

ABOUT THE BUSINESS

COMPANY OVERVIEW

The Eco Depot, commonly referred to as TED, is a composting company founded in October 2022 in Bakersfield, California. The company elected to be taxed as an S corporation due to its size and the benefits that it provides in contrast to other corporate structures. It allows income to pass directly to shareholders and gives liability protection to the company and its employees. The Eco Depot offers eco-friendly equipment for composting, biodegradable household items, as well as a line of gardening supplies. The company has a 1,200 square foot retail store located in Southwest Bakersfield, California, along with a 9,800 square foot worm barn outside the city limits. The Eco Depot sells its products nationally through its online website, retail store, and business contracts.

MISSION STATEMENT

The Eco Depot's mission is to educate and provide consumers with accessible ways to learn the power of composting, the green way.

BUSINESS STRUCTURE

The Eco Depot operates under a functional organizational structure, encouraging collaboration and open communication between the company's five departments: marketing, sales, finance, human resources, and technology. The Eco Depot has 28 employees, with its Chief Executive Officer at the core, followed by a Chief Operating Officer and Chief Financial Officer. These executives, along with a Vice President of Operations, direct the vision of the company and delegate ideas outwards to their fellow employees. This provides a direct chain of command that combats internal issues, such as potential communication difficulties.

BUSINESS RATIONALE

PROBLEM STATEMENT

Today, one third of all food produced in the world is wasted, equivalent to 1.3 billion tons of meat, dairy, and other produce. When organic waste is disposed of through landfills, greenhouse gas emissions (GHG) are released in large volumes. In the U.S. alone, the GHG produced from food waste is comparable to the emissions of over 37 million cars. With these concerns, California passed SB-1383 to persuade citizens to adopt composting as a part of their everyday lifestyles. This opens a new demographic of those citizens that will want to find more sustainable ways to discard their organic waste.

SOLUTION STATEMENT

The Eco Depot uses composting as a solution to organic waste disposal, making it easy and accessible for customers. The company also provides biodegradable products that are an eco alternative to single-use items. For instance, TED's reusable wool dryer balls are drastically less destructive to the environment than regular drying sheets. The Eco Depot educates consumers on the benefits of composting with educational vlogs, blogs, and a website that will demonstrate a greener life and build a community that is invested in helping the environment.

CUSTOMER EMPATHY

With the rise of greenhouse gas emissions and global warming, the concern of climate change is increasing for many Americans. Additionally, 77% of the nation feels bad about wasting food. Furthermore, with rising composting laws such as California's SB-1383, new demographics from both businesses and consumers will be exposed to the practice of composting but may be lost on how to begin. Through The Eco Depot's product lines and educational resources, the company is able to fight against climate change while also teaching the public about the power of composting.

SHORT-TERM

TED's short-term goals consist of setting contracts with AG based businesses such as local farmers and fertilizing companies. This will be achieved through attending farm expos, in which the company will seek to set alliances with AG vendors, supporting Kern County farmers, and further supporting the sale of earthworm castings (EWC), which allows for immense financial growth as The Eco Depot expands through the San Joaquin Valley. Additional contracts with restaurants and other culinary focused spaces will allow the company to provide restaurants with responsible food waste management services further helping to reduce GHG emissions from food waste.

MID-TERM

TED will continuously grow with EWC contracts, as well as the addition of new fertilizing methods such as liquid casting products available for AG suppliers. On the retail side, TED will constantly review new and innovative products to add to the company's retail store. Strengthening roots in the company's area and expanding locally is a prudent endeavor, which will be achieved through the opening of a second storefront in Kern County.

LONG-TERM

To gain brand recognition, The Eco Depot will contract for private labeling on the company's home and garden products. Additionally, TED will expand into partnerships with school districts in its local area such as PBVUSD, Bakersfield City, and Arvin Union Districts to further establish company roots in their local area and educate younger generations on the power of composting, while having the opportunity to pick up school food waste from student lunches.

MARKETING PLAN

TARGET MARKET

The Eco Depot sells both to businesses and directly to consumers. In order to focus marketing efforts, the company has two target demographics, one for each market.

BUSINESS TO CONSUMER MILLENNIALS AGES 26-31

According to research, millennials are more likely to spend money on gardening goods and also tend to live in suburban areas, which suit composting equipment. Millennials have been shown to have sustainable tendencies and be environmentally conscientious. Along with their eco-friendly values, they also have higher amounts of disposable income to invest in household products.

BUSINESS TO BUSINESS AGRICULTURAL FARMS

Due to the agricultural emphasis in its area, The Eco Depot targets local farmers for business to business contracts. The company offers soil amendments and worm castings in bulk, in addition to manual farming equipment. The top 10 agriculture producing counties in California are located within a four hour drive of the company's warehouse, which is perfect for the cost effective delivery of product.

PRODUCT AND PRICING

The Eco Depot's products are priced to allow retail consumers from any demographic or socioeconomic background to enjoy the composting lifestyle. The company sells a high end, luxury grade composter, the Lomi, for \$500 which makes composting convenient on the kitchen counter. More affordable composters range from \$50-200 in price, with other composting and gardening equipment starting at \$15. The company's biodegradable retail line offers high quality products that promote sustainability in everyday life, for example, reusable beeswax wrap, priced at \$3.25-4.25, which can be used to seal food repeatedly.

PROMOTION

The Eco Depot reaches its local target market by attending farmers markets and home and garden shows, allowing the company to build a local reputation. Nationwide, the company promotes through various social media sites such as Youtube, Facebook, Instagram, Twitter and Tiktok, which helps the company advertise to its retail audience. For those not on social media, TED also promotes products through home and garden magazines and newspapers.

BUSINESS RISKS

Many people do not fully understand the process of composting. This may cause customers to be reluctant in purchasing products. However, along with education on the field of composting, TED provides eco-friendly products that are easy to integrate into everyday life and will not cause a financial burden. The long-term economic payoff and personal satisfaction in making a difference is quickly realized after transitioning to a more sustainable lifestyle.

Another concern is attracting and retaining qualified staff in order to successfully manage and sell the company's products. Forming bonds with already established local fertilizer distributors will enable The Eco Depot to increase healthy relations with nearby farmers. The company also offers paid internships to AG majors at local colleges, in order for students to gain experience in the industry.

FINANCIALS

BREAK EVEN



The Eco Depot broke even in January 2023. For this to occur, the company met 25,769.68 units, which reflects \$1,135,927.29 in sales. The average selling price of the company's products is \$44, with an average cost of goods sold at \$26.

PROFIT AND LOSS

* Highlighted figures are projections

	Oct - 22	Nov - 22	Dec - 22	Jan - 23	Feb - 23	Mar - 23	Apr - 23	Total
Gross Revenue	0	133,690	841,169	566,941	632,064	619,268	566,768	3,359,900
COGS	22,170	76,275	412,541	249,566	305,764	329,634	303,384	1,838,038
Net Revenue	(22,170)	57,415	428,628	317,375	326,300	289,634	263,384	1,641,863
Expenses	(42,880)	168,175	317,854	252,712	255,805	255,890	278,782	1,572,098
Net Profit	(65,050)	(130,760)	90,774	64,662	31,793	33,745	44,602	69,765

The company's profit and loss statement shows a net profit of \$69,765 for its first fiscal year. The majority of the monthly revenue comes from a business contract with Grimmway Farms. This contract covers 75% of payroll, payroll taxes, and cost of goods sold, which amounts to \$356,768 each month in exchange for the company's products. The Eco Depot has consistently exceeded monthly projections for retail sales through trade shows and the e-commerce website.

BALANCE SHEET

* As of February 28, 2023

ASSETS

Current Assets	
Checking	1,390,440
Inventory	5,476
Accounts Receivable	356,768
Total Current Assets	1,752,684
Fixed Assets	
Furniture & Fixtures	14,250
Less Accumulation Depreciation	-250
Equipment - Office & Computers	28,500
Less Accumulation Depreciation	-500
Equipment - Production	47,501
Less Accumulation Depreciation	-833
Total Fixed Assets	88,668
NET ASSETS	1,841,352

LIABILITIES

Current Liabilities	
Accounts Payable	204,340
Accruals	
Internships	5,000
Earthworm Castings	20,000
Sales Tax	17,325
Payroll Tax	33,323
Payroll	50,013
Total Current Liabilities	330,001
Long Term Liabilities	
Commercial Composter Loan	36,667
Bank Loan	147,951
Total Long Term Liabilities	184,618
TOTAL LIABILITIES	514,619

EQUITY

Shareholder's Equity	1,294,940
Retained earnings	31,793
Total Equity	1,326,733
TOTAL LIABILITIES & EQUITY	1,841,352

The company has taken out a loan of \$150,000, which is being paid over a term of five years at 8.2% interest. It was obtained on December 19th for payments towards a commercial composter, which has now become a corporate asset. The Eco Depot's liquidity ratio of 3.14 assesses both its margin of safety for investors and its capacity to settle immediate debts. This figure demonstrates the company's ability to transform its resources and quickly pay off any owed money. The Eco Depot's debt to equity ratio of 0.4 indicates \$0.40 paid in debt per dollar of equity. As a start up, this number reflects well on the financial stability of the company and shows that it easily has the capacity to raise extra capital in order to expand.