

# Candles by Madison

## Business Plan

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For

# Candles by Madison

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## Executive Summary

An idea coming to reality is a great feeling; a business coming to reality feels even better. That's why having a hobby turn into a business is a great feeling and a dream. Candles by Madison is a sole proprietorship with the sole owner being, Madison Morgan. This business is springing from a pre-existing hobby but is in the developing stages of a business that will start selling through a website ([www.candlesbymadison.com](http://www.candlesbymadison.com)) on January 1st, 2017. Candles by Madison will be located in Mecosta County, which is the area in which Madison Morgan lives, as the business will be based out of the basement of her home.

Candles by Madison's products consist of candles and wax melts made from 100% eco-friendly soy wax. Every product is hand made with love, and made in Michigan with most of the supplies manufactured in the United States. Each product is highly scented and holds an amazing scent that will permeate throughout any room. Products will be sold at double the cost to manufacture. Products will be made, then the website will publish items available that Mid-Michigan customers can purchase online, and have products delivered or they can pick it up.

Many other candle companies have a limited amount of scents available, as well as a high price tag. Candles by Madison, however, will hold a high expectation for quality as well as keeping the price low enough for everyone to be able to enjoy. Christmas time is when you make the most sales then any other time of the year. It is projected that within the first year of business we will make \$57,000 in sales, following year two at \$59,500 dollars. Candles by Madison will be using online mediums, from the power of sharing on Facebook and using online yard sale groups, to emails, and using video updates to help showcase our local business.

Candles by Madison will be starting up loan free and the cost will be taken care of by the owner as the cost of start up is \$1,100 dollars. This includes a Website start up cost of \$350, Equipment of \$200, and Supplies that will make 120 candles, and 200 wax melts that will cost \$550. After this initial \$1,100 the website will be paid for a year, equipment will last longer then the year, and the products made from the supplies will be sold within a little over the first month at \$1,320. The money made will be used to purchase more supplies and to expand on the business.

Due to the growth of the business, Candles by Madison will need to hire personnel by the end of the first year. Madison plans on working full time on the business. Then during the busiest time, September to the end of December, a part-time seasonal worker will be hired. We plan to continue hiring and by Candles by Madison's third year we intend on having the owner working full time, another full time employee, and two seasonal worker from September to the end of December.

Candles by Madison intends to grow and become a successful local business in its first year of operation. The next step is to grow the product line as well as our clientele and expand by hiring more personnel. Overall, Candles by Madison is going to be a trending new habit for every customer. People won't be able to get enough of their products.

## **The Business**

### **Description of Business**

Candles by Madison will provide people not only handmade candle products, but will also fill your heart with emotions. All products are made with 100% ecofriendly soy wax, and are highly scented. Every single one of Candles by Madison's products is hand poured with love, and makes sure every person will enjoy the ambiance of each and every product. All products will be sold through the website ([www.candlesbymadison.com](http://www.candlesbymadison.com)) and shipped directly to the customer's homes for them to enjoy. The website is set up for people in the Mid-Michigan area to purchase Made in Michigan candles from a local business.

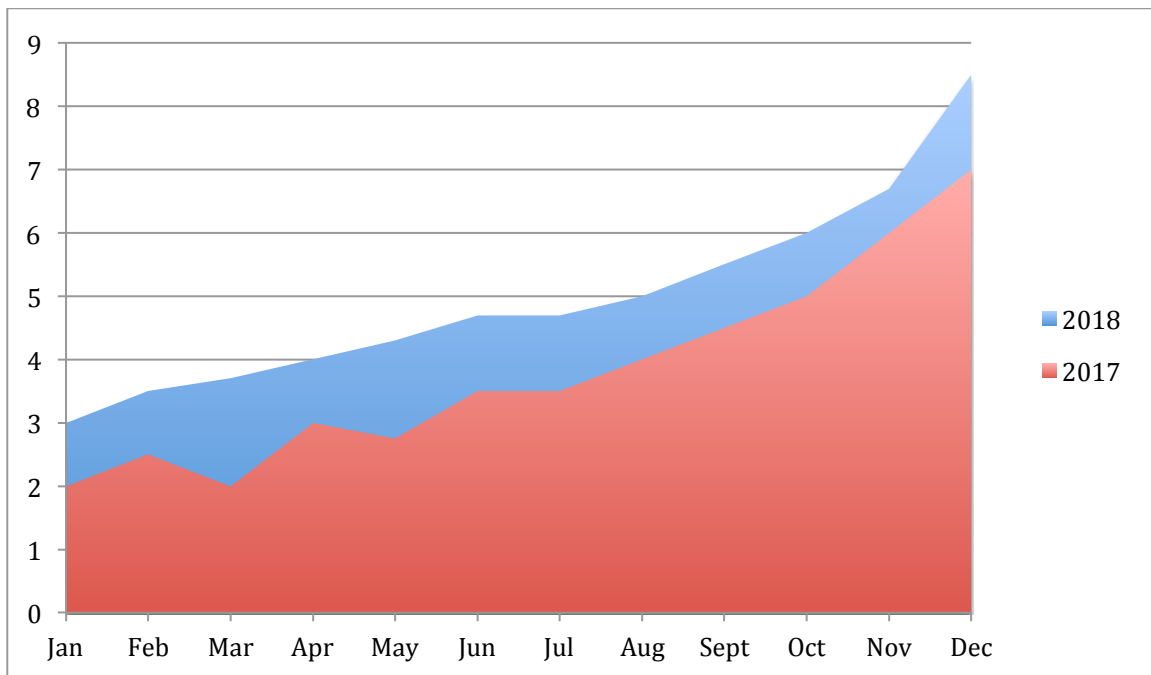
### **Historical Development**

The company will be named Candles by Madison, and the company and its website will be opening January 1st 2017. Madison Morgan will be the sole owner of Candles by Madison, making it a sole proprietorship. The birth of this company came directly from Madison herself, and therefore will be one of a kind.

### **Product Lines**

Each product is highly scented and holds an amazing scent through out any room. From candles to wax melts every product will have the customers ordering more. Each product when introduced into the market will be priced at double the cost. To make sure our candles are perfect, doing product research is very important. Checking what wax works best and also what fragrances are the

strongest and most compatible with the wax is very important. These calculations were done after viewing many other online candle website owners and doing lots of research. The following projections are based on research as well as the knowledge of candle sales throughout seasons; for example, before Christmas sales are higher than any other time of year. In the first year sales are going to be significantly lower but large increases are going to still happen with the seasonal pattern. The graph below represents 2017 and 2018 sales projections for every month by 1,000 dollars.



### Market Segment

The people that will be buying my products will mainly be woman of any age, but generally women above 18 years of age, in the Mecosta and Montcalm County area, which is the area of the candle factory. The United States Census Bureau shows the population of Mecosta County as of 2015 was 43,067, the

female percentage being 49.9% (21,490). The population of Mecosta County of females above 18 is around 17,493. The population in Montcalm County being 62,945, with a 48.4% (30,465) female population and 23,488 above 18 years of age. These percentages represent that given my niche population and gender I have a potential of 40,981 women above the age of 18. Not everyone likes candle products but on average 70% of households use candles meaning Candles by Madison could have a potential cliental pool of 28,686. This number leads to a high ceiling of potential growth for the future, since candle products are a popular and up and coming area for small business. Many Michigan people enjoy and prefer buying products made in Michigan or the U.S. Being a local company, using U.S. made materials, high quality products sold, and high number of population in my niche, success is inevitable.

### **Competition**

There are a few small local businesses that also make candle products. Both of these use different forms of sales, like craft shows and rental spots at stores. Neither uses the form of quick and easy ordering online for the local population. However new entries into the small business candle product sector could be a factor leading to competition. Small existing businesses could decide to branch out to an online store or new small business could.

Many larger stores do not sell handmade local products, but rather buy a large operation's candle product at wholesale to sell, like Yankee. Both large and local candle stores are forms of competitive rivalry. Both forms of my

competition have their strengths and weaknesses. The weaknesses of both could be price, quality, and variety. Yankee has candles that have a very high price tag, and they can lack variety compared to smaller candle businesses. Smaller business like Candles by Madison's can also have a small variety and a large price tag. Candles by Madison, however, produces candle products that have reasonable prices, good quality, and a large variety for such a small business.

Many of my competitors could cause a threat to my success; customers of mine could purchase competitor's candles. The hope of every business is that your products are better than the competition and will have customers coming back. Competition can be affected in many ways; supplier powers for example can affect which of us can rise to the top. Recently shipping has gone up even when ordering smaller amounts of supplies. When ordering from suppliers, the more you order can lead to a cheaper overall individual cost. For smaller businesses ordering large quantities is not an option, so therefore you can potential pay significantly more for supplies over your larger competition. Though being a smaller business causes higher prices for supplies, quality of products over larger businesses are significantly better. Buyer power can also affect a small business. For example during bad seasons for candle producers, like the summer, businesses will want to give incentives or sales to those that will buy candles for the summer. Threats are always going to surface for any

business; however, making sure you can compete is what will lead to your success.

### **Location**

The location of the business will be in Mecosta County, Michigan while selling online and shipping to mainly local customers within the Mecosta and Montcalm Counties. The reason it will be located in that area is because it is based out of the owner, Madison Morgan's, home. That is also the reason it is reaching out to local customers at first, because it is familiar with the area and its people.

### **Hours**

This business is based online, so the website is up 24 hours a day. Shipping out of products is estimated to ship between 4-8 days after the customer orders.

### **Marketing**

The main marketing method is by advertising to the direct market I am trying to interest. Facebook outlets, like yard sale pages, as well as the power of sharing can lead to a large amount of free advertising. Using sales promotions is also going to be a leading factor to bring business. Offering percentage deals if they spend so much money, is something that could bring in many returning customers as well as new customers. The main form of marketing I will be using

is online. From Facebook, to emails, to using Video updates to showcase the business.

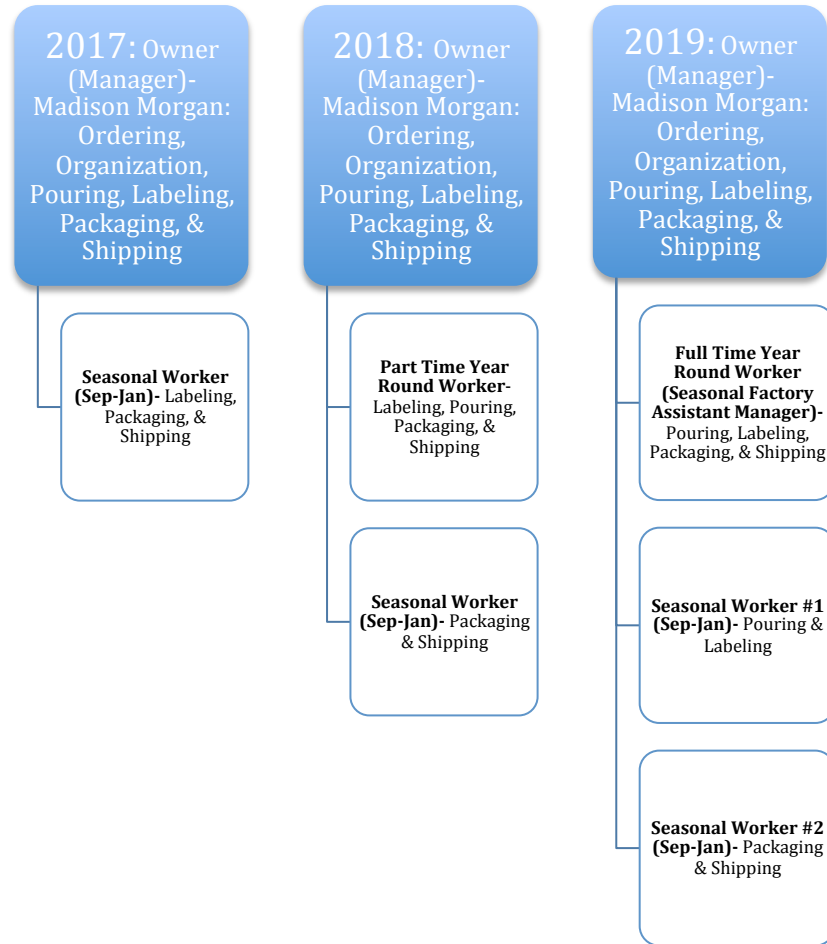
## **Management**

### **Business Format**

I have chosen to have a sole proprietorship for the business. It is a small, in-home business and therefore a good fit, being a small business owned by one person. This is also the most cost effective and is an easy set up for new start up businesses. This business format is the best suited for the business until further growth and expansion.

### **Organizational Chart**





## Personnel

Personnel is a very important component to making a business successful. There are many things I would look for in employees. Some being that they are creative, have computer experience, and also have a willingness to learn. Those past experiences would be valuable to the business. The responsibilities of the employees would consist of the pouring of the wax into the jars, as well as labeling the finished products, packaging products, and boxing up finished goods that need to be sent to customers. These responsibilities will contribute to the success of the company drastically. Having others to help out

during busy times and having them know most of the general process to making the products, will be helpful in allowing the business to grow.

## **Finance**

### **Project Description**

Candles by Madison will provide people not only handmade candle products. This business is a home based company that will be using a website based store to sell my products. The website is set up to target those in the Mid-Michigan area. All products are made with 100% ecofriendly soy wax, and are highly scented. This company is being set up to bring joyful smells into their lives.

### **Total Estimated Project Costs**

The total estimated project cost is around 1,100 dollars. This includes the website start up costs which will be \$350. The equipment to make the products also costs \$200, and the good and supplies to make the products with will be an estimated \$550. An area and place to make the candles is already established within the basement of my home, so there will be no costs or funds needed.

### **Uses of Project Funds**

The following list shows a breakdown of the use of project funds for the start-up of the Business. Most products will be ordered online and shipped to me so shipping is included in estimates.

#### **Breakdown of Project Funds**

##### **Website Costs ( for 2017 year)**

Website through Wix.com	\$300.00
Domain Name	\$ 50.00

<b>Total Website Costs</b>	<b>\$350.00</b>
<b>Equipment [Including Shipping]</b>	
Wax Melter (Presto Pot)	\$100.00
Electric Stove Top Burner	\$ 30.00
Poor Pots	\$ 20.00
Scale	\$ 30.00
Utensils	\$ 20.00
<b>Total Equipment Costs</b>	<b>\$200.00</b>
<b>Supplies (120 Candles [8oz]) (200 6-Cavity Wax Melts [3oz]) [Including Shipping]</b>	
Fragrance Oils (48.75 oz.)	\$ 60.00
Wax (97.5 lbs)	\$ 200.00
Jars (120 pc.)	\$ 130.00
Jar Lids (120 pc.)	\$ 50.00
Wax Melts Packaging (200pc)	\$ 70.00
Wicks, Dyes, Labels, etc.	\$40.00
<b>Total Supplies Cost</b>	<b>\$550.00</b>
<b>Overall Total</b>	<b>\$1,100</b>

This table showed an accurate total amount that is needed for the start up costs. The supplies that will make us 120 candles and 200 wax melts will sell for 1,320 dollars, this being only the first batch of candles for the first year. The estimated first batch will sell within one month of business, and the 1,320 will be used to expand to make more candles and wax melts the second batch and so on.

#### **Lending Institution Participation**

There will be no lending institution necessary for the start up of this business.

## **Equity Participation of the Owner**

The owner already has the funds saved to start the business, and the sales throughout will help sustain the business from there on out. No other owner or lender will be necessary.

## **Production**

### **Description**

Supplies will be ordered online and then shipped. From there, products will be hand-made with love and stored. After production, stock amounts will be placed on the website ([www.candlesbymadison.com](http://www.candlesbymadison.com)) and customers will purchase products available. From there, products can be picked up at the shop or can be shipped through the United State Postal Service.

## **Capacities**

Throughout production the facilities we plan to use is the owner, Madison Morgan's, basement in her home. After lots of research, the following suppliers will be used. Fillmore Container is where we intend to purchase our wax, jars, and wax melt containers. Candle Science is where we will buy our fragrance oil, jar lids, wicking supplies, and candle dye. We intend to use Online Labels to buy the stickers we will be using on our products. Currently no patents will be necessary for this business. The labor cost in the beginning will be non-existent as the owner will be the only worker for the business. By the end of the

year, however, we intend to hire a part time seasonal worker at minimum wage.

The technologies we will be using consist of a computer to utilize Word, Excel, QuickBooks, Wix, and the Internet for the business. We will also be using a printer to print out stickers as well as order forms.

### **Capital Equipment**

Very little equipment will be used but all of it is needed to operate the business properly. The most important piece of equipment is our wax melter, followed by our pour pots, electric stovetop burner, and scale. Overall we will be using our very important equipment in order to run a successful business.

### **Supplies**

The supplies we will be using will be obtained through ordering online from Fillmore Containers, Candle Science, and Online Labels. Depending on the demand for our products that will determine how many supplies we will need to order. Generally it takes 3-5 days to receive our supplies shipment, so therefore we must make sure we order ahead of time to be sure we don't run out.

### **Supporting Documents**

Attached I have provided my personal resume.

