

THE **NE**  **S**  
COMPANY

**Proclaim the Name**



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COMPANY

# 2020 Loan Proposal

## 16 May 2020

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# Executive Summary

## **Mission Statement**

The Neos Company exists to offer meaningful and desirable products in order to enhance the lives of customers, impact the surrounding community, and glorify God. We strive to represent Christ by serving others with high quality products.

We believe this mission statement summarizes our goals and pursuits as a company. First and foremost, we exist to glorify God. Scripture tells us on multiple occasions to work and serve to the glory of God, and this endeavor is no exception. Throughout our product development, marketing strategy, community service, and everything in between, we want to proclaim the Lord and His glory above all else.

As a business, we exist to create and sell products that fulfill the needs of our customers. Each product team is passionate about what we are offering, and we are excited to share them with Cedarville students and others in the surrounding area.

Accompanying the mission statement are four goals that will guide how the Neos Company conducts itself this year. First, our goal is to increase awareness of our company's rebrand. The majority of people on Cedarville's campus do not know what we are and what we do; our goal is to inform potential customers about us. This will be achieved primarily through a large social media presence and a professional website. Another goal is to create value by creating quality products. We have spent the past semester working hard to ensure that our products are meaningful and high-quality, and we believe these items will add value to customers. Our third goal is to communicate better with current customers. This will be accomplished through the use of promotions on campus as well as thank-you postcards that will be given out with every purchase. Lastly, we want to expand the reach of the Neos Company, specifically by reaching off-campus markets. We foresee this company having a large off-campus presence in the near future, and it begins with a big first step. So, one of our products will be marketed solely off-campus. We believe that this will be beneficial to the company this semester, but more importantly it will set up future companies for success.

*Proclaim The Name is seeking \$5,930 from the loan committee.*

# Philanthropy

The Neos Company uses our mission statement to guide our philanthropic behavior. We desire to impact the surrounding communities for the glory of God by partnering with local organizations of our choice. We come alongside these organizations and give 10 hours of volunteer time per member of our company. In addition, after selling our products, we donate the profits to the companies we have been serving with all semester. The organization we will be partnering with this year will be

## **Target Dayton Ministries:**

Their mission is to be a church for the poor and homeless; to express God's love to the poor through ministries of compassion and to lead them into a life changing personal relationship with Jesus Christ.

**Vision Statement from:** <https://www.targetdayton.com/about/>

# Proclaim The Name

## Product Overview



## Product Description

The purpose of our products is to be an aid in starting a gospel conversation. This main product will feature the word “promise” in Hebrew/Greek on a Long sleeve T-Shirt in order to draw attention and essentially provoke a person to inquire what the word means. We plan to use high quality shirt material in order to express quality in the Proclaim The Name brand. Along with the long sleeve T-shirt, we will sell bracelets, hats, and coffee cups. These products will be sold in

the form of pop-up shops in order to safely test popularity among our customers before acquiring a higher inventory of each item. All of our product categories will be using different words or phrases in the Greek/Hebrew language in order to allow a variety of words. The hats and mugs work as conversation starters similarly to the long sleeve t-shirt. The bracelet is aimed at reminding the customer to pray for those he/she is evangelising to. Specifically, the shirt says “promise”, the hat says “justified”, and the mug says “redeemed”. On the sleeve of the shirt we have James 1:12 which states, “Blessed is the one who perseveres under trial because, having stood the test, that person will receive the crown of life that the Lord has promised to those who love him.”

Evangelism is never easy. There are many reasons why we as Christians feel uncomfortable sharing the gospel. From being fearful, to simply not knowing what to say, petty barriers like these are causing Christians to fall short of God’s calling written in Mark 16:15. This verse says, “And he said to them, “Go into all the world and preach the gospel to every creature”. We often forget about non-believers that walk past us day by day. It’s easy to disregard non-believers that are in our classes, families, work environments, sitting next to us in restaurants, or in line with us in stores. Evangelism in our fallen world is a desperate need.

In order to assist in these needs, we have developed gospel conversation-starter products, prayer reminder bracelets, and supplementary resources aimed at equipping believers with the tools necessary to bust down barriers and fulfill the calling of evangelism. This strategy bypasses the initial awkward phase in a gospel conversation, placing our customers in the midst of a potentially life changing conversation. With our lifestyle brand products, believers will not only be readily equipped with a potentially life changing conversation starter, wisdom and guidance from highly esteemed evangelists, and a reminder to pray for those who need to receive the gospel. This package will help believers engage in more conversations, and have peace knowing that the core of the gospel is just one short question away.

## Supplier Information

- ❖ Long sleeve shirt: \$19 selling price
  - Supplier: Titan Graphics
  - Unit cost: \$9.91
  - Profit per unit of \$9.09
  - Customers from last year's "God is Faithful" sweatshirts may remember the price as \$24.99. We plan to bundle our long sleeve shirt with a tangible version of the free bible devotional from the professors. We will also package the product in a visually pleasing way that conveys quality with a shirt and "freebie" devotional with valuable material.
  - Competitor: Elevated Faith sells their long sleeve shirts at \$29.99
  - Cedarville bookstore retails long-sleeve t-shirts at \$15.99
  - The apparel industry's gross profit percentage is around 40% on average. For our shirts, we will be well above that at 48% and still be competitive in the long sleeve t-shirt market.
  - Keeping the price close to but under \$20 portrays quality but also affordability.
- ❖ Ball cap: \$18 selling price
  - Supplier: 4 Imprint
  - Unit cost: \$9.87
  - Profit per unit of \$8.13
  - Appeal to customers with a lower cost product than the long sleeve bundle, but still showing value in the product with a higher price point.
  - Competitor: Elevated Faith sell their ball caps at \$21.99
  - Gross profit percent for our hats is 45%, which is around the industry average of 40%.
- ❖ Steel Mug: \$10 selling price
  - Supplier: 4Imprint
  - Unit cost: \$4.01
  - Profit per unit of \$6.01
  - Average cost of a steel mug from Etsy is \$14.99. Our mugs, being steel cost more than ceramic mugs, so we can offer lower prices to our customers while still making a profit and conveying our product as high quality.
  - Gross profit percentage of our mugs is 60%, well above the drinkware industry average of about 45%.
- ❖ Bracelet: \$8 selling price
  - Supplier: The Common Good
  - Unit Cost: \$2.50

- Profit of per unit of \$5.50
- Average cost of a bracelet from Elevated Faith is \$9.99, so selling our bracelets at \$8 allows us to make a good profit as well as convey high quality in our product.
- Gross profit percentage of our bracelets is 69%, well above the industry average of 40% and still under the competitor's price.

\*We are in contact with a potentially cheaper supplier through Cedarville's bookstore, but we are still in communication with them. These are the current numbers that we are able to obtain at a cheap rate.

## **Inventory Information**

Regarding housing our inventory, we plan to keep our products in Milner, the business building at Cedarville. We will also be keeping a consolidated spreadsheet of products we've bought and what is being bought from us. By keeping this data, we will be able to tally what products are popular and how we can supply more of said products quicker as we continue to order.

- ❖ 250 units of shirts. 125 to be reserved for on campus sales and 125 to be reserved for off campus sales.
  - We plan on selling more than 250 shirts and making a second order of them either with the profit money we earn or with additional funds in the future.
- ❖ 100 hats to be split 50/50 for on and off campus sales.
- ❖ 96 mugs to be split 50/50 for on and off campus sales.
- ❖ 300 bracelets to be split down the middle for on and off campus sales as well.

## **Marketing Strategy**

From a broad perspective we are targeting believers as a whole. This can be broken down much further due to the many different facets of believers.

- ❖ Cedarville University is a target market due to the amount of believers found and the easy access to the universities population. Cedarville University students could benefit greatly



from our products because once off campus many students go back to environments that aren't Christ centered.

- ❖ We plan to have pop-up shops on campus to draw an excitement and attention to Proclaim The Name and the fact that the products at the pop-up shop may be a one time deal. For example, we will buy a limited supply of hats and mugs, and whenever we sell out, we sell out. This will provide a sense of urgency and awareness for people particularly on campus to be drawn to Proclaim The Name products.
- ❖ Secular campuses are also a targeted market. We are seeking out Christian organizations found in Ohio campuses. We are willing to reach out to more than Ohio, but this is our starting point. There is great potential that our products could impact the many lost souls found on a secular campus.
- ❖ Youth programs like Young Life and FCA could also be encouraged by our products. These programs help us reach a younger market.
- ❖ Churches and small groups are also a key target for us to reach out to as they continually preach the Gospel and spread the message that we are portraying.
- ❖ We have developed free devotional content written by Cedarville University's faculty and staff. These devotionals address the topic of evangelism in the midst of a crisis and include a written prayer for our customers. We plan to post the devotionals on our social media and give physical versions to our customers in order to encourage and equip them with wisdom from our highly esteemed professors.

Proclaim The Name has evaluated the buyer's journey including awareness, interest, evaluate, purchase, and post-purchase relationship management. After evaluating this system, we have decided to market specifically in these areas by doing the following. We have much more entailed in this, but here are a few examples:

- The use of social media to draw attention and awareness. Our first steps to raise awareness and create a social media presence is to introduce the team, and the purpose and mission behind Proclaim The Name. The initial presence we want to create is professional and genuine. We plan to post weekly to social media

platforms talking about the brand, and promoting experts in the field of evangelism. We aim to gain an early following on social media that will continue to grow throughout the 8 weeks of marketing. The platforms that we will use include Instagram, facebook, and Twitter. On these platforms we plan to do paid advertising.

- The use of our website to gain awareness. The presence of our website will be welcoming, friendly, and easy to use and understand. The website will contain informative content about the team, and the purpose and mission behind Proclaim The Name while relaying professionalism and genuity.
- Proclaim The Name will be listed on google as a business. This will provide quick information and easy access to our website directly from related google searches.
- Partner with other ministries on and off campus. These partnerships will help to gain more attention initially, and promote awareness through their campuses. Specifically, we are looking to target ministries, like Young Life.
- Bible devotional that we constructed via the Cedarville professors from the Bible department. The intent behind creating the Bible devotional was to provide a resource that would encourage and equip believers to share the gospel. This content would be posted on the website, social media platforms, and in a physical form as we distribute our product.
- Cedarville involvement fair fall 2020.
- Build a database of customer information.

## **Concept Testing & Research**

Since the target market for Proclaim The Name is outside of Cedarville's Campus, we plan to make email and phone call connections with secular campuses, churches, etc. to initiate product testing with our target market. By initiating this research, we will gain a better grasp on our connections as well as potential people to market the product to. Also, this summer mockup long sleeve shirts will be made for Proclaim The Name team members to wear. This product testing will allow us to see what feedback we get from potential customers.

## **Distribution Strategy**

Overall, we plan to distribute our product in different locations on campus and on The Neos Company website (neos.cedarville.edu).

For on-campus students, when they place an order online we will send the ordered shirts through campus mail. For every student purchase, we will have the student right down there campus box number. This will allow the campus post office to send an email to the student letting them know that they have a package to pick up. On campus we plan to sell at the Dixon Ministry Center (DMC), upper student Steven's center (SSC), and at ALT nights (ALT nights are when the whole student body gathers to have a fun and relaxing night on campus). We will also have the pop up shop option where students can buy their shirt (or pop-up shop item) and take it home right away.

For off campus sales, we will send the packages to the address given via the order.

In all sales, we will incorporate a packet of what the product means, where to find our website and social media, a sticker, and a short devotional about evangelism made by Cedarville professors.

With all of our products they will receive a card explaining the product, what our company is about, and how to connect with us in the future.

## **Potential Risks**

- ❖ Supplier issues (delays in product delivery)
  - Work with a local supplier so that we are their top priority
- ❖ A supplier backing out
  - Have back up suppliers (Titan Graphics, Cedarville BookStore, Imprint)
- ❖ Shipping (how will we ensure they get their product if something goes wrong?)
  - Communicate with customers on what's happening with their product
  - Give a small item for free to thank them for their patience
- ❖ COVID-19 (social distancing, what if we go back home?)
  - Make a contingency plan for strictly online sales

- Don't spend money until we know that we can market the way we want to at school
- Market well via social media: use pop up shop funds for marketing
- Choose supplier to go through so that we can sell while we are still at home
- Cutting all pop-up shop items and just sell the shirts and bracelets
- If the post office is hurting financially - use UPS or FedEx
- ❖ What do we do if people want to return a shirt?
  - Online Orders: customer covers shipping cost & refund through Square
  - On Campus Sales: refund through Square & communicate via email
  - Provide a quick survey as to why they weren't happy with the product

# Financial Information

## Projected Income Statement

The NEOS Company - Proclaim the Name Apparel		
Projected Income Statement		
<b>Revenue:</b>		
Sales		\$ 9,910
Cost of Goods Sold		\$ 4,790
Gross Profit		\$ 5,120
<b>Expenses:</b>		
Marketing Expense		\$ 1,140
IBC Reserve (5%)		\$ 496
Sales Tax Expense (5.75%)		\$ 570
Square Expense		\$ 248
Total Expenses:		\$ 2,453
Net Income:		\$ 2,667

## Cost of Goods Sold and Revenue Breakdown

The Neos Company-Proclaim the Name Apparel				
Breakdown of Cost of Goods Sold				
<b>Product:</b>	<b>Shirts</b>	<b>Hats</b>	<b>Mugs</b>	<b>Bracelets</b>
Unit Price from Supplier	\$ 9.91	\$ 9.87	\$ 5.99	\$ 2.50
Total Units	250	100	96	300
Cost of Each Product	\$ 2,478	\$ 987	\$ 575	\$ 750
<b>Total Cost of Goods Sold</b>	<b>\$ 4,790</b>			

The Neos Company-Proclaim the Name Apparel		
Revenue Breakdown		
Shirt Price		\$ 19
Shirt Estimated Units		250
Shirt Estimated Revenue		\$ 4,750
Hat Price		\$ 18
Hat Expected Units		100
Hat Estimated Revenue		\$ 1,800
Mug Price		\$ 10
Mug Estimated Units		96
Mug Estimated Revenue		\$ 960
Bracelet Price		\$ 8
Bracelet Estimated Units		300
Bracelets estimated Revenue		\$ 2,400
<b>Total Sales</b>		<b>\$ 9,910</b>

## Break Even Analysis

The Neos Company-Proclaim the Name Apparel				
Break-Even Analysis				
<b>Fixed Costs:</b>				
Cost of Goods Sold				\$4,790
Marketing Expense				\$1,140
Total Fixed Costs				\$5,930
<b>Product:</b>	<b>Shirt</b>	<b>Hat</b>	<b>Mug</b>	<b>Bracelet</b>
<b>Variable Cost Per Unit</b>				
IBC Reserve	\$0.95	\$0.90	\$0.50	\$0.40
Sales Tax	\$1.09	\$1.04	\$0.58	\$0.46
Square Expense	\$0.48	\$0.45	\$0.25	\$0.20
Total Variable Costs	\$2.52	\$2.39	\$1.33	\$1.06
Selling Price Per Unit	\$19.00	\$18.00	\$10.00	\$8.00
Percentage of Sales	48%	18%	10%	24%
<b>Weighted Average Break-Even Units</b>	386			

## Cash Flows

The Neos Company-Proclaim the Name Apparel			
Projected Cash Flows			
	Pre-Sale	Post Sale	Summary
<b>Cash Inflows</b>			
Sales		\$ 9,910	
Loan	\$ 5,430	\$500	
Total Cash Inflows			\$ 15,840
<b>Cash Outflows</b>			
Cost of Goods Sold		\$ 4,790	
Marketing Expense	\$ 640	\$500	
IBC Reserve		\$ 496	
Loan Repayment		\$ 5,930	
Sales Tax Expense		\$ 570	
Square Expense		\$ 248	
Total Cash Outflows			\$ 12,924
<b>Ending Cash Balance</b>			\$ 2,915

- ❖ Loan amount is determined by marketing expenses plus the cost of goods sold.
  - Marketing expenses are broken down below



## Description of Marketing Expenses

The Neos Company-Proclaim the Name Apparel	
Marketing Expense Breakdown	
Marketing Expenses:	Cost
Bubbly (18 Packs)	\$ 160
Fla-Vor Ice (200 packs)	\$ 90
Stickers (750)	\$ 120
Printed Note Card (750)	\$ 375
Social Media Ads	\$ 250
Product Boxes (Shirts Only)	\$ 145
<b>Total Marketing Expense</b>	<b>\$ 1,140</b>

- ❖ We understand the importance of the buyer’s journey and getting our name on the tongues of consumers. For our target markets of secular college campuses and churches, our main way of engaging with consumers will be through social media. Which is why we need \$250 to invest in social media ads on facebook, Instagram, and possibly with Google. For our on campus target market, we will engage with them using pop up shops around campus with refreshments, costing about and popsicles to spur conversation about the products. In all, our needs for pop up shops will be \$250.
- ❖ The consumer experience at the moment of purchase is just as important to us as the buyer’s journey. We want people to be impacted by our product so much that they cannot help but talk about it. With our product, we will include a sticker with the same word on it, information and tips on how to use the shirt to engage in conversation, and placing them in boxes complete with a handwritten note of encouragement. In total, our needs for including these items with the product is

\$120 for stickers, \$375 for information to be sold with the shirt, and \$145 for boxes. All for a total post sale advertising budget of \$640.

- ❖ In total, our needs to market effectively to our target markets is \$1,140.

## Financial Timeline

### Inventory Purchase

Purchase beginning inventory of shirts, hats, mugs, and bracelets. The cost of our inventory is \$4,790. \$640 of stickers, infocards, and boxes are also purchased.

### Pop-up Shop #1

\$90 to buy Fla-Vor Ice.

