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Zeppy low calorie alcoholic beverages business plan

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Zeppy Low Calorie Alcoholic Beverages Business Plan

An Honors College Project Presented to
the Faculty of the Undergraduate
College of Business
James Madison University

by Allison Marie Zeppuhar

May 11, 2017

Accepted by the faculty of the Department of Computer Information Systems, James Madison University, in partial fulfillment of the requirements for the Honors College.

FACULTY COMMITTEE:

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Dan Caputo Teaching Professor

Reader: Fariss-Terry Mousa, Ph.D.,
Associate Professor, Management; Zane D.
Showker Professor of Entrepreneurship

PUBLIC PRESENTATION

This work is accepted for presentation, in part or in full, at Madison Union Ballroom on April 21, 2017.



Executive Summary

Below is the executive summary for Zeppy LLC pulled from the business plan. As much of the information contained in the plan contains proprietary information and market data, only the executive summary will be shown to the public.



CEO & Founder | Allison Zeppuhar | zeppy@zeppydrinks.com | 412-216-5325

Management | Allison Zeppuhar
Industry | Breweries - NAICS 333241
Employees | 0

Amount Financing Sought | \$200,000
Current Investments | \$3,170
Law Firm(s) | ██████████

In Short

Mission

Deliver a trusted brand of great-tasting low calorie, low carbohydrate alcoholic beverages utilizing transparency of nutritional labels and ingredients.

Vision

To be the world's most desired, trusted, and healthy alcoholic beverages company.

Products

The first product to market will be a lite, hard lemonade sold in packages of six 12-ounce bottles. Additional fruit and soft drink flavors will be considered after startup.

Management/Employee Structure

Traditional Hierarchy.

Competitive Advantage

Comparatively lower calories and higher alcohol content than the leading competitor while maintaining a delicious taste.

Markets

Henrico County of Virginia, Hampton Roads, City of Richmond, Mecklenburg, Guilford, Forsyth Counties of North Carolina, Raleigh, Durham, Rockingham, Charlottesville, Arlington, D.C., Fairfax, Prince Williams, Falls Church, and Loudoun Counties.

Distribution Channels

Grocery stores and restaurants.

Competitors

Mike's Lite Hard Lemonade, Smirnoff Ice, Spiked Seltzer, Truly.

Financial Predictions

	2017	2018	2019
Revenue	\$2,819.76	\$368,454.53	\$830,717.05
EBIT	(\$131,125.26)	(\$128,983.09)	\$106,979.15
	2020	2021	
Revenue	\$1,299,400.79	\$2,042,646.99	
EBIT	\$233,806.83	\$509,028.51	

Corporate Strategy

The information contained in these documents is confidential, privileged and only for the information of the intended recipient and may not be used, published or redistributed without the prior written consent of Zeppy LLC.

Values

Health | The physical and emotional health of all of our customers and employees.

Transparency | We encourage healthy choices in all aspects of life. The labeling of all ingredients and nutritional information as well as openness and honesty in all business initiatives.

Quality | We value providing products with the best ingredients and manufacturing processes to ensure customer wellbeing and preferences.

Enjoyment | We strive to provide clean, safe fun.

Inclusiveness | We value every individual for what makes them unique and encourage our employees and customers to be themselves.

Responsibility | Though our products are fun, we insist that they are consumed safely and responsibly.

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Project Reflection

“Those who dare to fail miserably can achieve greatly.” I am not usually one to take risks, but these words by John F. Kennedy have stayed with me for many years now. When I started at James Madison University (JMU) as a Finance and Economics double major with a Spanish minor, I thought I wanted to be a personal financial advisor. I joined the Madison Investment Fund and conducted countless hours of market research. I later switched my major to Computer Information Systems when I realized my love for working with clients and developing systems for them to fulfill their needs.

All business students at JMU must pass a semester called COB 300 which consists of four classes: Marketing, Management, Finance, and Operations. Along with these classes we were put in groups of six to develop a mock business plan together. Toward the end of the semester when my team had already developed a business plan, my management professor gave an inspirational speech on finding your dreams, following them, and not waiting for someone else to do it for you.

As I had just turned 21 years old at the time and had been Type 1 Diabetic since the age of six, I noticed that there are no alcoholic beverages on the market that were not loaded with unnecessary sugars. After my professor’s inspirational lecture, I knew that starting a company to deliver a brand of alcoholic beverages without any added sugar was a passion and goal of mine. I had no idea about the amount of effort that would go into it beyond the simple business plan.

Through this project, I created a business plan, financial statements, marketing projections, entity-relationship diagrams, two process maps, a website, and a project timeline. These deliverables were only half of the experience I had since the start. Starting a business is about prioritizing, meeting people, finding and utilizing resources, and- above all- persistence.

Starting a business takes up a significant amount of time and sacrifices. Because of this and my passion for starting Zeppy, I decided to quit the Madison Investment Fund to dedicate more time to the business. I ended up joining the Society of Entrepreneurs to be surrounded by others with the experience and devotion for starting companies. This has helped so much with advice for approaching investors, marketing, and filing taxes. I also acquired a job with the Center for Entrepreneurship as a Community Manager coordinating a startup accelerator for student startups called MadInc.

One of the key things I have learned during this project is networking. The main thing I can take away from this is to get to know as many people as you can and reach out to people with more experience than you. Through a connection I made with my job at the Center for Entrepreneurship and going to networking events in the downtown city of Harrisonburg, I was recommended to a group of Angel Investors in the area and given the chance to present my company to them. I would have never had this opportunity without putting myself out there and meeting new people.

Another key lesson learned is to always do what you are best at and delegate what you are not great at to others who are better than you at the given task. When starting a company,



there are many moving parts, and while I can research the industry, create a plan, coordinate resources, and present the business, I needed help with design, marketing ideas, and taxes. Because of this, I found an amazing graphic designer who developed the Zeppy logo, the graphics to the business plan, and investor and distributor presentation designs. This designer, also a JMU alum, perfectly created an image for the company that I originally had no inkling of. Hiring her was one of the best decisions I made with the business.

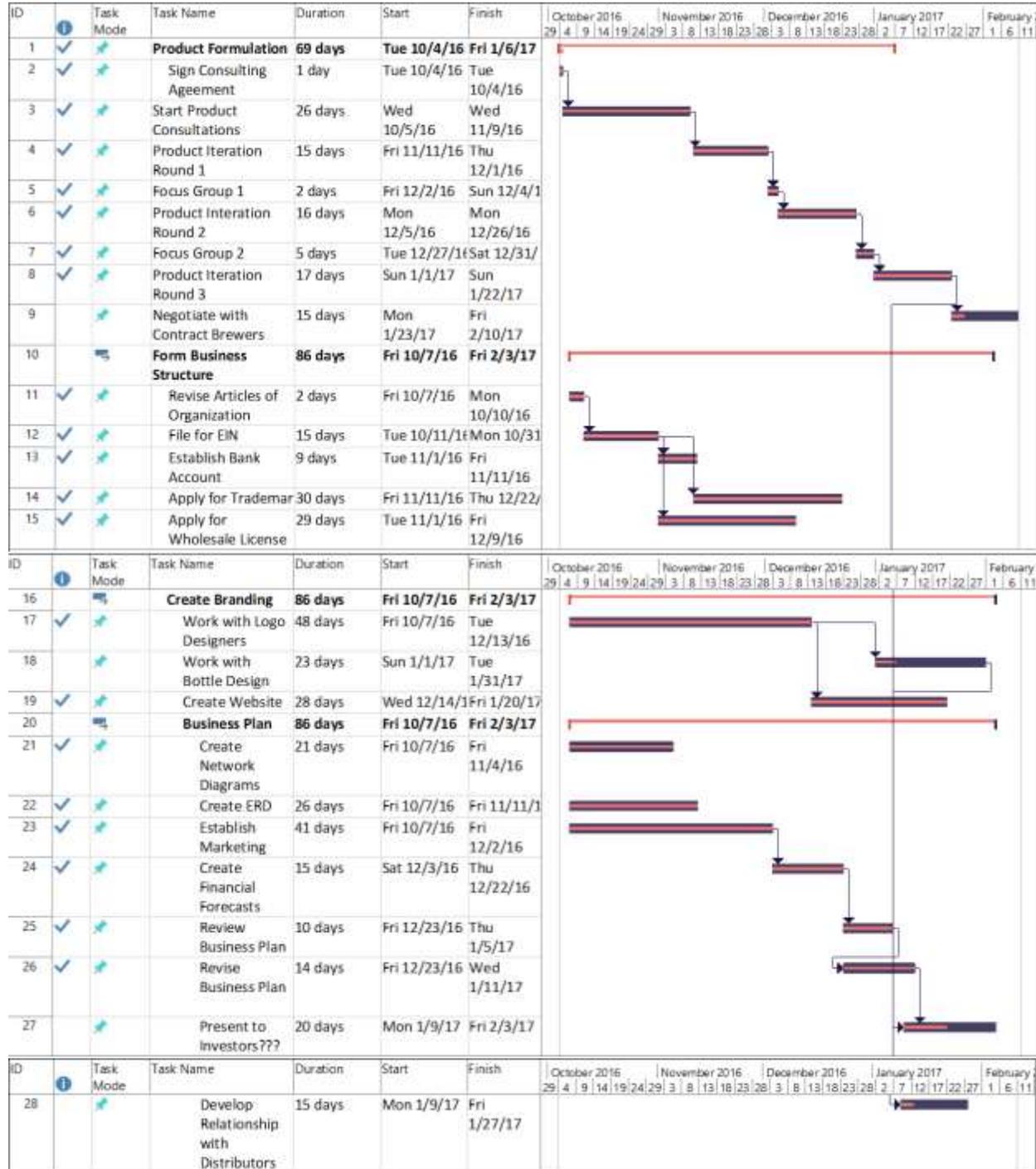
The biggest take away from this experience is that times will get hard, there will be doubters to your success, and there will be let-downs, but the only way to fail is to stop trying or not try at all. Giving up is easy, sticking with it is hard. Starting a company requires almost 24/7 effort. There always seemed to be a stigma that “Being Your Own Boss” would be paradise, but starting a company does not allow for breaks or off-days. The industry and the world will not wait for you to feel like putting effort forward—it is a race. There were days where I was no longer confident in the possibility of success, but because of the passion I have for bringing these beverages to the world and changing the landscape of sugary products all together I was able to keep going. I know in the future that there will be difficult situations and decisions to endure, but I know to push through and do all that I can to make Zeppy successful.

I am so honored to have the opportunity to start this company and to meet all of the wonderful professionals that I have met in the process. I learned so much about the alcohol business, the chemistry behind it, and the methods of the business and entrepreneurial world. I still have so much more to learn and I look forward to what lies ahead.



Project Timeline

The purpose of the project timeline is to map all the sets of tasks necessary to complete the project as well as start the business. These task groups are broken into smaller tasks and given a set amount of time to complete. This helped me stay on track during the project.

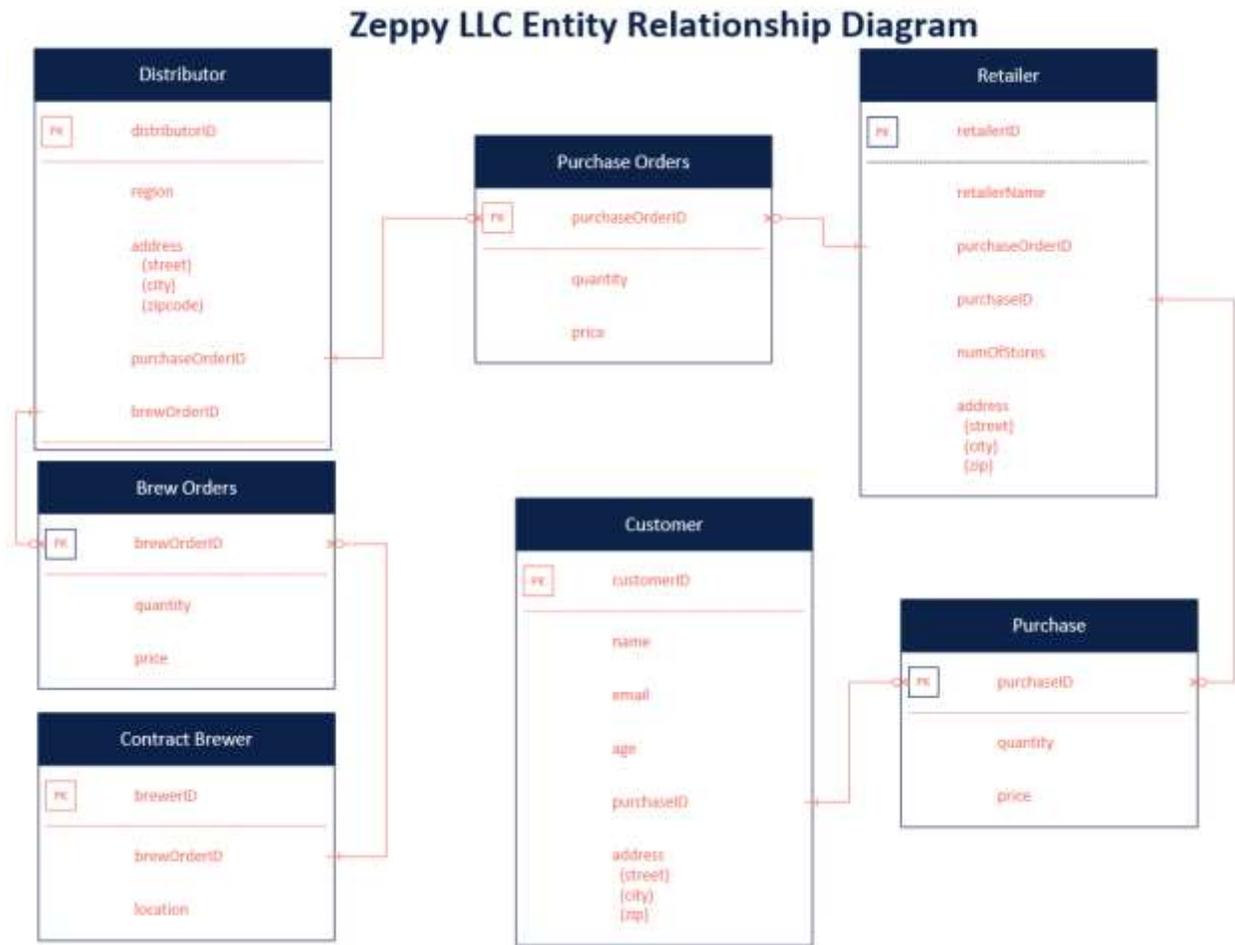




Entity Relationship Diagram

The purpose of the Entity-Relationship Diagram(ERD) is to create a database structure to track business operations. Each box displays a separate entity of the business. These entities are connected to each other by their identification numbers. Each entity also has descriptive attributes listed within their corresponding box.

This ERD tracks information for Zeppy’s brewers, orders to the brewer, distributors, orders from stores to distributors, stores, end customers, and purchases of end customers from the stores. Being able to track and pull this information is paramount for being able to develop optimal operations and tailoring promotions to the target market.

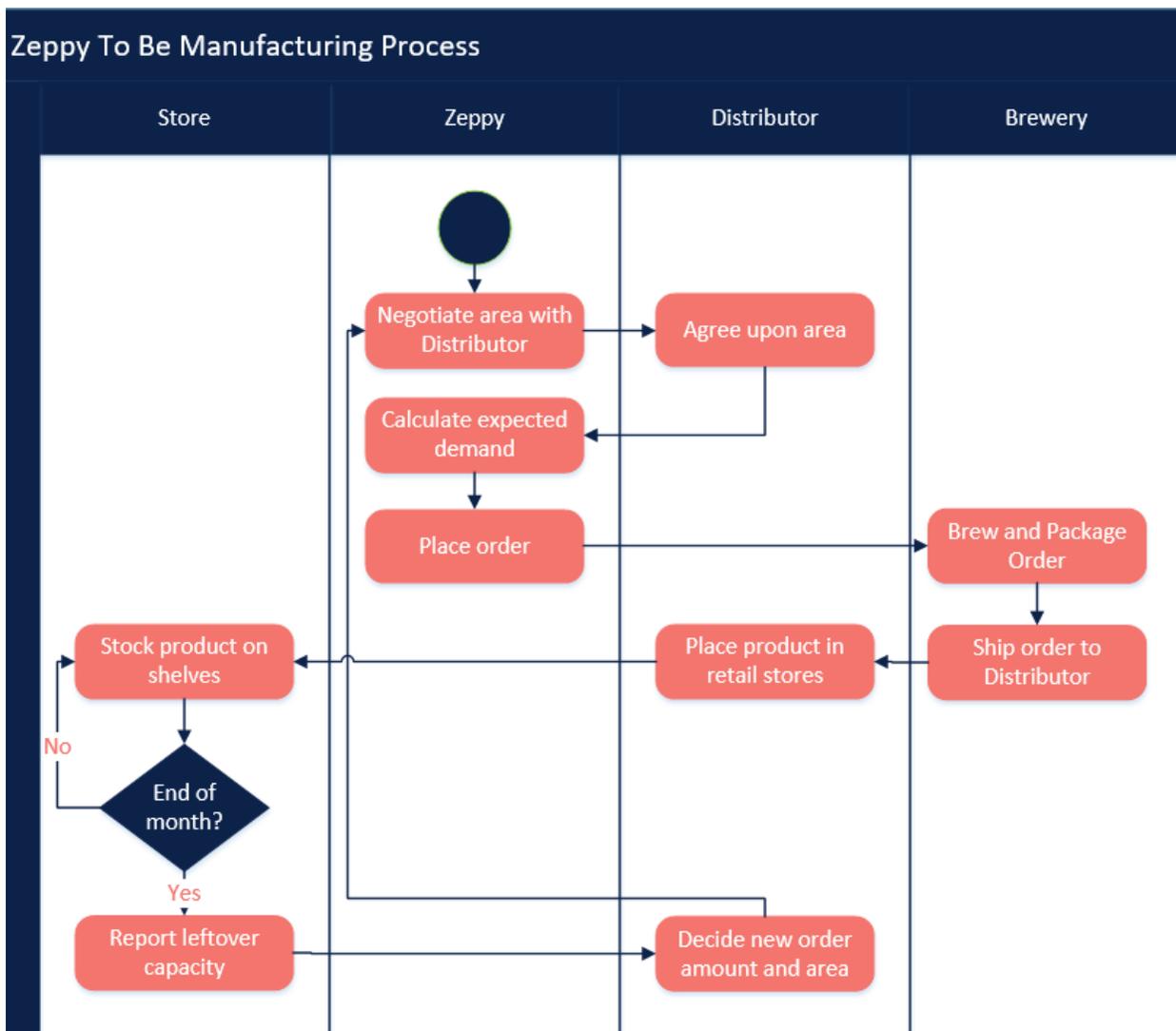




Process Maps

The purpose of the process map is to create a display of the different processes that Zeppy will regularly undergo. Each process map begins with a solid circle and ends with a transparent circle that has an outline encompassing it. Some processes are constant and do not contain a terminating circle such as the Zeppy To Be Manufacturing Process.

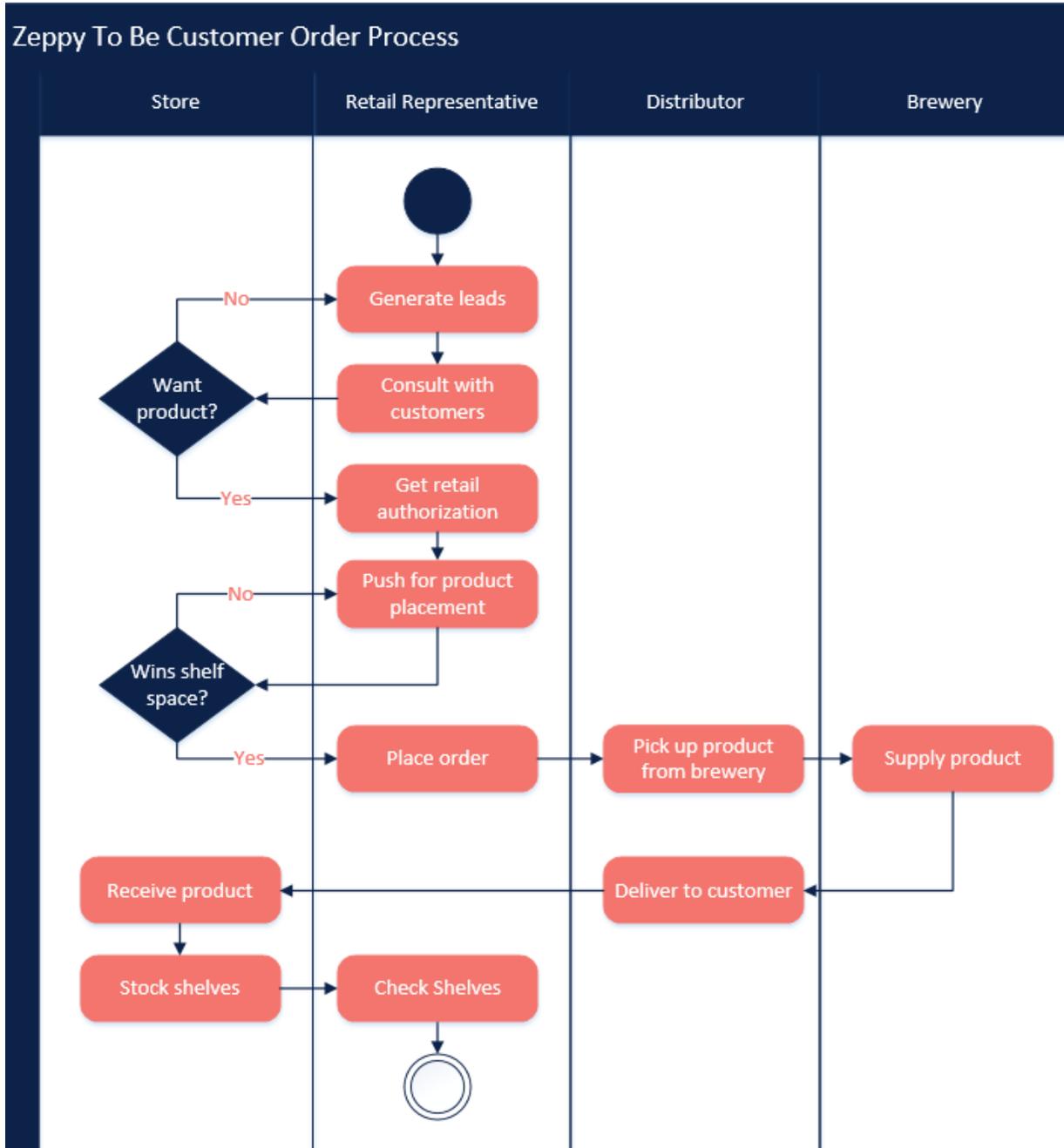
As shown in the Zeppy To Be Manufacturing Process, the process begins with discussions with the distributor. Once contracts are set and Zeppy and the distributor agree upon locations of sale and areas an order is placed for the product to be brewed, sent to the distributor, and then to the store to be stocked on the shelves. At the end of the month, Zeppy and the distributor will assess the sales made and decide whether to expand to new locations, continue to stock the store the following month, or take it out of the given store.





Process Maps Continued

As shown in the Zeppy To Be Customer Order Process, the process begins when a retail representative of Zeppy researches and finds a potential store for Zeppy to be sold in. The retail representative then consults with the store and shows the customer demand and potential sales. If the retail store decides it wants to sell Zeppy, the retail representative then pushes to get the product on the shelves at the store. Once shelf space is granted, an order for more Zeppy is placed with the distributor supplying the product to the store. The distributor picks the product up from the brewery and delivers it to the store to be placed on the shelves.





Progress Journal

4/6/2017

I just met with the owner of Blue Toad Hard Ciders in Roseland Virginia. I was recommended to him through my Entrepreneurship professor and am so thankful that he set aside some time for me. He was very helpful with general questions regarding distribution, production, marketing, and running a business in general. He also showed me how he makes the ciders and gets them into stores.

3/20/2017

The formulation company sent me a fourth batch of samples for free as I was uncertain of whether the supposedly final batch was the winning batch. I finally identified the final product and they have sent me the formula for it. Now, I simply need the packaging design, but I realize I need to find companies to produce the packaging too. I am looking into this now and have reached out to craft brewery owners to see where they source their packaging from. I made an excel sheet to compare pricings and minimum order quantities.

2/30/2017

I recently had a call with a representative at one of the biggest distributors in Virginia. This distributor seems very in tune with the Zeppy target market and is very open to the brand being on the market. Like the investors, they would like me to come back when I have a final product and packaging.

2/14/2017

It is Valentine's Day and what better way to spend the morning than discussing the Zeppy plan with the local investor. He said he is very happy with the plan, the projections seem solid, the product is tasty (I provided a sample), and the metrics for the product beat existing competition. He wants me to present for the rest of the investor group, but to wait until the formula for the product is finalized and all of the designs for the packaging are complete. I talked to my designer and she said she should be able to do the designs within two months.

1/16/2017

It has been quite the new year for the business! I have hired the formulation company and they have been working on developing the formula for the first product. I am very happy with the progress and the samples I have received. With each sample I conduct a focus group in which I coordinate a group of people within the target market to try and then answer specific survey questions.

Recently, a connection I had through my job with the Center for Entrepreneurship requested to meet with me and catch up. She recommended me to a local investor as I was looking for funds to keep Zeppy moving forward. I also got the Zeppy business cards in!



12/15/2016

Today I established the bank account for Zeppy and a few days ago was able to get my ex-business partner to sign the partnership dissolution that my lawyer wrote up. He was a great partner and had a wonderful marketing mind, but once he started his sales job he did not have time for the company anymore. For the future, I will look for partners that show an immense passion and have industry expertise.

9/19/16

I heard back from the product formulation company today after sending them revisions to the consulting agreement. They were able to update everything in the agreement that I asked of them—I am having my lawyer review the documents again and will also read them over myself before signing.

Once I sign the agreements and send them back to the product formulation company, they will start the process of developing my first drink!

9/14/16

Today I completed a draft of the Process Map detailing the normal process getting the product from the brewery to the distributor and onto the shelf in a store.

So far, I have received great feedback from multiple people on the name change to Zeppy.

9/9/2016

Today I took a huge step with Zeppy. On September 7, 2016, I competed in a preliminary startup pitch competition against 11 teams. I did not believe Zeppy would be ready to be pitched yet as not all of my marketing projections were finalized and I still did not have a logo. With some encouragement from my boss at the Center for Entrepreneurs, Carol Hamilton, I entered the competition on September 5, 2016. Being so last minute, I paid my marketing friend to design a temporary logo and create a theme for the pitch deck. It turned out wonderful and I made it to the final three to present at Madison Catalysts, an Entrepreneurship Conference hosted at JMU.

I received great feedback from the preliminary competition and did great presenting at Madison Catalysts. Though I did not win, I made a plethora of new contacts and, most importantly, had a JMU alum reach out to personally work with me on getting the plan for Zeppy ready to pitch to real investors.

In addition to the competition today, I received word from my lawyer that Zeppy has officially been filed as a Limited Liability Company operating in the state of Virginia.

9/2/2016



Today I officially decided to change the name of the business from Be Free Beverages to Zeppy. I had been pondering this all summer and with some persuasion from my two bosses and mentors at the Center for Entrepreneurship, I decided on Zeppy.

Zeppy is not only my nickname, but it is the name my grandpa's friends called him. My grandpa was a huge idol for me—he fought in World War 2 fearlessly jumping out of planes onto the battlefield; played on the American baseball team during the war; raised eight crazy but lovely children; kept in touch with many friends worldwide; and was a loyal husband that worked endlessly to provide for his large family. My grandpa, Robert Zeppuhar, passed away at 93 years old this past summer and I know he would have loved to see this business thrive.

Zeppy is also much simpler to work with for logo purposes and will run into far less problems with trademark law.



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