speaker. This person will have experience working with electronics, wires, and have a moderate understanding of how speakers and wire connections create sound. The ideal Sound Engineer will be proactive and a good problem solver. They will also have experience completing several DIY projects.

Designer will work to create a distinctive look for the product and design aesthetic, yet practical solutions. They will also create a simple, graphic-friendly user manual and work collaboratively with the Director of Marketing and Advertising. The Designer should be creative and an out-of-the-box thinker but also realistic. Candidates for this position need to present a portfolio of design work they have done. Last but not least, they need to work well with other people, and be open to others' ideas and feedback.

Director of Marketing will work on *Timbre's* outreach to the public as well as attracting and connecting with our target market. They should have experience using web sites and social media such as Facebook and Instagram and maintain a following on these channels. They should also know how to use basic code to build a website on Tumblr. Skills to promote products on Etsy is also important. The Director of Marketing needs to be motivated and have a strong writing style that is unique and witty.

Production Manager will oversee the planning, coordination and control of manufacturing the speakers. They will make sure that the *Timbre* speakers are produced efficiently and they operate at the highest quality. The Production Manager will be responsible for managing the inventory of materials to make the speakers and finished products before they are sold. The Production Manager should have a good attention to detail and the ability to manage multiple tasks at once.

7) Financials

a) Unit Cost Analysis

Materials	Total \$ (a)	Per	Quantity (Ex. Pound, ounce, package of 10)	Total # of Units (from this quantity) (b)	Cost per Unit = (a) / (b)
used musical birthday cards	0		1	1	\$0
old cheap headphones	0		1	1	\$0
craft foam	1		1 sheet	20	\$0.05
altoid tin	0		1 tin	1	\$0
hot glue	2.02		pack of 12	48	\$0.04
Total Material Cost Per Unit:					\$0.09

Variable Labor:	Wage Per Hour (a)	# of Hours Per Unit (b)	Cost Per Unit = (a) x (b)	
	9		0.75	6.75
Total Variable Labor:				6.75

Total Unit Cost (Total Material Cost + Total Variable Labor):	\$6.84
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b) Forecasted Sales

March	April	May	Total - Yr 1
9	13	14	36

c) Income Statement

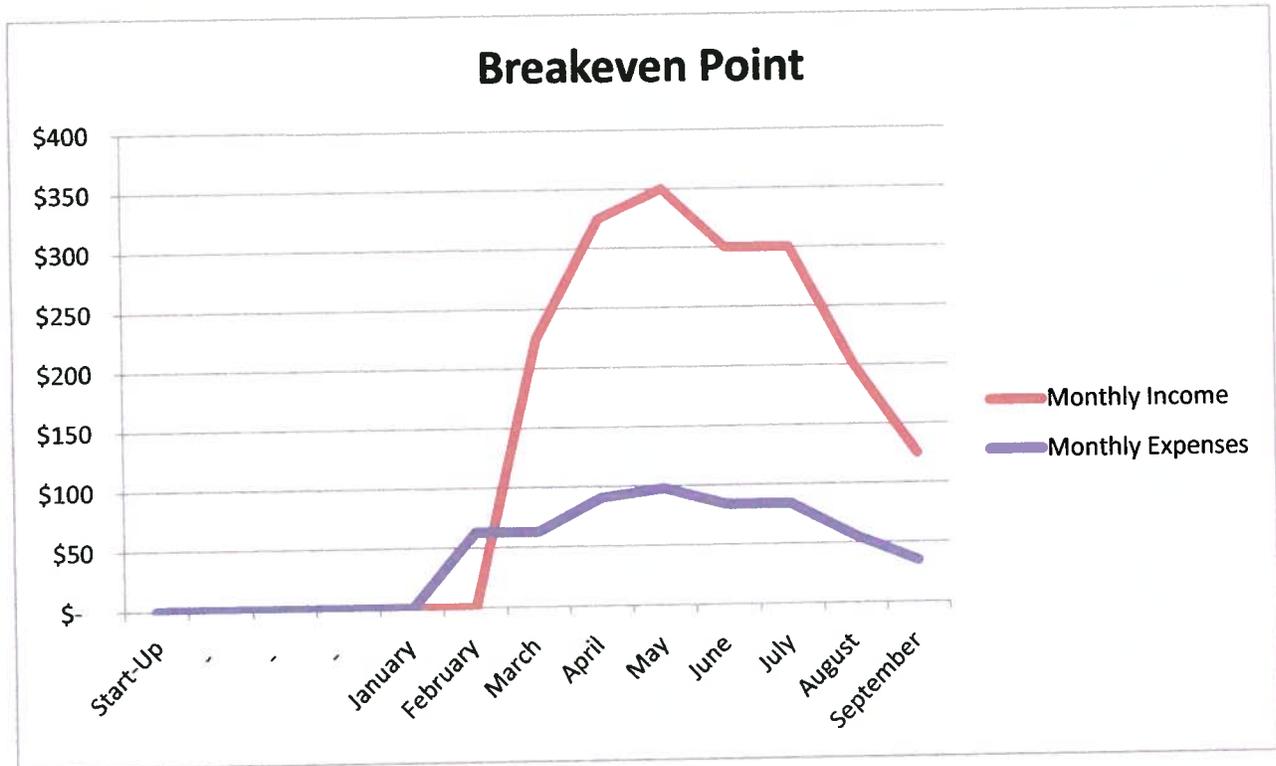
Profit & Loss Monthly				
2015	March	April	May	Total
Revenue/Sales				
Altoid Speakers	\$ 225.00	\$ 325.00	\$ 350.00	\$ 900.00
Total Revenue/Sales:	\$ 225.00	\$ 325.00	\$ 350.00	\$ 900.00
Cost of Goods Sold				
Altoid Speakers	\$ 63.00	\$ 91.00	\$ 98.00	\$ 252.00
Total Cost of Goods Sold:	\$ 63.00	\$ 91.00	\$ 98.00	\$ 252.00
Gross Profit	\$ 162.00	\$ 234.00	\$ 252.00	\$ 648.00
Gross Profit Margin	72%	72%	72%	72%
Net Profit	\$ 162.00	\$ 234.00	\$ 252.00	\$ 648.00
Net Profit Margin	72%	72%	72%	72%

d) Cash Flows

	Start-Up	January	February	March	April	May	June
Beginning Cash Balance		\$ (63)	\$ (63)	\$ (63)	\$ 99	\$ 333	\$ 585
Monthly Income	\$	\$ -	\$ -	\$ 225	\$ 325	\$ 350	\$ -
Startup Expenses	\$ 63						
Monthly Expenses	\$	\$ -	\$ -	\$ 63	\$ 91	\$ 98	\$ -
Ending Cash Balance	\$ (63)	\$ (63)	\$ (63)	\$ 99	\$ 333	\$ 585	\$ 585

e) Forecasted breakeven point – when will revenues exceed expenses:

My breakeven point is in March, the first month the *Timbre* products are sold.



c) Start-up Capital

I estimate I will need about 63 dollars to start my business to make 9 Altoid speakers.

8) Conclusion

Timbre has the potential to transform the way teenagers think about electronic waste. *Timbre* speakers can be used as an eco-friendly way to listen to music and other audio. *Timbre* will be profitable within two months of business and it can also generate multiple millions of dollars as word spreads about this unique product.