



2015-2016 Company Report

Volunteers: Liz Thul & Dustin Childs

Teacher: Mary Berg

Mankato East Senior High School

2600 Hoffman Road

Mankato, MN 56001

Management: Spencer Steinbach (9), Scott Truong (11)

Financial: Dane Bohrer (9), Payton Fisher (9), Sam Ahrens (12), Nathan Kleist (11)

Supply Chain: Alexis Nussbaumer (12), Destiny Friedrichs (9), Abdikarim Ali (9)

Marketing: Guillermo Ponce-Rodriguez (11), Ayub Osman (9)

Sales: Carter Haley (12) Andre Fortin (11), Shelby Rivers (10), David Guerra (9)

Executive Summary

Mission Statement

Our mission is to provide fun in wearing SOX. "People that wear crazy socks reform from social trends"- Unknown Author. Our philosophy to provide our customers with a way to express their unique style with SOX.

Product Description

SOX is a student operated company that provides six high quality varieties of SOX including: low women ankle, polka dot fuzzy, striped fuzzy, men's thread ankle and dress.

Financial Summary

SOX began with investors from our group members because our parents told us we were "crazy, who would buy socks?" As a company, we were able to prove our parents wrong and sold a majority our first order which was 156 pairs of SOX. With significant demand for SOX our sales took off, but supply chain was challenged with the need to effectively manage our company's inventory.

SOX started selling March 16, 2016 and by April 1, 2016, we have not only paid back all of our investors, and now our sales revenue is currently \$765.00, our total profit now is \$116.71.

Company Performance

The company has learned essential soft skills such as cooperation, patience, perseverance, and collaborating. This has been a fun process and taught us all lessons on how to effectively (and ineffectively) run a company.

Table of Contents

Executive Summary	1
Company Overview	1-2
Product Description	3
Supply Chain	4-5
Financials	8
Marketing and Strategy	9-10
Management and Leadership	10



Company Overview

Our story

SOX is a group of young adults in grade 9-12 from Mankato East High School. We are eager to continue to learn from our experience with JA Company Program. Individually, we registered for an elective class "Introduction to Business" and now as a class, we are a business partners. The class decided to sell socks because we thought it was a common need in all households. Our company thought socks would be a great company to get started.

We are continuing to be challenged through Junior Achievement Company Program, and learn from our mistakes. Through JA Company Program we are learning to communicate and work together more efficiently.

Identity

After lots of time being indecisive about our company name, we decided to be simple about it and choose a name that people could remember. Therefore, we just decided to name our company SOX because it's easy for customers to remember.

Facing Obstacles


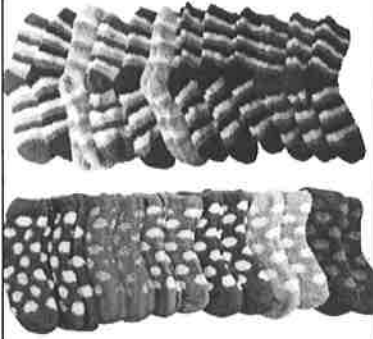


We had a lot of obstacles while doing this, but this just made us smarter and more determined. Our obstacles were communication and patience. We are all different ages which affected our communication because younger students were sometimes intimidated to share their ideas, when the upperclassmen were more outspoken. We also had a lot of bumps in the road ordering our products. Our orders got declined numerous times due to our billing addresses not matching what our debit card had on file. Another obstacle was agreeing on what manufacture we were going to order from and the different types of socks we wanted to offer our customers. To overcome these obstacles we voted as a company.

Future Application

Though our company has not liquidated yet we are actually in the process of offering another product line of men's dress soxs. We completely sold out of this product from week one and there's a demand for more.



Product Description

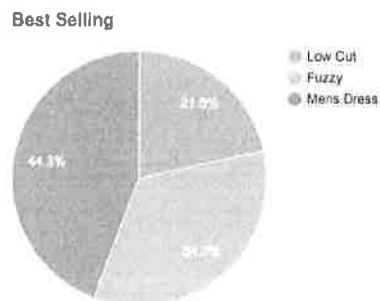
	<p>Women's Ankle SOX</p> <ul style="list-style-type: none">● Low-cut Pattern Sports Socks● Athletic Colorful Socks● Size 9-11 Fits Women's Shoe Sizes 10-5● 92% Polyester 8% Spandex
	<p>Fuzzy SOX</p> <ul style="list-style-type: none">● These Butter Soft fuzzy socks will have your feet staying comfortable and warm!● You can wear them as boot socks or just for lounging around the house - Sock Size 9-11 - Fits Women's Shoes Size 5-11● Makes a great gift item for anytime of the year● You will receive 12 pairs assorted as pictured
	<p>Mens Thread Ankle SOX</p> <ul style="list-style-type: none">● Male ankle thread socks● Machine washable, tumble dry
	<p>Dress Soxs</p> <ul style="list-style-type: none">● 80% Cotton 20% Nylon● Sock Size 10-13 fits men's shoe size 8-12● Ships Assorted Colors And Patterns as Pictured● Executive Dress Series● Special softness for extra comfort● Machine washable, tumble dry

Supply Chain

Production

We used the internet as our sourcing and production of our products. This gave us the most options and competitive pricing. Though we wanted to stay local it was in our best interest to shop around. There are many different competitors with different SOX designs, textures, and pricing, such as other stores and online sox companies. As a whole team, we all discussed what supplier we wanted to order from, what color soxs we wanted to sell, what textures we wanted to sell. This discussion was based off our target audience because they would be the ones buying our product.

For example, we decided to order from websites like Sockbin, which is located in the United States, and AliExpress which was located in China. We ordered from them because they had competitive prices, and even better prices if we ordered in large quantities. Sockbin had a fast delivery about 5 days, but AliExpress took about 4 weeks to get here because. Our team decided to vote on the socks that we felt many people would buy because of our market research survey. At first we had problems ordering from Sockbin because a couple socks we ordered were out of stock, but we called them and figured out the issue, and then we got our soxs ordered. Sockbin did not have some of the styles that we wanted to order so we did more research to look for another website or company to find substitute socks. We ended up finding AliExpress, and bought the substitute soxs from them.



Distribution

All of the SOX sold to customers are hand delivered by everyone on our team. No SOX are given to customer before they pay, but they may pre-pay before we give the socks out so we can reserve what the customer wants. So, basically our product is delivered to the customer upon a purchase or if they pay in advance. Our first order of low cut,



fuzzy, and men's dress SOX was a frenzy and people randomly grabbed SOX. Supply chain started a spreadsheet that has everyone's name on it that tracks how many soxs they have, how many they sold, the dates they were given the SOX, and the dates they sold them. With our new system we distribute the SOX equally to all of our team members, and has to check in and inventory daily.

Operation

We had to figure out what companies we were going to order from and how many pairs we were going to order from each. This all depended on how much investment money we had and raised. After we found out that we could not get some of the pairs that we wanted from Sockbin we went with AliExpress and got a couple pairs from there. All the manufactures offered free shipping so we didn't have to worry about the cost of shipping. When we ordered them it took about 5 business days, except for the soxs from AliExpress they took 24 days. When we got each order, we checked if we had needed all the product by starting our inventory control spreadsheet. The next day we divided them up between our business, put them in the system of our inventory control, and we started to sell, and decided to continue to sell them until we run out. We ran out of soxs, our first order of our dress SOX & fuzzy SOX we ordered new fuzzy SOX and are in the process of ordering more SOX.

Resources Required

The resources required to start this operation is our product, which is SOX and our team. We need a reliable manufacturer to supply us with the socks, which we found on a website called Sockbin. These websites had the best fit for the type of SOX we were looking for. We also need a computer to track our orders. We don't need a credit card reader because all of sales are done by cash or check. We need a spreadsheet to keep track of sales, which was created to keep inventory. Another thing we needed was money to help get us started. We planned on having investors but we decided to be our own investors and we created investor agreements for those who invested.

Competitive Advantage

We realize there are plenty options to buy SOX than us. What sets us apart is we are local, have competitive pricing, and have a high quality product. We are a local company, stationed in Mankato. We only sell local as of now but we could expand. Our pricing is also very average. We sell for \$5.00 a pair and we have a 5 pairs for \$20 deal. We buy from trusted manufacturers who use excellent materials to create the socks.



Future Potential of the Company

We know we have potential in our company because we know we can make a lot of profit easily by just selling socks. People are very interested in our product right now and are willing to buy more if we give them the service they deserve. This company would be able to grow if we keep gaining profit. With the profit, we can re-order and sell more and gain more attention from our customers. To keep our customers we are going to be adding different variety of our socks for our consumers to chose from and also adding different price packages. Our company will keep growing if we find socks that everyone likes and continue to provide customer satisfaction. Customers will continue to purchase SOX at competitive price in comparison to other retailers.

Strengths <ul style="list-style-type: none"> ▪ Unique designs ▪ Larger team ▪ High school market ▪ 	Weaknesses <ul style="list-style-type: none"> ▪ Limited amount of time ▪ Lack of knowledge about business ▪ Lead Time of socks ▪ Finding investors ▪ Not a known brand name
Opportunities <ul style="list-style-type: none"> ▪ Works with local company ▪ Selling at school events ▪ Competitive prices 	Threats <ul style="list-style-type: none"> ▪ Local competitors (WalMart, Scheels, ▪ Inconvenience

Financials

Funds

Our total inventory purchase for the SOX was \$248.29. We bought the order online from Sockbin.com and offered three types of SOX. The woman low cut cost \$96.00. The women fuzzy socks cost \$101.40. The Men's dress socks cost \$78.48. The total was \$275.88 but we had a discount that took away \$27.59. So the total price was \$248.29. To keep up with the demand for our product, SOX has placed a second order for \$52.81 and that was the new fuzzy socks, and now a third order was for \$32.80 and that was the thread socks.

Investors

SOX started with six investors. Employees of SOX found value in investing in the company to show their financial support in the outcome of the company. All investors are current employees of the company; Andre, Scott, Carter, Payton, Nate, and Dane. The negotiated rate of return was 5%. To pay back our investors SOX needed \$400 in sales. The spreadsheet below shows our investors and their return.



Investor	Company Name	Amount	Date Received		5% return
Andre	Sox	\$60	3/2/2016		\$63
				*didn't want extra	
Scott	Sox	\$200	3/2/2016	\$10	\$200
Carter	Sox	\$50	3/2/2016		\$52.50
Payton	Sox	\$40	3/2/2016		\$42
Dane	Sox	\$20	3/2/2016		\$21
Nate	Sox	\$20	3/2/2016		\$21

Total: \$399.50

Financial Statement

Income Statement

For Year Ending April 4, 2016

Revenue:

Women Low Cut: (5\$ * 43 pairs sold)	\$215.00
Women Fuzzy: (5* 73 pairs sold)	\$365.00
Men's Business Socks: (5* 35 pairs sold)	\$175.00

Total: \$755.00

Other Revenue:

Donations:	\$10.00
Total:	\$10.00

Total Revenue: \$765.00

Costs of Goods Sold:

Thread Low Cut	(32.80)
Women Low Cut:	(\$96.00)
Women Fuzzy:	(\$154.21)
Men's Business Socks:	(\$78.48)
(Purchase Discounts)	(\$27.59)

Total: (\$361.49)



Gross Profit:	\$516.71
Expenses:	
Investor Repayment:	\$390.00
Investor Rate of Return:	\$10.00
Total:	(400.00)
Net Income:	\$116.71

Break-Even Point Analysis

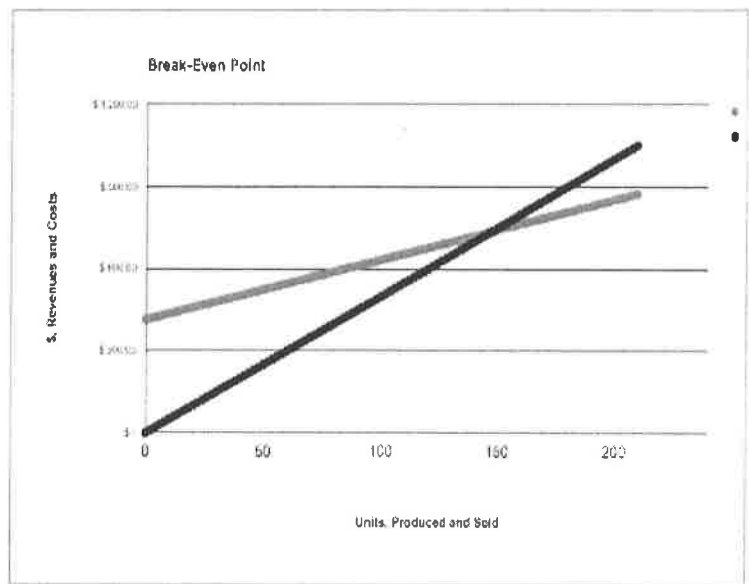
SOX

Fixed Costs

	Ttl
Merchandise Order 1	\$ 248.59
Merchandise Order 2	\$ 133.81
Merchandise Order 3	\$ 82.80
Total Cost of Merchandise	<u>\$ 415.20</u>
	\$ 415.20

Pricing

	EXAMPLE
Sales Price	\$ 5.00
Commissi-	0% \$ -
Sales Tax	0% \$ -
Materials Cost	\$ 2.18
Profit Margin	\$ 2.82



Break-Even Point = 148 products

Sales Goal = 156 products**
Profit = 364.80

Cost Structure

We are selling the socks for \$5 a pair. We have a deal 5 pairs for \$20. The distribution cost is \$0 and so is the Human Resource cost. The cost we have of purchasing our socks averaged \$1.58 a pair. This makes a \$3.42 profit on each pair. We decided to sell them for \$5 because normally you would double the retail price but since that would only be about \$1.50 in profit we marked it up a little more to \$5. We need to sell 148 pairs of socks to break even.

Marketing and Marketing Strategy



Marketing

The marketing tactics were one of the most important aspects towards our success. We found that in our school, our target customers are female students. The SOX we ordered were ankles SOX, fuzzy SOX, and dress SOX. The ankles SOX and the fuzzy are targeted to mostly females. The dress SOX are targeted to mostly males. The marketing team also worked on designs that would fit our company. We finally came up with a design for our logo and a slogan with the assistance by the group.

Our initial sales technique was personal selling to friends and family. Later, SOX was also able to gain sales from outside the school community. Such as small business, in the Mankato community, etc. The marketing department used social media to promote our business. We created social media accounts including Facebook and Twitter. Most of the people that bought from us have been satisfied with our product. Most of the customers that bought our product helped us reach our goal. These people recommend us to families and friends. Female students have bought most of our product. We are entrepreneurs that are willing to take risks such as interacting with different markets worldwide. We are willing to buy different products that might not even sell such as ankle SOX that didn't sell to our expectations.

Target Audience

Our target audience is mainly teenagers/students and young adults. We will do most of our sales here at Mankato East High School because we know there is lots of students that want our product. Our SOX have a certain design that appeals to a lot of students. We surveyed our classmates, team members, and our families to see what kind of socks they would like to buy. Our team decided to vote on exactly which socks we were going to order. We created a Facebook page so the team could discuss with each other the opportunities of customers and the struggles of starting a business through school, while doing this we gained popularity. The Facebook page wasn't very popular at first, but it gained more popularity with time.

Management and Leadership

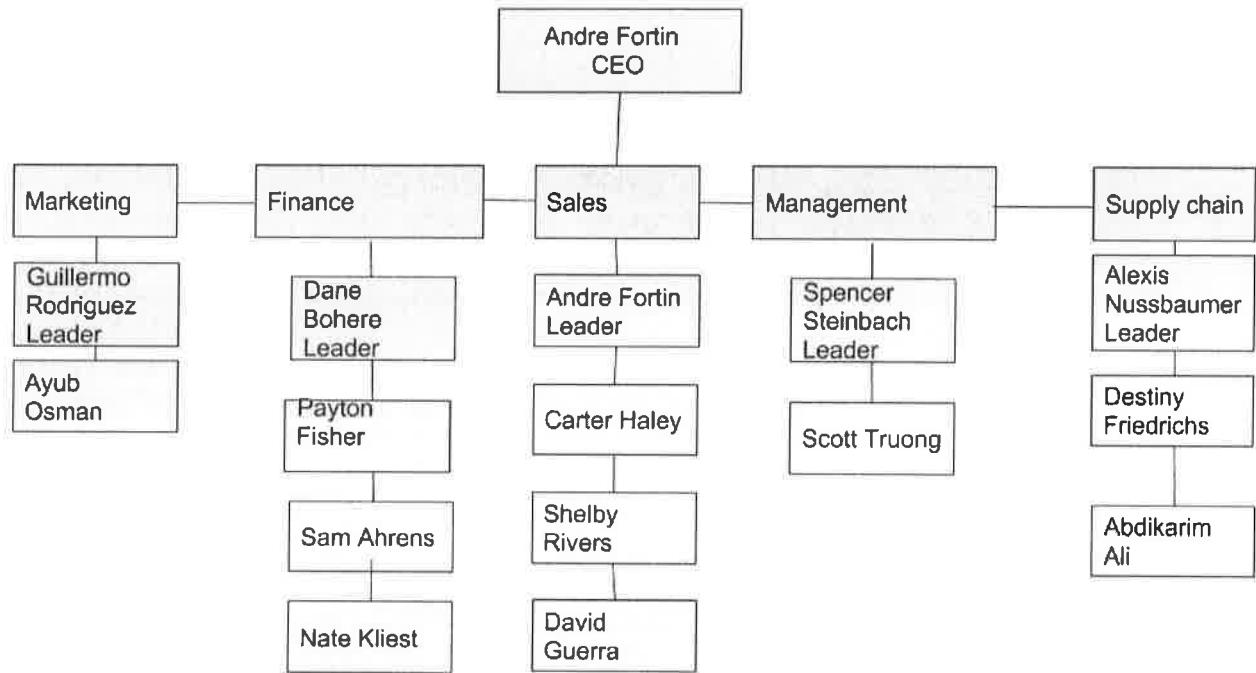
Management

Our management team consisted of two members. We decided that we were going to make all decisions as a whole group with division leaders. If we disagree, we discuss the issue and decide what is the best decision for the company. To continue to build our company, we have brainstorming sessions. Employees were placed in different departments based on their unique skills and interests. Everyone works hard and encourages their peers to do the best work they can. At SOX we want everyone in the



company to feel involved. Communication is essential to our success, which our group practices now to ensure we can keep each other informed on new ideas.

Company Structure



Employee Inspiration

Our inspirations are achieved through our company mission and goals. Afterall, all the fun is in the journey, and how we are going to learn from this and implement it in our futures.

Our Goal

Our Goal is to sell SOX to individuals for them to express their unique style. It was our first goal to pay back our investors. As of now, we already paid back our investors. We want to gain profits to continue to expand our product line. As we are going through this journey, we are have more experience to help us prepare for our future.

