

Annual Report 2018-2019

Junior Achievement of East Central Ohio

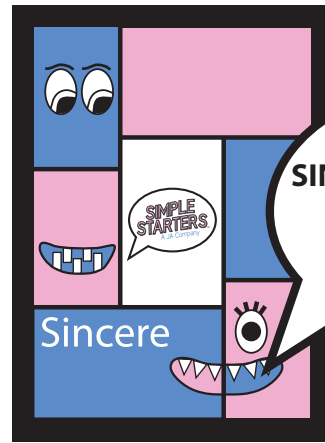
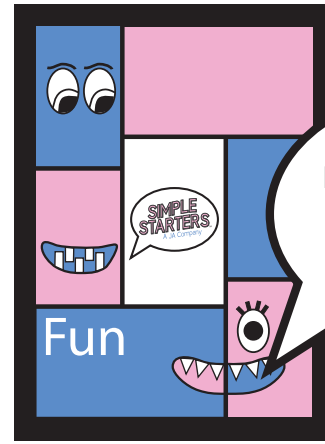


Hoover High School
Mr. Mike Grady
Mr. Joe Rozsa

Executive Summary

Recently, we noticed that teenagers are spending more time on their phones, not only at school, but at home as well, especially at the dinner table. Through a survey we conducted, we discovered that 98.4% of families who responded have technological distractions at their dinner table. We believe that there is a direct correlation between that, and 56.9% of Stark County teens feeling lonely according to the recent CDC Report conducted in our community. This social disconnect drove us to create 2 packs of 35 conversation starter cards that promote face-to-face communication, especially at the dinner table, when families might only get one chance a day to connect with each other. Our packs focus on two categories, a fun pack, and a sincere pack. Our Fun Pack focuses on memories, laughter and imagination, while our Sincere Pack focuses on making difficult issues easier to talk about by getting into deeper topics that parents should be talking about with their kids.

Nicholas Friedl
Nicholas Friedl - CEO



JA Performance Review

Total Units Sold: **1,140**
Website Page Views: **4,744**
Net Profit: **\$10,271.48**
Total Revenue: **\$18,554.72**

Financial Performance Overview

Break Even Point: **262 packs**
Net Profit: **\$10,271.48**
Return on Investment: **2,283%**
Total Revenue: **\$18,554.72**

Table of Contents

| | |
|--------------------------------|---|
| Executive Summary..... | 1 |
| Financials..... | 2 |
| Leadership & Organization..... | 3 |
| Innovation..... | 4 |
| Marketing and Sales..... | 6 |
| Learning Experiences..... | 8 |

Financials

Balance Sheet

| | |
|--------------------------------------|------------------|
| Assets: | |
| Cash | 10,468.40 |
| Supplies | 253.08 |
| Total Assets | 10,721.48 |
| Owner's Equity + Liabilities: | |
| Capital Stock | 450.00 |
| Net Profit | 10,271.48 |
| Total Liabilities and Capital | 10,721.48 |

Statement of Activities (Profit or Loss)

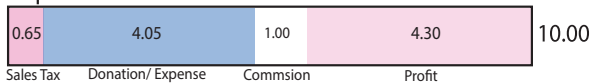
| | |
|--|------------------|
| Revenue: | |
| Revenue from Sales | 13,554.72 |
| Other Revenue - Prize Money* | 5,000.00 |
| Total Revenue | 18,554.72 |
| Expenses: | |
| Total Sales Tax | 867.89 |
| Cost of Goods Sold | 2,511.23 |
| Wages, Salaries, and Commissions | 1,045.49 |
| Charitable Donation: Dymonte Thomas Community and Perry High School | 3,858.63 |
| Total Expenses | 8,283.24 |
| Net Profit | 10,271.48 |

Book Value of Stock* (Upon Liquidation)

| | |
|--------------------------------|------------------|
| Net Profit | 10,271.48 |
| Capital Stock | 450 |
| Total Owner's Equity | 10,721.48 |
| Number of Shares of Stock Sold | 90 |
| Book Value/Share | 114.13 |
| Percent Return/Share | 2,283% |

Product Price Breakdown

In person



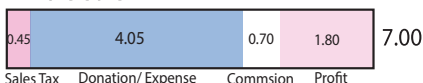
Website



Amazon



Whole Sale



Overview

The price of each conversation starter pack is \$10. After expenses, we were left with a profit margin of \$5.30/pack. We have sold a total of 1,140 units and have a net profit of \$10,271.48. This leaves us with a return on investment of 2,283%.

Capital

Each team member purchased 10 shares of stock at \$5 per share, resulting in a starting capital of \$450. As a result, we were able to keep Simple Starters solely owned by our employees. We used the starting capital for supplies such as packaging for online orders.

Break Even

After accounting for a 40.5% donation of revenue on our first 1,000 packs to multiple charitable organizations, we are left with \$1390.87 in fixed costs. This gives us a break even point of 262.4 packs.

Return on Investment

Simple Starters Inc. received \$450 in capital stock from its employees. We currently have a net profit of \$10,271.48 which makes our return on investment 2,283%.

Total Revenue:
\$18,554.72



Leadership & Organization

Continuous Improvement

We implemented a 10% commission on each pack sold as well as bonus money given out as a way to hold each employee accountable and encourage them to meet their sales goal. This system rewards growth in monthly sales objectives.

At the beginning of each month, a company meeting is held for each department to communicate what they have accomplished and their goals for the upcoming month. During these meetings, the topics covered include a SWOT analysis by the CEO, financial status by the VP of Finance, and a sales report by the VP of Sales. These three procedures give an accurate scope of the present and future performance of the company.

The final method of improving our company is the department analysis by the CEO and HR, who meet individually with each person in the company to discuss their performance. This approach allows everyone to understand their current status within the company, as well as ways to improve. The CEO is also analyzed by HR, and another department head, chosen by HR. HR is then analyzed by the CEO, and another department head, chosen by the CEO.

Through this system of continuous improvement, Simple Starters encourages advancement in performance and looks to align ideas to make our company conduct business effectively.

Company Structure

Simple Starters organizational structure can be described as three teams communicating their work with the CEO. This exemplifies what Simple Starters strives to achieve; communication from the ground up. Each team reports the work they complete to the CEO. This structure allows the CEO to be versatile in the projects that he leads, and sets the direction of the company as a whole.

The “teams” system allows the company to be sectioned into groups that accomplish tasks in different areas of business. Simple Starters uses a flat organizational structure that allows for only a few layers of management and a broad span of control. Once a team is assigned a task, it is up to the individuals within that team to set the pace and a timeline to complete the task. This structure is ideal because it allows for the optimal number of team members under the direction of the CEO to maximize our efficiency.



Innovation

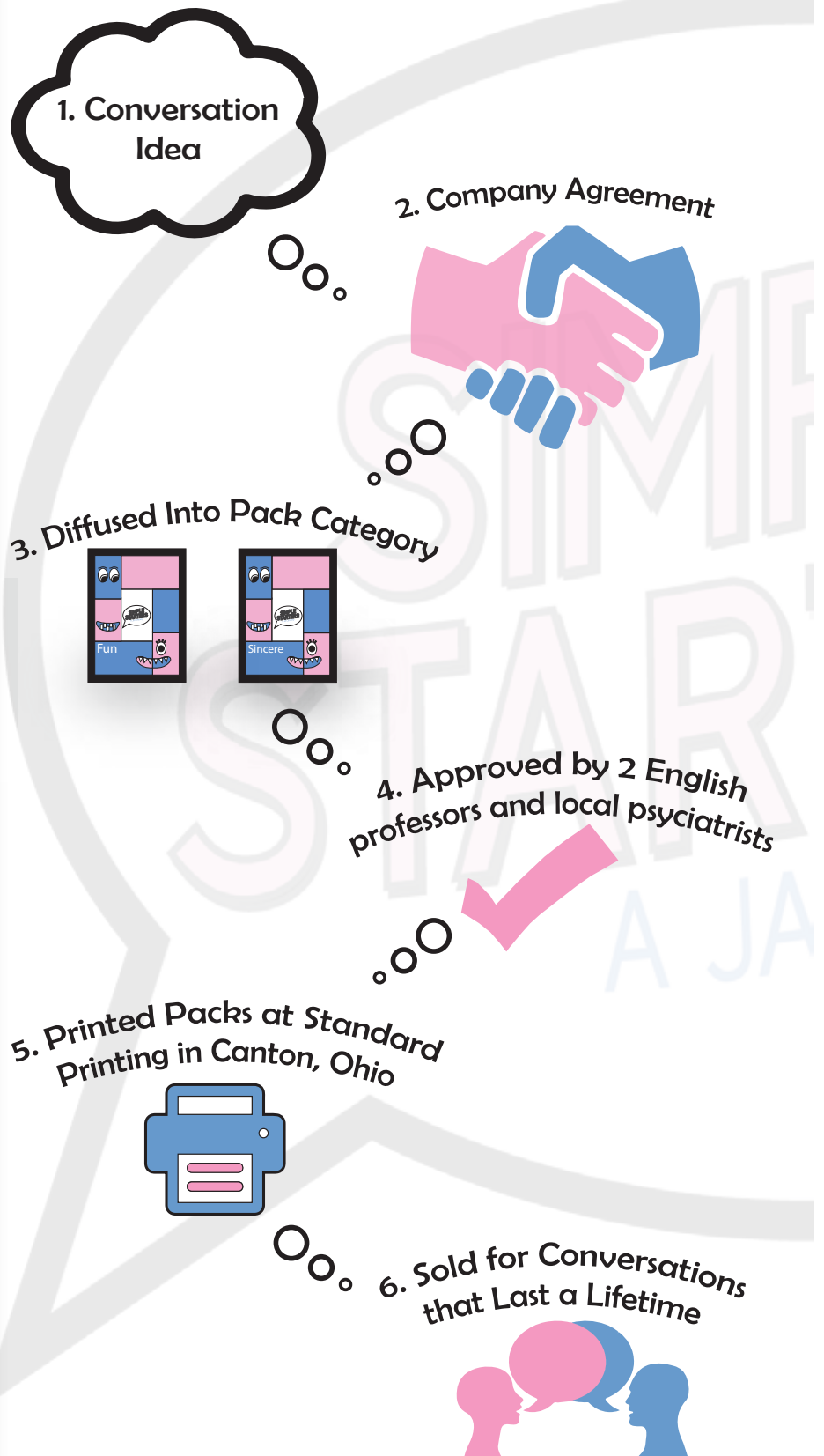
Using Data to Solve a Problem

Our company has been innovative by setting out to solve a problem which lies within our own community. Our community has faced a huge problem with teenage suicides and depression. Through our research, we found that in most cases, the problem was communication. The CDC Report in our community showed that 56.9% of Stark County teenagers feel lonely. Our solution is a fun and easy way for families and friends to be able to talk to each other and open up to people which leads to stronger and deeper relationships. Our intention is to encourage conversations and make a positive impact on our local community and beyond.

Product Development

The quality and variety of our cards are very important. Our cards are printed by Standard Printing Company in Canton, Ohio. Standard Printing is a high-end commercial printing company that specializes in using eco-friendly inks and papers that are FSC certified. We also take pride in the variety of cards that we offer. With 2 separate packs, we offer a total of 70 different cards filled with questions that spark the conversations we hope our customers have. We offer a "Fun Pack" of cards which aims to spark upbeat and happy conversations everybody can enjoy. Our "Sincere Pack" was created to make difficult issues easy to talk about among families and friends. Our questions were endorsed by school guidance counselors, english professors, and a psychiatrist to ensure the credibility of our content.

Production Process



Strategic Partnerships



Standard Printing Inc.

Standard Printing Inc. prints our cards locally and had graciously donated the production of the first 1000 units. In return we used the cost of production, \$4.05 per pack, and will donate the 40.5% production cost of as a charitable donation to organizations that help lobby for the progression of teenage mental health.



Simple Starters partnered with two local artisan shops in North Canton, OH, Beysley's Restaurant & Gift Shop as well as Lee's Bees. Both locations sold our packs for a combined \$3,000 in revenue.

Packs sold through these local partnerships: **422**



The Canton Repository featured Simple Starters on the front page of their newspaper with an article about our company. Simple Starters was also featured in the Akron Beacon Journal as well as Channel 5 News Cleveland.

**MORE
THAN
FOOTBALL.**

The Dymonte Thomas
Community Foundation
Inc.

Simple Starters partnered with the Dymonte Thomas Community Foundation as an organization to donate a portion of our first 1000 units sold. Dymonte is a safety for the Denver Broncos who attended Marlinton High School (OH), and his organization focuses on giving back to teenagers within our community. We donated to this organization because they will use the money to benefit the youth in our community.

National Distribution Strategy

As our company started to grow, we saw an opportunity to help gain national exposure and scale the company. After a few weeks of research and diligent efforts, our team was able to launch our products on Amazon.com. This vast sales platform has helped our company generate \$359.76. Through our experience with this process, we developed a deeper understanding of how important an online marketplace can be to a company's exposure and brand recognition.

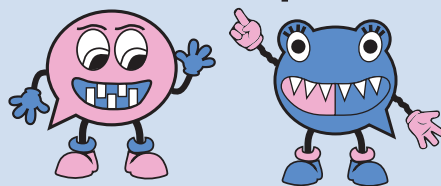


Marketing & Sales

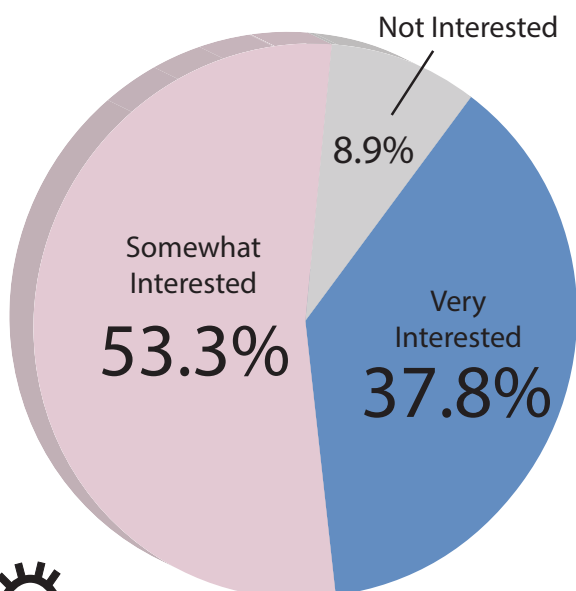
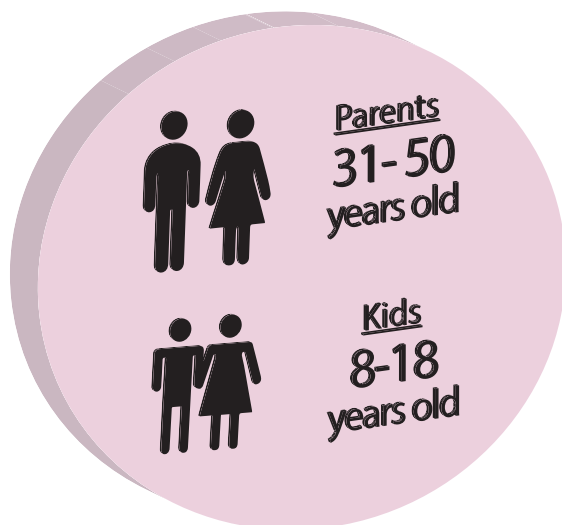
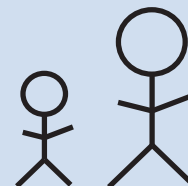
Pricing the Product

When pricing our product, we elected to use a “value pricing” strategy. This strategy gave us an opportunity to find a balance between quality and price that will give target customers the price they seek. When researching competitors, we saw that the prices ranged from \$15-\$25. We wanted to set a price that is elastic enough that we could gain a large market share. This pricing strategy presents an affordable price point that allows people of any income level to enjoy our product and improve their conversations. This is a valuable strategy because it shows that Simple Starters is committed to fixing the social issue of defective communication in modern day society at a price that is both affordable while generating a gross profit margin of 59.5%.

Ours: \$10



Theirs: \$15-\$25



Target Market/Demographic

We conducted numerous surveys to gauge the interest in our product. From our surveys we found that 80.4% of responses said consumers were interested in our product. Next, we identified a 31-50 year old age demographic showed 91.1% interest in our product. Since that percentage was substantially higher than any other age group, we consider parents 31-50 years old are our ideal age to sell to. This information was extremely useful when trying to advertise and market our product on various platforms. To identify if our product was accepted by our target users, we conducted a focus group with a fifth grade elementary class to help us determine if our content was kid-friendly. We determined that 94% of our conversation topics produced at least 60 seconds of consistent communication within the class. After recognizing the interest pertaining to our product, we were able to accurately approach the market.

94%



Strategies

The marketing strategies we used were intended to bring in new customers, introduce our product, and prove the need for our product. We attended various craft shows with the sole purpose of achieving these three goals. After pitching our product, we sold 84 packs of cards at a single trade show. Getting out into the public was crucial in accomplishing our marketing aspirations. Another important element of our marketing venture was the importance of brand recognition. Our graphic design team created a welcoming theme associated with our product. The smiling faces of our conversation characters "Chit" and "Chat" and the aesthetic colors of pink and blue helped bring our imagination to life. We believe our trademarked theme is quirky, lively and easily recognizable to grab and keep consumer's attention.

Competitive Advantage

What makes our product unique is that it was completely designed and developed by teenage minds, for teenage minds. To perfect our content, we met with our school psychiatrist, guidance counselors, and English teachers. Unlike similar products, our cards require comprehensive thought and have 1-3 prompts on each card. The reason we value multiple prompts on each card is to require clarification for answers, which produces sustainable communication. Similar products do not require detailed responses but rather involve mindless communication with little benefit to users. We take pride in the fact that our product is improving daily communication within thousands of families nationwide.

Backpack Mail

A valuable sales strategy that we used was the distribution of "backpack mail." Since our target users are young adolescents, we created detailed order forms to send home with the children from their respective school. Each order form explained our story, description of product, and a section to place an order. We applied this sales strategy throughout our local community and reached seven schools. As our order forms went to thousands of homes, we were very confident that our brand recognition would be a byproduct of any sale that was made. Our company received \$580.00 in revenue from this sales strategy.

Social Media

We feel that our company's mission is unique, that is why we desire to share it with the world. Our social media platforms offer us an opportunity to broadcast our story through photos, videos, and updates. This year we used a variety of social media strategies that include live video pitches on Facebook, video highlights of our focus group, and our question of the day. Through our question of the day campaign, we displayed an example of one of our cards. This allowed for engagements from the public to give feedback on their own personal answers. Each social media strategy encouraged traffic to visit our online store www.simplestartersja.com.



368 followers



124 followers



125 followers,
11.9k post reaches

If you could do so,
how would you
change the world
around you?

How would this
change impact the
world?

SIMPLE
STARTERS

What is one thing
that adults do not
understand about
teenagers?

What do adults think
they know about
teenagers?

SIMPLE
STARTERS

- Multiple prompts
- Designed for teens by teens
- No one word answers
- Two separate packs for different conversations



Learning Experiences

Inventory Management

A challenge we faced at the beginning of the year was managing our initial 1000 unit inventory. The process in place was inadequate to effectively manage the amount of inventory on hand. This was our biggest learning experience as we had to continuously recount our large inventory to know our actual amount of product on hand. To solve this problem, our team had a meeting to revamp our inventory tracking process. We implemented a system centered around a tracking sheet managed by the production department and approved daily by the CEO. We also put our product in a secure location to prevent merchandise from being misplaced. This experience opened our eyes to the importance of knowing how much product is on hand at any given time. Our new organizational system reduced the need for a physical count of our entire inventory and successfully resolved our problem of inconsistent counting, and also helped us determine how many packs were needed for our reorders.

Inventory Tracking Steps

1. Inactive product is stored in a secure location
2. Active inventory is organized and made easily accessible
3. Inventory is signed out as needed and counted everyday

Simple Starters Inc. donated

40.5%

of the total revenue for the first 1,000 units sold.

To Perry High School's Link Crew and The Dymonte Thomas Community Foundation

