



HAVLU

Executive Summary 2020-2021

About the Business

Havlu promotes environmentally sustainable lifestyles and convenience by redefining hygiene products. Harmful ingredients and packaging in common hygiene products and towels mitigate their effectiveness **and** lend themselves to environmental crises. To solve these issues, **Havlu** sells eco-friendly toiletries & Turkish cotton towels through pre-set bundles, offering monthly subscriptions on replaceable and/or refillable items.

Mission Statement

Havlu promotes an environmentally sustainable lifestyle through eco-friendly products; we work towards bettering both the consumer & the planet while prioritizing convenience.

Havlu's products are manufactured by *By HumanKind* and *Teema Towels*, all made with natural and sustainably sourced ingredients. The Company's Standard Bundles (Boxes) satisfy the monthly needs for 1-2 individual(s) while Combination Bundles satisfy the monthly needs of 4-6 people.

Havlu's bundles better consumers shopping convenience by eliminating the inconvenient search

Products – Box Bundles



The Fresh Box



The Skin Care Box



The Shower Box

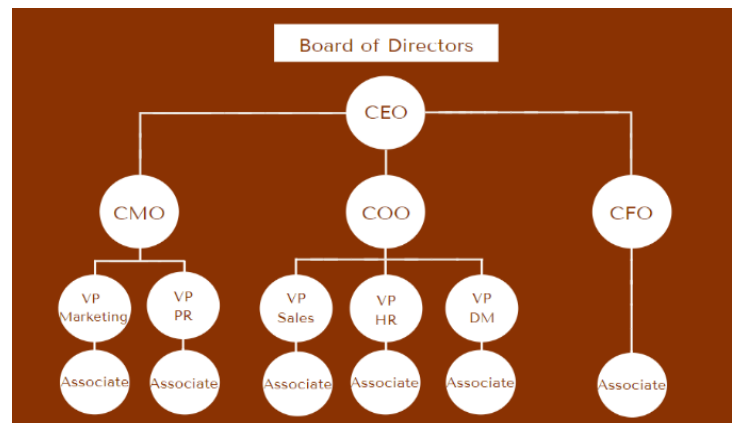


The Nature Box

for individual items. Each bundle is unique to specific hygiene needs.

Havlu established on October 1st, 2020 as an S-Corporation to limit stakeholder liability and to receive federal tax income exemption. The Company is located in Murrieta, CA.

Havlu's Operations Team packages and ships products from the Company industrial facility in Temecula, CA. **Havlu** plans to outsource shipping and packaging operations to Stephen Gould©. The Company's eco-friendly, zero-waste packing materials are purchased from EcoEnclose. The Company's Board of Directors, made up of **Havlu's** coordinator and mentors, assist in guiding the direction of the Company.



Business Rationale

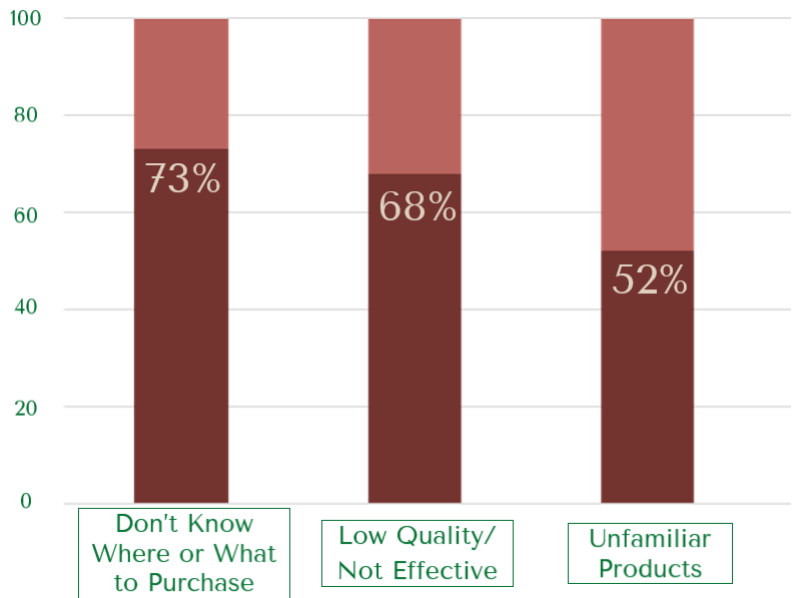
Consumer Research and Problems: *Havlu* conducted two marketing surveys over social media to seek out consumers biggest issues with hygiene products and towels. With over 400 respondents in total, the Company concluded that consumers:

- Do not know where or what to purchase
- Feel common hygiene products are low quality and ineffective
- Are unfamiliar w/eco-friendly products

Because *Havlu's* product line includes unique towels, the Company asked respondents about their current towels.

Havlu found that consumer's towels:

- Take too long to dry
- Deteriorate over time
- Sand gets stuck to them easily



Product and Solution: To solve these

issues, *Havlu* sells eco-friendly towels and hygiene products.

The Company's towels are manufactured from Turkish cotton. This enables them to be more durable, more absorbent, repel sand and water, and dry faster than standard terrycloth towels.

All company products are sold in easy-to-purchase, pre-set bundles. Each of the Company's Standard Bundles cover specific standard hygiene needs. By selling their products through bundles, *Havlu* offers consumers the convenience of buying all their products in one place.

Havlu's pricing is competitive with its direct competitors but is more expensive than common brand names. Despite this, the Company's products offer more durable and effective options, are manufactured with high-quality, all-natural ingredients, and utilize zero-waste packaging. In addition, *Havlu's* hygiene products are unique compared to common brand names. Products include:

- Bar shampoo
- Refillable deodorant
- Toothpaste bites



Virtually everyone needs *Havlu's* products because they:

- Are safe and beneficial for the consumer **and** safe for the planet
- Offer consumers convenience while shopping
- Promote sustainable lifestyles to mitigate eco-crises, bettering everyone's quality of life

Short Term Goals

- ❖ Outsource packaging operations to Stephen Gould©
- ❖ Min. of 15 B2B Sales by March 2021

Long Term Goals

- ❖ Co-brand w/ manufacturers
- ❖ Open kiosks in department stores
- ❖ Partner w/ environmental non-profit organization

Marketing Plan

Target Market: Due to hygiene products being a universal need, *Havlu's* target market includes every demographic. However, the Company targets specific age ranges, psychographics, and geographic areas through various promotion platforms. This is to maximize brand awareness and revenue.

Demographic: *Havlu's* primarily targets Virtual Enterprise students and middle to upper middle-class individuals and families.

Due to the Virtual Enterprise simulation, all students assume the roles and salaries of executives in the real world and therefore have discretionary incomes to spend on *Havlu's* products.

For promotions and advertisements,

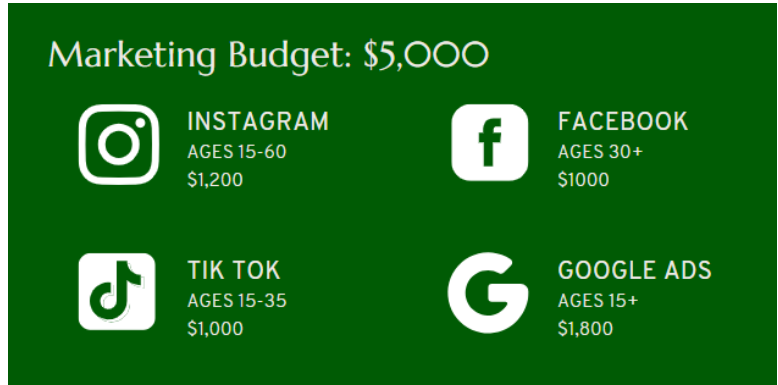
Havlu segments based on the age ranges depicted to the right. Through this, the Company maximizes outreach to all potential consumers.

Havlu promotes specific products and bundles to certain demographics. For example, *Havlu* targets younger demographics of 16-18 on various platforms because they are the ages that make up the Virtual Enterprise Marketplace and because they can influence the purchasing decisions of their parents.

Psychographic: *Havlu* targets consumers that are environmentally conscious. Additionally, the Company targets those that prioritize quality in their hygiene products and convenience while shopping.

Geographic: The Company targets Urban and Suburban areas to increase brand recognition, due to their higher density populations.

Social Media Promotion: A specific marketing tactic the Company utilizes is focusing advertising of *Havlu's* larger bundles (For Your Family, For Your Friends, Whole Bathroom and Whole Day) to younger demographics and those that are likely to have children. This is due to environmentally conscious teenagers influencing purchasing decisions of their parents and individuals purchasing hygiene products for their entire.



Business Risks

**ONLY SELLING
IN BUNDLES**

**ONLY SELLING
ONLINE**

Approach to Mitigate Risk

Highlight on company website that purchasing in bundles save TIME and MONEY:

- Don't have to spend time searching through extensive product line; bundles satisfy specific needs
- Lower price in bundle vs. buying individual products

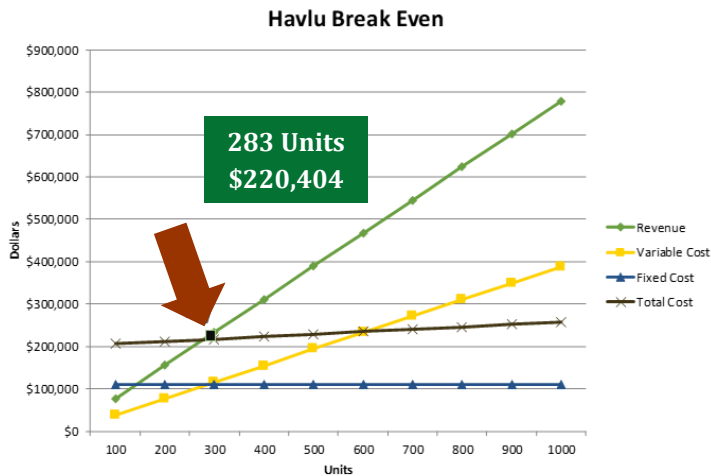
Through this, Havlu creates appeal immediately at online place of purchase.

According to *bigcommerce.com*, 75% of consumers shop online multiple times a month. This % is still growing because the want & need for convenience is becoming more prominent.

Havlu capitalizes off this through viral marketing on social media platforms, highlighting the Company's website and purchasing options.

Financial Highlights & Projections

Break-Even Highlights



Average Sales Price per Unit	779
Average Cost of Goods Sold per Sale	388
Average Gross Profit Margin	50.2%
Monthly Fixed Costs	\$110,698
Break-Even Point in Units	283
Break-Even Point in Sales	\$220,404

Of the 779 units required to break-even, 187 units are guaranteed by the Out-of- Network contract with VEI.

Havlu's sales department is given the break-even point in units to set their sales goals.

Profit and Loss Highlights

Havlu	Actual	Actual	Actual	Actual	Projection	Projection	Projection	FYE
	30-Oct-20	30-Nov-20	31-Dec-20	31-Jan-21	28-Feb-21	31-Mar-21	30-Apr-21	
Revenue								
VEI ONC	\$ 145,624	\$ 145,624	\$ 145,624	\$ 145,624	\$ 145,624	\$ 145,624	\$ 145,624	\$ 1,019,368
Trade Show	\$ -	\$ 3,305	\$ 10,327	\$ 29,138	\$ 37,879	\$ 37,121	\$ 64,962	\$ 182,732
Web eCommerce	\$ -	\$ 2,590	\$ 6,355	\$ 24,358	\$ 34,101	\$ 46,036	\$ 80,563	\$ 194,003
B2B	\$ -	\$ -	\$ 2,031	\$ 2,031	\$ 10,109	\$ 22,744	\$ 45,488	\$ 82,403
Total Revenue	\$ 145,624	\$ 151,519	\$ 164,337	\$ 201,150	\$ 227,712	\$ 251,526	\$ 336,638	\$ 1,478,506
Total Cost of Goods Sold	\$ 73,854	\$ 76,791	\$ 83,708	\$ 101,922	\$ 116,775	\$ 131,145	\$ 178,094	\$ 762,289
Gross Margin	\$ 71,770	\$ 74,728	\$ 80,630	\$ 99,228	\$ 110,937	\$ 120,381	\$ 158,544	\$ 716,217
Payroll	\$ 98,274	\$ 100,575	\$ 100,575	\$ 100,575	\$ 100,575	\$ 100,575	\$ 100,575	\$ 701,725
Total Operating Expenses	\$ 5,421	\$ 12,192	\$ 11,435	\$ 11,252	\$ 11,301	\$ 11,361	\$ 6,386	\$ 69,348
Income (Before Other Expenses)	\$ (31,925)	\$ (38,040)	\$ (31,380)	\$ (12,599)	\$ (939)	\$ 8,444	\$ 51,583	\$ (54,856)
Total Other Expenses	\$ 552	\$ 550	\$ 547	\$ 544	\$ 542	\$ 539	\$ 536	\$ 3,810
Net Profit/Loss	\$ (32,477)	\$ (38,589)	\$ (31,927)	\$ (13,143)	\$ (1,481)	\$ 7,905	\$ 51,047	\$ (58,665)

The Company projects a loss of \$58,665 by the fiscal year end. While this number may seem daunting, *Havlu* constantly adjusts sales and marketing strategies to mitigate losses and because of this, the Company has surpassed sales projections for February. Additionally, the Company doubled sales results from the January.

B2B sales are sold at a 30% GPM. In December and January, *Havlu* conducted a B2B sale of monthly wholesale for soap and towels.

Balance Sheet Highlights

- Loan of \$50,000 amortized at a fixed rate of 4.25% over five years
- Established three angel investors at \$50,000 and 18.7% equity in total
- 20 employees invested \$5,000 each to help w/ Company's missions

Havlu Balance Sheet				
As of January 31, 2020				
	Oct 2020	Nov 2020	Dec 2020	Jan-21
ASSETS				
Current Assets				
10100 Cash				
Total Current Assets	\$ 257,400	\$ 154,274	\$ 169,708	\$ 237,295
Total Fixed Assets	\$ 257,400	\$ 154,274	\$ 169,708	\$ 237,295
TOTAL ASSETS	\$ -	\$ 23,214	\$ 33,212	\$ 34,210
LIABILITIES AND EQUITY				
Liabilities				
Total Current Liabilities	\$ 104,877	\$ 33,500	\$ 35,400	\$ 63,050
Total Long-Term Liabilities	\$ -	\$ -	\$ 50,000	\$ 49,074
Total Liabilities	\$ 104,877	\$ 33,500	\$ 85,400	\$ 112,124
Equity				
30100 Common Stock	\$ 185,000	\$ 215,000	\$ 215,000	\$ 265,000
Net Income	\$ (32,477)	\$ (71,012)	\$ (97,481)	\$ (106,619)
Total Equity	\$ 152,523	\$ 143,988	\$ 117,519	\$ 158,381
TOTAL LIABILITIES AND EQUITY	\$ 257,400	\$ 177,488	\$ 202,919	\$ 270,505