

PORTLAND STATE UNIVERSITY

Strategy Plan for Finex

ETM 525: Strategic Planning Dr. Ron Khormaei

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1. Finex as a Company

Finex is a startup Company founded by Mike Whitehead, a design engineer who is also passionate about cooking and especially cooking with cast iron. Mike could not find the ideal cast iron in the current market and decided to design one himself. After couple of years of trial and errors, he came up with a very new octagonal design of cast iron skillet, which would make using it a lot easier. He also changed the conventional shape of cast iron skillets' handle to a new form that would decrease heat transfer a lot and therefore make cooking with cast iron a lot more convenient. He put the project in Kickstarter and gained a huge success of 800% of his goal. He received many press attention and acknowledgements even before he released first cast iron! Wired and uncrate were among the several press that wrote about the Finex cast iron skillet [1].

Although Kickstarter success is inspiring, it does not guarantee a future success and it is only a beginning. Finex required a proper strategy to enter matured cast iron market. This document presents our Strategy for Finex.

Mission & Vision

Company Vision:

“Bring back cast iron charm with unique design of Finex to every kitchen”

Company Mission:

“To make every day cooking special by using cast iron cookware that is elegant yet easy to use”

Company Values:

Finex cares about their customer and their environment. Finex starves for innovation and new designs to make a product that is beautiful and also easy to work with. Finex is also proud to be a local manufacturer in Portland and comes from a city that is famous for its local culture and more importantly delicious food! Finex defines its values as below:

1. Focus on customer needs
2. Innovation
3. Environment friendly
4. Local manufacturing

Goals

The first step towards planning the strategy that makes a company successful is setting the right goal [2]. It will be the anchor to make the right decisions and make the right moves through time.

According to Porter there is only one goal that companies should aim for and that is superior and sustainable return on capital. We define the same as the main goal for Finex in long run:

To grow and sustainable in return on investment. Further we define a 5 years goal:

- Net profit of \$2.6M in 2018
- Sales of \$6.7M in 2018

The details of above goals are illustrated in the “Financial” section of the report.

Short term Goals

While long term goals are the inspirations of the company, the short term goals are the perspiration [3]. Especially for startups, creating small, realistic and inexpensive bets are vital. They should be small and inexpensive; this way the company can learn from its failures and successes. Failures imply that a change may be required, and success means company can take next step and is on the right track.

Although Finex has been very successful in Kickstarter and over achieved their goal by more than 8 times; we have to be very well prepared for the life after Kickstarter. There are many examples of successful Kickstarter project that did not survive even in the first year [4] . Below are some important action points that have to be in place for the life after Kickstarter:

- Line up manufacturing beforehand; with more than 1500 products to ship within 3 months Finex has to plan properly for manufacturing.
- Fulfillment; it is wise and efficient to use automation as much as possible. Extracting backers' information and shipping information can get very time consuming if not automated.
- Choosing the right reseller and retailer; It is important to look for the right reseller and retailer early on the road.

As we looked at the Kickstarter statistics, these two events dramatically increased the number of backers. This highlights the importance of creating the buzz and get press attention. Our main focus in the first year will be customer loyalty-by shipping skillets on time to Kickstarter bakcer-, create buzz and advertise and selecting the right sellers for our product. Figure one depicts our goals in each quarter of 2014:

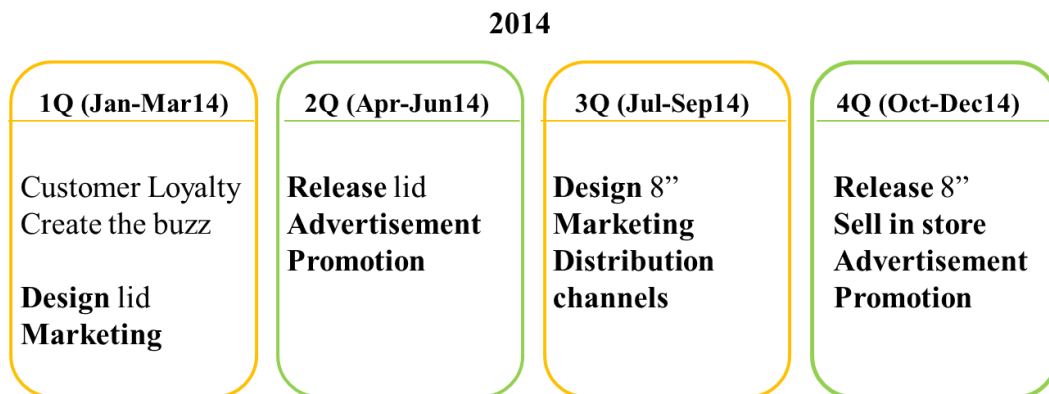


Figure 1-Finex shorter term goals in 2014

As it can be seen, we want to focus on designing next product in quarters first and third, also look for proper distribution channels. We want to release a new product in quarters 2 and 4, which are the green slots. This will be our internal rhythm for the next five years. More explanation on this **rhythm will be provided throughout the report.**

SWOT

SWOT analysis is a tool to help a company understand their business when compare with competitors by looking to the company's strengths, weaknesses, opportunities, and threats. After creating the SWOT analysis, companies may see new opportunities that they may never realize before, and also increasing the company's awareness which further can lead to improve weaknesses and also reducing threats from outside [5].

Table 1-Finex SWOT

Strengths: <ul style="list-style-type: none">• Unique design product (shape and handle)• High quality (CNC machine - smooth surface)• Easy to clean• No heat transfer on the handle• Optimal weight• Successful project on Kickstarter• Gained Press attention• Experience in design and management	Weakness: <ul style="list-style-type: none">• Lack of brand recognition• High prices• No diversity (only one product)
Opportunities: <ul style="list-style-type: none">• Health concerned (Teflon fume)• Healthy food and home-made food trend• Few competitors• Need for easy to clean product• Most of products are old fashion style• Need for light weight cast iron	Threats: <ul style="list-style-type: none">• Dominance of competitors in market-share• Competitors offer various products and feature• Cheaper prices with high quality product• Matured and slow growing market

Strengths

For Finex, product design is the main strength. Currently available products in the market mostly have the old fashion look of cast iron skillets that has been around for 100 years. Other than that, the new style of handle will cools down very quickly can make the cast iron skillet more safer cookware that is also easier to work with. CNC machine makes the surface of Finex skillet smoother than other brands. Finex also has an optimal weight; it does not compromise on quality but also has a reasonable weight.

The huge success in collecting funds in Kickstarter is definitely a good sign and Finex can benefit from the reputation it already gained through Kickstarter. Finally, the experience of the founder, Mike Whitehead, in engineering management and product design will ensure that our customers will receive the best design products.

Weaknesses

Like any other startup, Finex is not a recognized brand. Compare to other cast iron products in market, Finex skillet sticker price is high. Although Finex is going to be a high quality product for a special target market, it is still challenging to absorb customers with relatively high price. Another weakness is lack of diversity. Finex, currently has only one product which is not at all enough to be competitive.

Opportunities

In cookware market, cast iron skillet seems to have better responses than other materials because of the health concerns. Cast iron will not produce toxic fume same as Teflon or create disease when containing acidic food same as Aluminum. Moreover, if customers use cast-iron skillet to cook their food, they will use less oil than other materials. That means food from cast iron tends to create more healthy food [6]. Other than that, most of the cast iron skillets come with the traditional round shape. Even though some brands create pour spouts and a helper handle, it seems that customers still need a new style of cast-iron skillet. Additionally, ease of cleaning become a great opportunity for Finex because rough surface in cheap cast-iron makes a burnt surface growing over time. In contrast, with Finex, CNC machine will create less-stick surface that makes our skillet easier to clean. Even though enamel coating on cast-iron makes it looks more beautiful, some customers complain the cracking problem after using it. Lastly, the need for lighter weight cast-iron is increased.

Threats

Cast iron market is a mature one and there are several brands that has been dominate for many years. Some of them have been around for a while, and some of them are created by well-known people. Also, competitors have a full and complete set of cast iron cookware with different shape and design that Finex does not have yet.

2. Strategy Methodology

We chose core competency method as our Strategy Methodology. We are designers and Finex skillet has gained a lot of recognition from Press for our unique design. Figure 2 illustrates our unique place in the market based on competitors and customer needs.

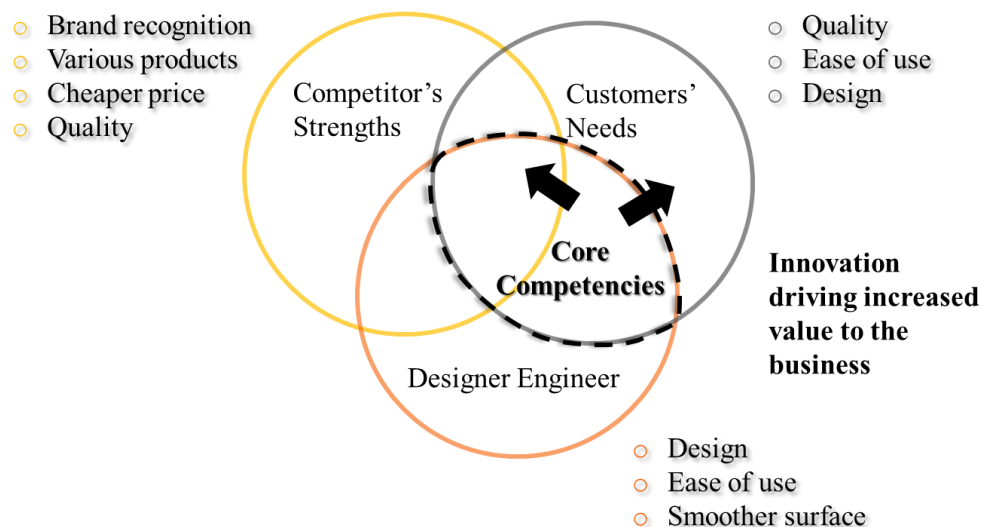


Figure 2-Finex core competency illustration

Customer needs are mostly extracted from the inputs we received in our survey. We also investigated the market to understand our competitors. As it can be seen, there are some customer needs that are not yet met properly but the available products in the market. Design is among those and ease of use is among those. We chose “design” as our core competency, and through better design we offer a premium product that is also easier to use.

Survey

To get the best overall understanding of popular opinion of our future customers on cast iron cookware, we came up with a questionnaire and sent it to people from different geographical, cultural and economic backgrounds. To get as many responses as possible in the short time that we had, we distributed the survey in Linked-In and Facebook. We also made 7 face-to-face interviews with people who were passionate about cooking and cast iron. We also talked to the Sur La Table and Macy's stores to better understand the competitors and users preferences in purchasing cast iron products.

We developed a survey questionnaire to understand our potential buyers, their needs, their perception of Finex product and the price, where they shop and how they prefer to shop (whether online or in store) Please refer to Appendix A for the complete set of survey questions. We will be using our survey results throughout our Strategy to justify our decisions.

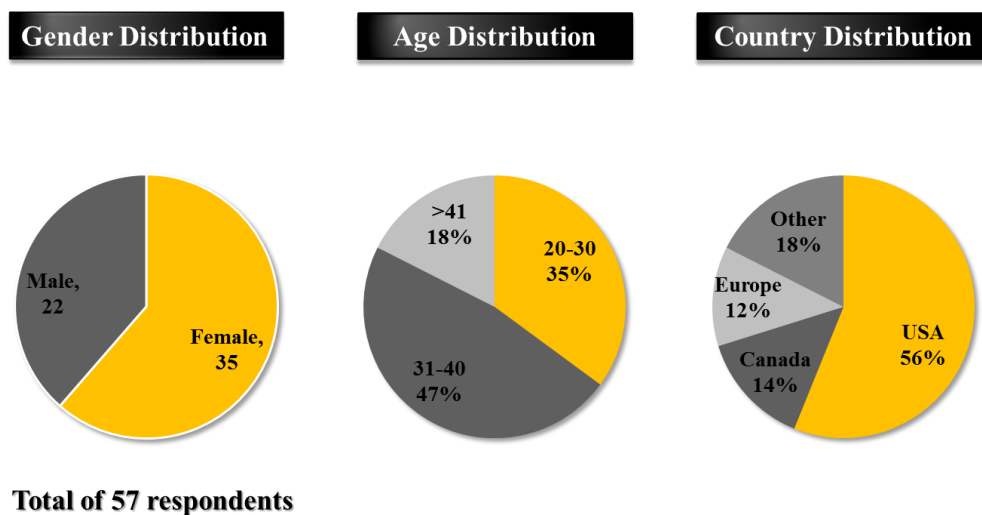


Figure 3 - Survey demographics

User Needs

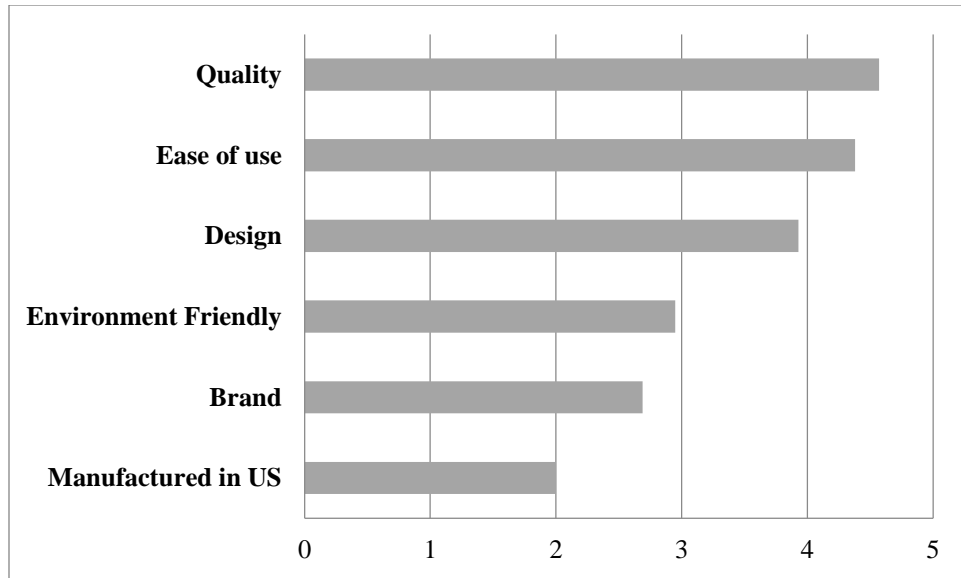


Figure 4 - Users' Needs

As it can be seen quality, ease of use and design are the top three factors that users are looking for when buying a cast iron. These factors match with our core competency.

3. Market Analysis & Market Strategy

Our Target Market

We used the survey results to understand our buyers. We identified our buyers by looking at the answers to below question:

“Assuming Finex Skillet price meets your expectation how likely will you be to purchase it within the next year?”

We looked at those who replied: We will definitely purchase it, and we will probably purchase it.

Looking at their gender, age, occupation, cooking habit, cooking frequency we define our target market as below:

- Female above 25 and Male above 30
- Income above 60K (based on their occupation)

- Cook everyday
- They care about taste of the food and food being healthy more than convenience of food

Table 2-Buyers demographics

	Female	Male	Total
I will definitely purchase	2	0	2 (3%)
I will probably purchase	8	7	15 (26%)
Total	10	7	
Total Buyers			17/57 ~ = 30%

30% of our respondents showed an intention to buy Finex product. Based on the demographics published by US census there are total of 114M household in US. We used this statistics from US census and also formula below to calculate our total available market:

$Q = N \times A \times P$ where

Q: Finex market size in US

N: Total available market in US

A: Accessibility

P: Probability of purchase (based on the survey result) which is

$0.4 * (\text{percentage of "definitely" replies}) + 0.2 * (\text{percentage of "probably" replies})$

N = 30% (based on survey results) of total US household (114M)

A = 0.2 (realistic)

$P = 0.4 * 0.03 + 0.2 * 0.26$

Finex Market Size in US: $Q = 34M * 0.2 * 0.6 = 4M$

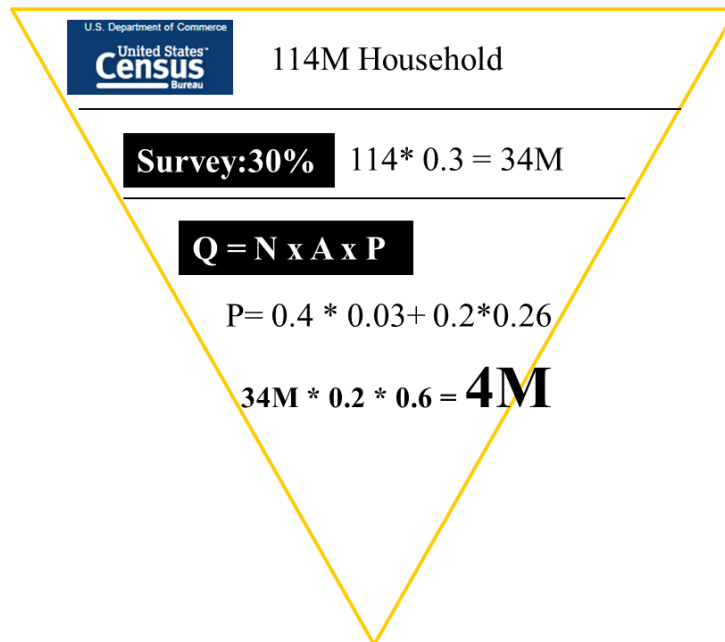


Figure 5-Finex market size calculation

Market Strategy

Our main goal in the first year and especially in the first half of 2014, is to create buzz, spread the word and add reviews to our product. Around 56% of our buyers mentioned that they purchase in store only. They also mentioned Macy's and Bed Bath & Beyond as their top two stores where they shop for cook ware. We want to have our products available in these two stores as soon as we can. We want to concentrate on small market niche and use their work of mouth to expand our market. Therefore we will start with stores in Oregon, and then will move to Washington and then California. We will start with Macy's and BBB and then move to specialty stores like Sur La Table. Meanwhile, as we are a Kickstarter project and there is already awareness in the whole US about our product we don't want to lose our buyers outside Oregon. Therefore, we will have our product ready online and in Amazon from the beginning. Based on our survey results 44% of the buyers mentioned Amazon in addition to the in-store as their preferred method of purchase.

Finex is already using social media and has gained attention from Press which can definitely be very beneficial in attracting more buyers in Portland and around in US. Figure 6 illustrates the most important factors that influence buyers. As it can be seen, word of mouth and commentary on website are the top two factors that influence buyers the most. Therefore, it is vital for Finex to gain as many positive reviews as possible.

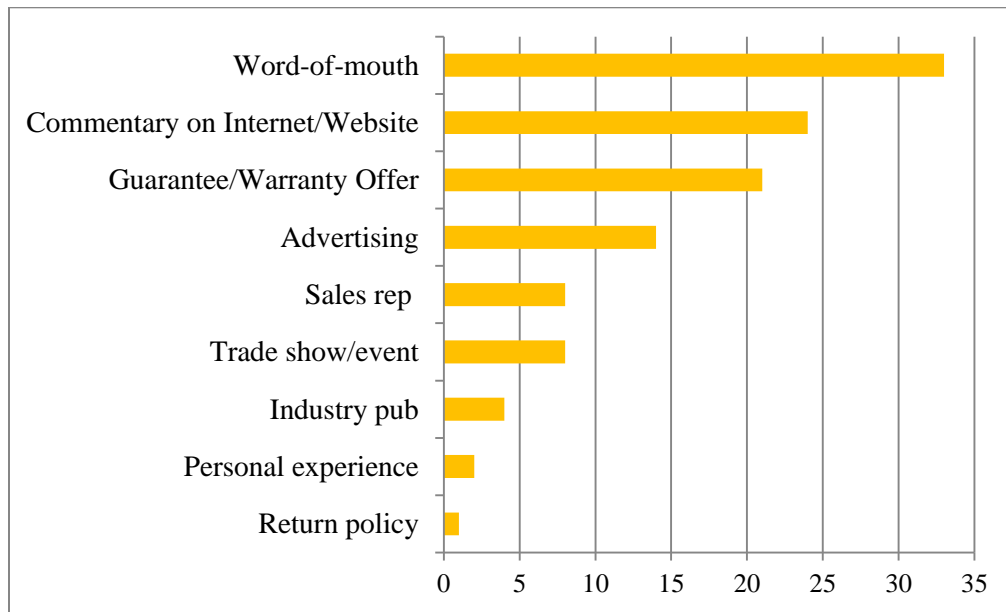


Figure 6-What influences buyers

4. Competitor Analysis and Strategy

Because Finex is not the only brand who provides the cast iron skillets in the market, it is important to the company to know who their competitors are and also know how competitors perform in the market by identifying their strengths and weaknesses. Moreover, Finex should identify how the company will look like to the customers by stating their position against competitors and creating the positioning statement in order to provide the direction to the company. Then, a competitive strategy can produce to have a plan to compete with rivals.

Competitor Strengths and Weaknesses

Based on the survey results and researches done on the cast iron market, a few brands were identified as the main competitors. Among the variety existing of cast iron brands in the market Le-Creuset, Martha Stewart , Loge, Staub and CampChef were recognized as the most popular cast iron skillets. Specialty of these brands is for providing value to their customers. Definition of value is different based on customers' needs. Table 3 provides the brand features in which effects the popularity of the products (cast iron) and brand in the market.

Table 3-Competitors' weaknesses and strengths

Competitor	Strength	Weakness
Le Creuset	Diversification (color and size) Well-known and popular brand for design and quality	High price
Martha Stewart	Diversification (color and size) Reasonable price	Enamel cracks Heavy Hand wash only
Lodge	Low price Well known and popular in US for quality and price	No diversity in design and color Heavy Not easy to maintain - Hand wash only
Staub	Diversification (color and size) Well-known and popular brand for design and quality	High price
Camp Chef	Low price Design	Hand wash only

Based on the analysis above, we chose “ease of use” and “Elegance and design” to position Finex against other competitors.

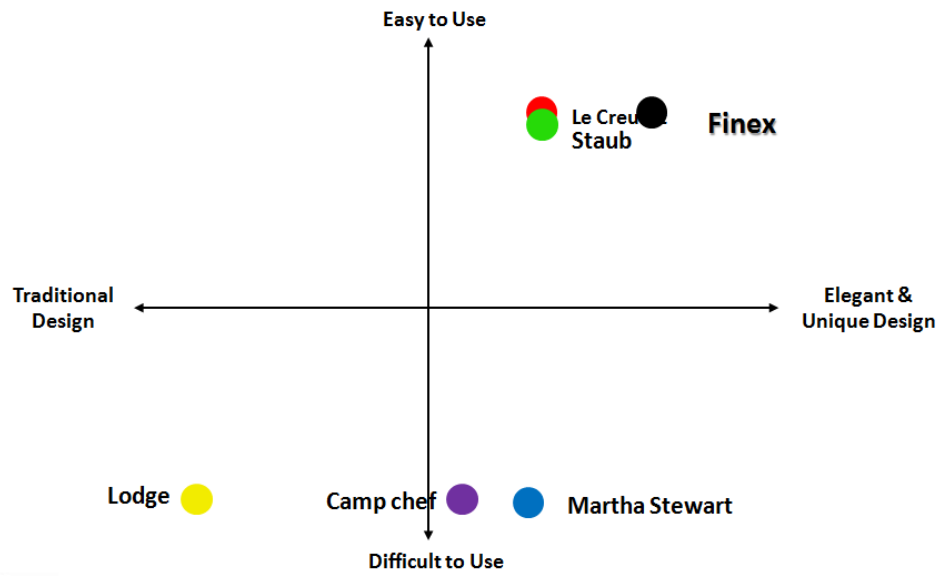


Figure 7-Finex positioning

Finex is ahead of its competitors in terms of design and elegance. It is also easier to use because of its handles, ease of cleaning and reasonable weight.

Positioning Statement

Based on the discussion above Finex's positioning statement will be:

"Producing cast iron skillet with unique design and easy to use"

Competitive Strategy

After analyze the competitors' strength and weaknesses, and also have a direction for the company that Finex should focus on to be a brand with great design and easy for customer to use, the strategy to compete with rivals can identify in order to know how the company will enter the market and have a plan against competitors.

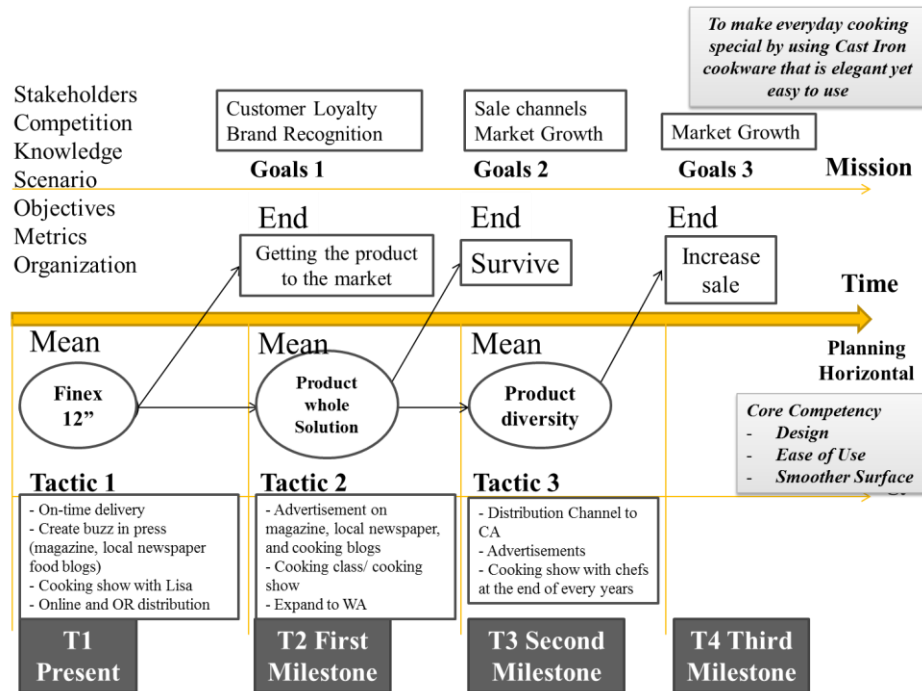


Figure 8-Competitive strategy

From figure 7 above, it is illustrated how the company should complete to compete with competitors. Ends from the figure are the outcomes after the company performs the means or activities by using the tactics or actions to achieve goals after period of time T. At this moment, company has only one activity that is launching 12'' cast iron skillet to the market, so the actions that company should do is deliver the product on time to the Kickstarter backers, who support Finex by funding the project, in order to get the product to the market. By delivering the product on time, it will create customer loyalty to the brand that is one goal of the company. Also Finex should create the buzz by advertising on magazines, newspapers, and cooking blogs to build brand recognition that is another goal for period of time T1.

In period of time T2, the actions will be almost the same as the previous except that the company should expand the distribution channel to Washington to build more sale channels and to increase the company growth. In this period, the company will provide the whole product solution such as serving pans and pots that need to be redesign and easy to use to relate back to the company's core competence. Also, because only 12'' cast iron skillet will not make Finex survive in the fast-pace market, creating more

product options will bring more customers. After that the company will expand the sale channels to California because it is not far from the base of company and manufacture in Oregon. Moreover, Finex should provide more diversification of the product by having different size to increase the market growth.

5. Portfolio analysis

Portfolio analysis will help the company to understand their product and the market because it will show opportunities for the company to play with the product in the market. In the case of 12” Finex cast iron skillet, even though the cast iron market has a slow growth around 10 percent, the market remains growing and shows positive cash flow in the market [7]. However, because Finex is a new brand to the cast iron market, the market share of the product is still low. Thus, Finex cast iron skillet will be placed on the question mark quadrant after the product is launched to the market. After that, the market share for the product will be growth by pushing the advertisement to create brand recognition and also creating more distribution channel to help the customer get the product easier. Moreover, the company will find the new market segment for 12” Finex cast iron skillet and also give the best service to the customers. After all these strategy to push the product from question marks to stars quadrant, hopefully 12” Finex cast iron will still have high market share. However, with the nature of the market that the product will have a slow growth rate after customers are more familiar with the product, the 12” Finex cast iron skillet will move to cash cows quadrant. Nevertheless, the company will remain pushing the advertisements to keep the brand recognition. Moreover, with the plan to create more product options, advertisements will help the customers still remember the Finex’s brand.

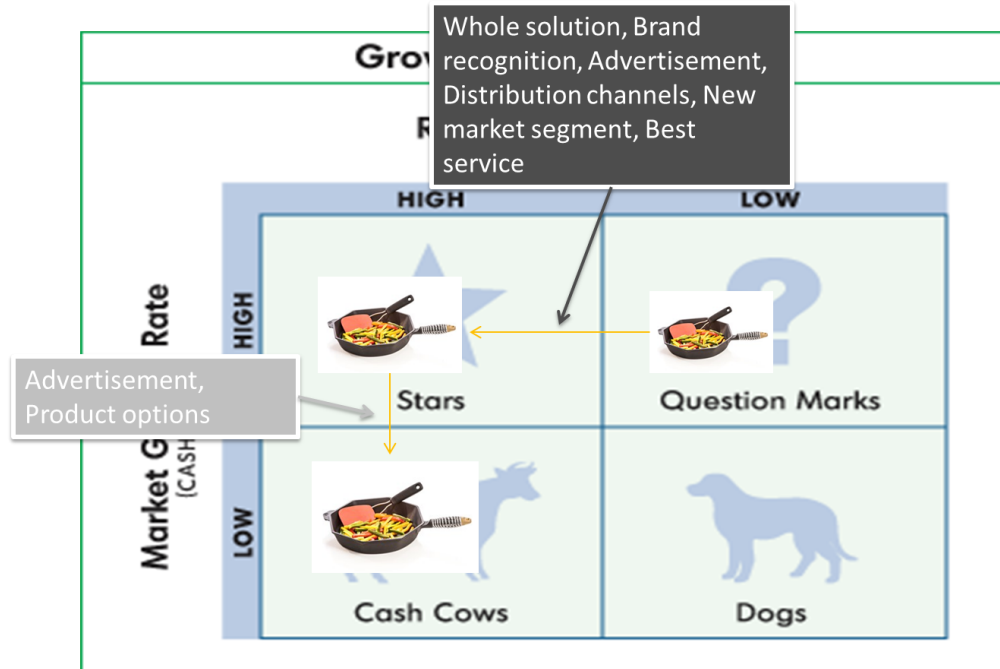


Figure 9-Portfolio Analysis

6. Commercialization

After Finex knows who the target market of the company and has a plan to compete with competitors, as mention earlier that the company will not survive and gain more market share if we have only one product, 12” cast iron skillet, to the market. In this section, the product roadmap for Finex will be include in order to help the company have an idea which products the company should provide to gain more customers. Moreover, creating buzz and brand awareness is very important for the start-up company because it is one of the weakness of the company. Thus, advertising strategy and plan will be discussed. Finally, after the company has products and advertising plan, Finex needs to think about distribution channels because where the company will approach is important for the long term of the company. All of product roadmap, advertising plan, and distribution plan will be based on the long term goal as mention earlier.

Product Roadmap Strategy

In the survey that we provided to the audiences, one of the questions is asking about how much the Finex 12” cast iron skillet should be. The result from the survey is shown in the following Figure 10. The result is based on the audiences who answer the survey that they will definitely purchase and they will probably purchase the product. Therefore the expected price of the product can calculate by using this data.

Expected Price: $(100 \times 7 + 150 \times 6) / 13 = \123

The calculation for expected price is a little bit seems low when compare to the actual price. However, the company will not decrease the price for 12” cast iron skillet to meet customers’ desire, but we will have another strategy to deal with this issue.

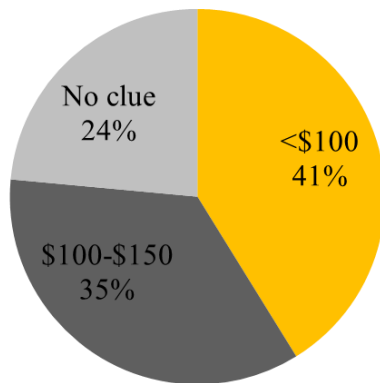


Figure 10-Customer Survey Result-Product Price

As mention in short-term goal section that first and third quarter of the year, the company will focus on design products because it is one of the company core competences that Finex will product the products with unique design than competitors. Then, on the second and fourth quarter, the company will focus on launching the product to the market. As shown in Figure 11 that in the first half of 2014, Finex will focus on the first product, 12” cast iron skillet that already launched in December from previous year, 2013. Then, in the second quarter of 2014, the company will have a 12” cast iron lid with the new design and spiral handles to relate with the first product and also our core competence of ease of use. After that

in the third quarter, as the expected price seems a little bit lower than actual price for Finex at \$195, the company will bundle the skillet with the lids and increase the price a little bit. The company will sell the skillet with lids from now on. After 2015, Finex will launch 2 products each year in second and fourth quarter, and we will design products every first and third quarter. All of our products will have different design than the old-fashion style, but one thing that Finex will keep in every product is the spiral handle because it is one of the unique designs, and also it helps to cool down the handle quickly that is easy for customer to use on top stove or in the oven. Figure 11 is depicted the product roadmap for Finex in the next 5 years.

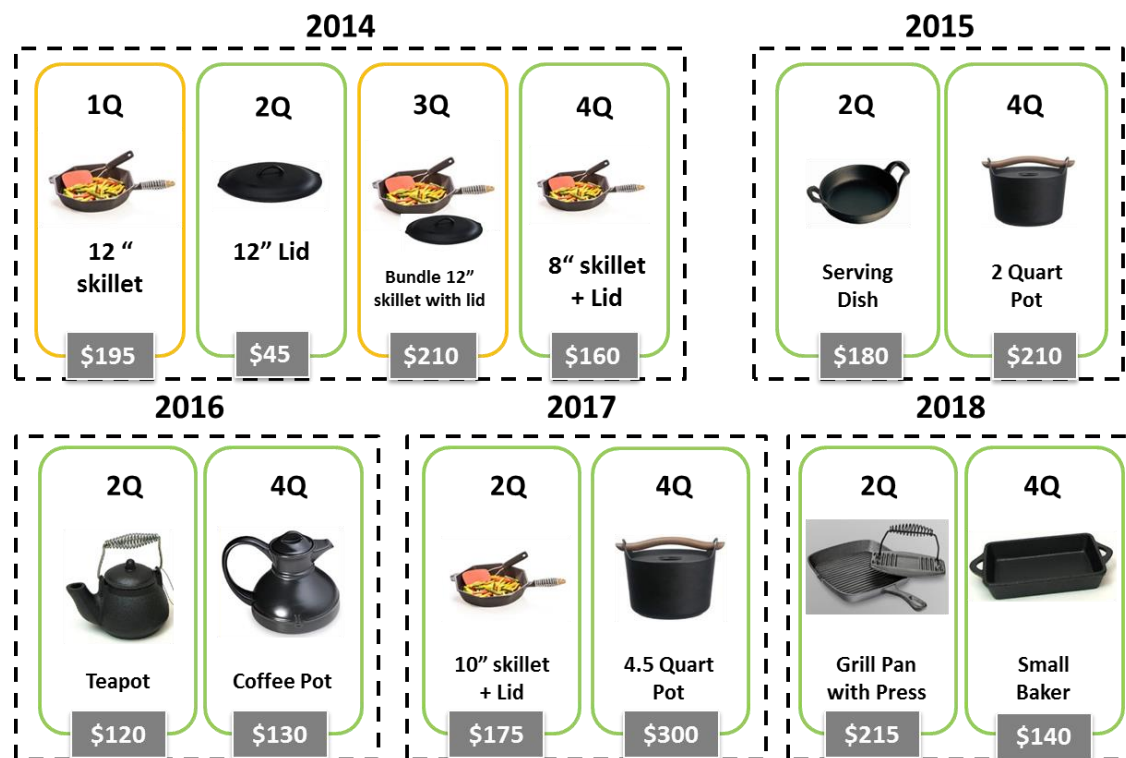


Figure 11-Finex Product Roadmap

From the above figure, it also show the suggest price for each product. Even though it seems that some products have higher price than customer expected, the company will still keep the price at high level because our target market is the people who has high income at certain age and has a job.

Advertising Strategy

In order to build brand awareness, advertising strategy is important to the company because it can create buzz to our customer. As mentioned earlier in Figure 6 that most people think word-of-mouth is the most influence criterion for them. Then, complementary on website and guarantee/warranty offer are helped customers in order to make a decision to buy a product. Thus, for Finex, we will do probing by giving 100 pieces of 12” cast iron skillet for free at special cooking stores and cooking schools to let the customers familiar with the product and brand. Also, the company will give life time warranty for the customers. Another promotion that Finex will give to the customers is bundle 12” cast iron skillet with lids and sells it at cheaper price than the customers buy them separately.

The following pyramid is illustrated how Finex will approach the target customer by using the advertisement. The type of the advertisement will be put on the step of the pyramid, and each step will also show the size of the customers that Finex can enter. When the advertising methods are placed in the upper level, it means smaller number of customers that company can reach.

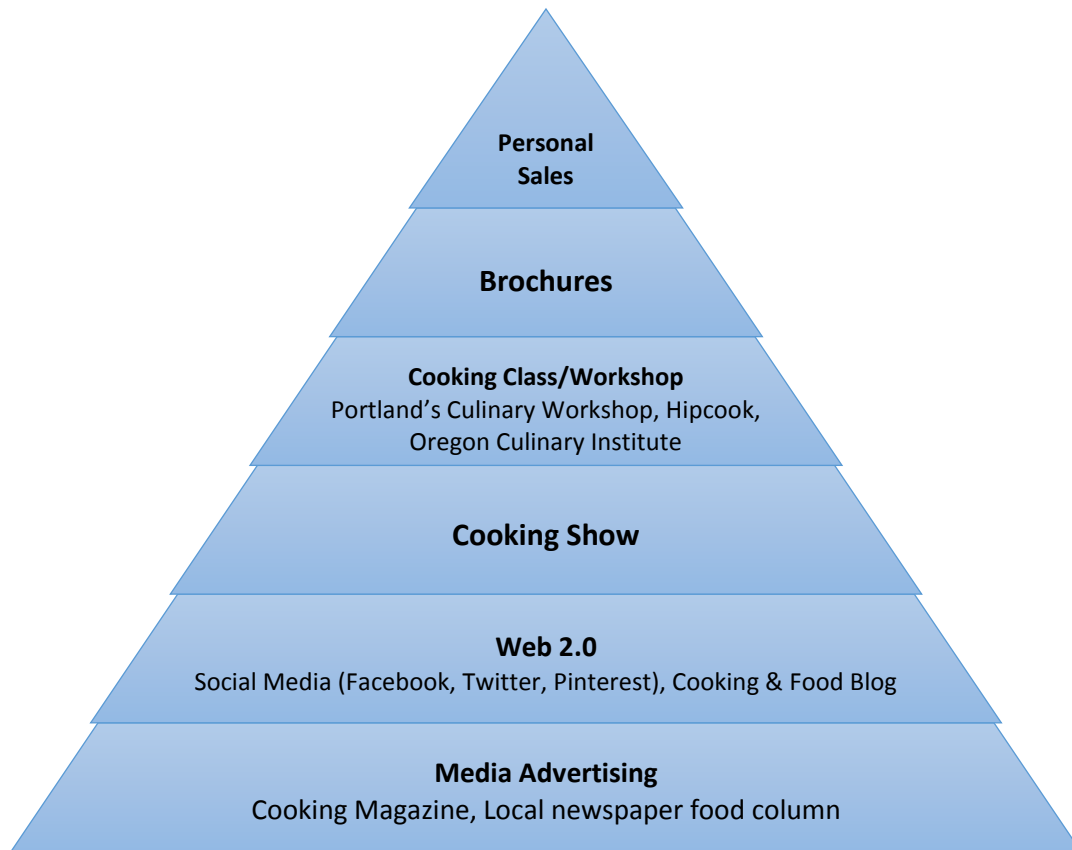


Figure 12-Advertising Pyramid

Media Advertising & Web 2.0

In this decade, people are more using the internet to receive information more than in the past. It is seemed easier for them to buy e-magazines and e-newspapers more than in actual papers. Thus, media advertising and web 2.0 seem to relate to each other. For Finex, cooking magazines and food column in newspapers will be a great option to advertise especially if the magazines and newspapers are local in Oregon. As mentioned that the magazines that we plan to put the advertise are Food and Wine and also Eating Well to reach the customer who love healthy food. Other than that, Finex will use Facebook, Twitter and Pinterest to enter the customers who like to share their cooking lifestyle through Social Media. Moreover, Finex will ask cooking and food bloggers who usually post food recipe on their blogs to use our product and post the picture in their blogs.

Cooking Show

Finex will also approach customers by using cooking shows because cooking shows are another great way to influence customers to buy the product. One of the study mention that 5 percent of customers who usually watch cooking will get the idea that which product should they buy. Moreover, in that research, they also mention that 47 percent of the audiences will somewhat likely listen to the celebrity chef when they instruct on healthy cooking [8]. Thus, Finex will ask Lisa Schroeder, Portland local chef who has a food channel on Youtube, a cooking book, and a healthy restaurant, to use Finex's product in her show.

Cooking Class/Workshop

Another idea in advertising is going to the cooking class or workshop and asks them to use the Finex's products in the class. In this way, the people, who come to learn how to cook, will know and familiar with the brand. Moreover, after they use the product in the class, they might decide to purchase to use in their house or to be a gift for their friends.

Brochures/Posters

Even though giving brochures and posters can approach smaller number of customers than other way, it is a great way to know customers' feedback about the brand and product. The company can open a small booth in cooking section in department store. Having some products for customers to see and touch and give them brochures or posters that have product's picture and features. This type of advertisement will relate with the next advertising strategy, sale representatives.

Personal Sales/Sale Representatives

In the booth that discussion previous, sale representatives and personal sales will answer questions about the products when customers are interested about products and features.

The advertising plan for Finex is illustrated in Figure 13. In the first two year, Finex will invest lots of money to build brand awareness by having a cooking show with Lisa twice a year on same quarter that Finex’s new products will be launch. This will be the same pattern with advertise on magazines. After that cooking show will happen only once a year in the last quarter near the holiday season. However, because Finex will expand the distribution channel to Washington and California, the advertising on local newspapers will be also covered Washington and California.

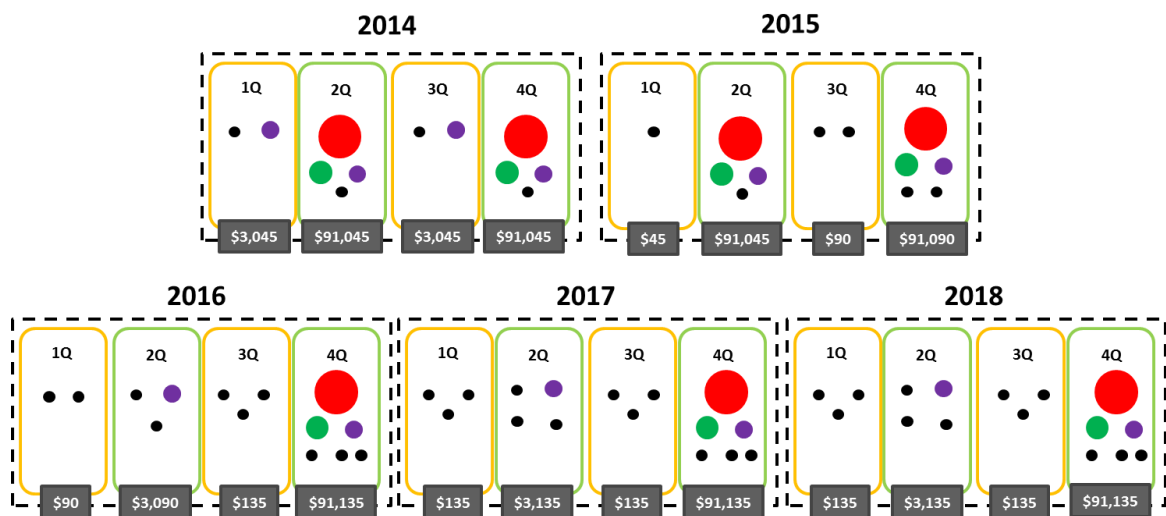


Figure 13-Finex Advertising Plan

Distribution Strategy

In the survey, there is also a question about where the customers usually shop when they want to buy some cookware. Many people prefer convenient stores or supermarket where they can also look for other things to buy. However, they are some of them like to purchase cookware at special stores for example Sur Le Table, William Sonoma, and Kitchen Kaboodle. In the focus group of the survey who answer that they will definitely and probably purchase Finex 12” cast iron skillet, their answer about the place to shop for cookware is shown in Figure 14.

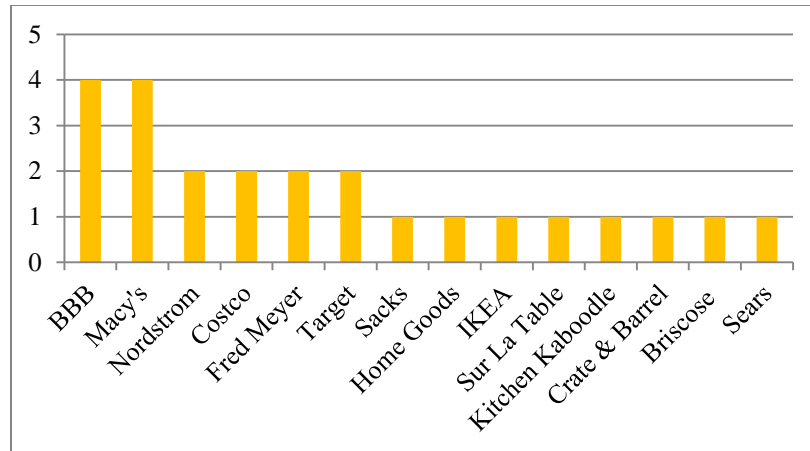


Figure 14-Where customer shop

Most of the customers who are likely to buy Finex's product prefer to shop at Bed Bath & Beyond and also Macy more than the other stores or special stores. Moreover, there are many customers answered that they shop at both Bed Bath & Beyond and Macy, so in Finex distribution strategy, these two places will be the first two stores that the company will pursue to put the products on their shelf. However, the company will not approach the big convenient store in the first half of 2014 because Finex does not have enough brand recognition. Thus, in the first and second quarter of 2014, the company will sell 12" cast iron skillet online via the brand website and Amazon to build the customer based. After that in the third and fourth quarter, the company will approach Macy and Bed Bath & Beyond stores in Oregon. Then, in 2015 and 2016, Finex will expand the distribution channels to Washington and then California respectively. In the fourth and fifth year of the company, the number of stores that Finex will approach will be expand in order to achieve the long-term growth. The following figure is depicted the distribution plan for Finex.

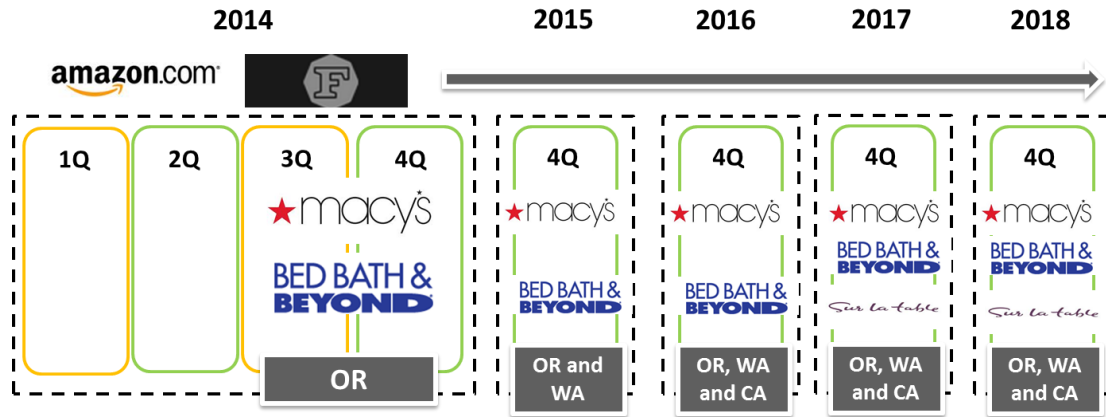


Figure 15-Distribution Plan

7. Financial Projections

We calculated the financials for four quarter from 2014 until 2018. Our goal is to calculate the net profit, and in order to do so we calculated COGS (Cost Of Good Sales) and Expenses for each quarter and deducted these from Sales for each quarter. The details are explained accordingly.

COGS:

To calculate COGS we have considered below costs:

- Cost of manufacturing + packaging
- Shipping cost (online)
- Shipping cost (to distributors)

Table shows the cost of manufacturing, MSRP, online price and retailer price, batch cost and packaging we assumed for each product:

Products	Cost of Manufacturing	MSRP	Online Price	Store Price	Batch Cost	Package	Shipping
12" Skillet	\$45	\$195	\$137	\$117	\$30	\$54	\$12
12" Lid	\$10	\$45	\$32	\$27	\$7	\$12	\$7
8" Skillet + Lid	\$37	\$160	\$112	\$96	\$25	\$44	\$12
Serving Dish	\$42	\$180	\$126	\$108	\$28	\$50	\$12

Pot (Redesigned) 2 Quart	\$48	\$210	\$147	\$126	\$32	\$58	\$12
Tea Pot	\$28	\$120	\$84	\$72	\$18	\$33	\$12
Coffee Pot	\$30	\$130	\$91	\$78	\$20	\$36	\$12
10" Skillet + Lid	\$40	\$175	\$123	\$105	\$27	\$48	\$12
Pot (Redesigned) 4.5 Quart	\$69	\$300	\$210	\$180	\$46	\$83	\$12
Grill Pan	\$50	\$215	\$151	\$129	\$33	\$60	\$12
Baker small	\$32	\$140	\$98	\$84	\$22	\$39	\$12
12" Skillet + lid	\$48	\$210	\$147	\$126	\$32	\$58	\$12

Based on the information provided in the class, we knew that the cost of manufacturing for the current Finex product is about \$45. We used the same proportion with cost/MSRP to calculate the rest of the manufacturing costs. For example, to calculate the cost of manufacturing for 8" skillet assuming its MSRP is \$160 we calculated: $\$160 * (\$45/\$195)$

We used the same concept to calculate the cost of packaging. For online shipping we assumed an average cost of \$12 for online shipping except for shipping the 12" inch where we considered \$7 for shipping. The cost of online shipping is calculated per purchased. The shipping to distributor is however a onetime cost for a batch of sales to each distributor.

Expenses

Table 4 illustrates what we considered as expenses.

Table 4-Expenses

Engineer	per person per month
Exec Staff	\$5,000
Technical	\$3,000
support	\$3,000
Employment taxes	\$3,400
Market/Sales	\$6,000
Marketing services	\$6000
	Per month
Advertisement	

Magazine	\$35000
Local newspaper	\$15
Chef/Cooking show sponsorship	\$15000
Web 2.0	\$1000

Sales

For online Sales we assumed a 10% increase in total number of cast iron cookware products sold.

We will gain this increase by adding more distribution channel, adding new products and also proper advertising. We assumed that in our total number of sold cook ware, the majority goes to popular items like skillets.

For in-store sales we assume a 500 batch sales in each round for more popular products like the skillet and 300 batch sales for less popular products like the baker. We are adding two store by quarter 4 of each year.

In the first quarter of 2014, we will have around 1300 cast iron skillets to provide to backers. Based on this number we have calculated the number of items sold in the next quarters. shows the number of items sold in each quarter till 2018.

	2014				2015				2016				2017				2018			
Store				1,000																
12" Skillet				1,000				1,100				1,210				1,331				1,464
12" Lid																				
8" Skillet + Lid								2,000				2,200				2,420				2,662
Serving Dish								1,200				1,320				1,452				1,597
Pot (Redesigned) 2 Quart								1,200				1,320				1,452				1,597
Tea Pot												1,800				1,980				2,178
Coffee Pot												1,800				1,980				2,178
10" Skillet + Lid																4,000				4,400
Pot (Redesigned) 4.5 Quart																2,400				2,640
Grill Pan																				5,000
Baker small																				3,000
Online Total	1,343	1,477	1,625	1,788	1,966	2,163	2,379	2,617	2,879	3,167	3,483	3,832	4,215	4,636	5,100	5,610	6,171	6,788	7,467	8,214
12" Skillet	1,343	1,477	1,625	894	983	865	952	785	864	950	1,045	1,150	1,264	1,159	1,275	1,403	1,543	1,358	1,493	1,643
12" Lid			2,084																	
8" Skillet + Lid				894	983	865	952	785	864	950	1,045	1,150	1,264	1,159	1,275	1,403	1,543	1,358	1,493	1,643
Serving Dish						433	476	523	576	475	523	383	421	464	510	561	617	679	747	821
Pot (Redesigned) 2 Quart								523	576	475	523	383	421	464	510	561	617	679	747	821
Tea Pot										317	348	383	421	464	510	561	617	679	747	821
Coffee Pot												383	421	464	510	561	617	679	747	821
10" Skillet + Lid														464	510	561	617	679	747	821
Pot (Redesigned) 4.5 Quart																561	617	679	747	821
Grill Pan																		679	747	821
Baker small																				411

Figure 16-Projection on number of cookware sold each quarter

Based on above assumptions, we have calculated Netprofit and Sales for each year as shown in Figure. The details of the financials have been attached in Appendix B-Financial details.

	2014	2015	2016	2017	2018
Net Profit	(\$5K)	\$380K	\$660K	\$1.5M	\$2.6M
Sales	\$990K	\$1.7M	\$2.6M	\$4.2M	\$6.7M
Expenses	\$570K	\$740K	\$890K	\$936K	\$1M
COGS	\$420K	\$670K	\$1M	\$1.8M	\$2.9M

Figure 17-Finex financial projection in next 5 years

Conclusion

This report included the strategic plan for Finex. Finex is a startup company founded in 2013 and used Kickstarter as the initial funding method. Finex gained 800% of the money it asked for for its 12” cast iron skillet which will be the first cast iron product for Finex. Finex has already gained a lot of press acknowledgements for its new design in cast iron skillets. We used “design” as the core competency of Finex and planned our advertising and our product road map based on that. We used a questionnaire to understand the market and potential buyers. Our survey received 57 responses and we used those information to project our market size and also choose our distribution channels.

Finally, we project the financials of Finex for the next 5 years. As discussed, we expect Finex to have \$2.6M Net Profit with Sales of \$6.7M in 2018.

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Appendix A-Survey questions

Market Research - Strategic Management Project - Team 1

This survey is designed for our Strategic Management class project at Engineering and Technology Management department at Portland State University. We truly appreciate your input.

* Required

1. Gender *

- ☒ Female
☐ Male

2. Age *

- ☐ <20
☐ 20-30
☐ 31-40
☐ >40

3. Occupation

4. Which state or country (if not US) do you live? *

5. Which store(s) do you usually shop for cookware? *

6. How often do you cook? *

- ☐ I never cook
☐ Few times a month
☐ Only weekends
☐ Almost everyday
☐ I am a professional cook (Restaurant, etc)

7. On the scale of 1 to 5 which factors are more important when you cook?

	1 (Not important)	2	3	4	5 (Very important)
Taste of the food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Convenience (fast & easy)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Food being healthy	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

8. Which factors are more important for you when choosing a cookware (Pot or pan)? *

	1 (Least important)	2	3	4	5 (Most Important)
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Price	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Durability & Reliability	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Material (Cast Iron, Teflon, Aluminum, etc)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Broad selection of products	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Warranty / Repair services	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Shopping convenience	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
How well it cooks food	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other factors that are important for you:

9. Which material do you prefer? *

	1 (Least Preferred)	2	3	4	5 (Most Preferred)
Aluminum	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Teflon	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Copper	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cast Iron	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Stainless Steel	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

10. Have you owned a cast iron product before? *

- ☐ Yes
☐ No

10.a If yes, which brand(s)?

- ☐ Lodge
☐ Le creuset
☐ Staub
☐ Martha Stewart
☐ Griswold
☐ Other:

10.b What did you like or dislike about them?

10.c If No, please indicate if there is any specific reason?

11. Which factors are more important if you want to buy a cast iron skillet? *

	1 (Not Important)	2	3	4	5 (Very Important)
Brand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Quality	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Design	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ease of cleaning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Manufactured in US	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Manufactured environment friendly	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Other factors that are important for you:

Finex Cast Iron Skillet



12. Overall, what is your reaction to the described product? *

- ☐ Poor
- ☐ Fair
- ☐ Good
- ☐ Very Good
- ☐ Excellent

13. Assuming Finex Skillet price meets your expectation how likely will you be to purchase it within the next year? *

- ☐ I will definitely not purchase it
- ☐ I will probably not purchase it
- ☐ I may or may not purchase it
- ☐ I will probably purchase it
- ☐ I will definitely purchase it

14. How much do you think this product worths? *

- ☐ I have no clue!
- ☐ <\$100
- ☐ \$100-\$150
- ☐ \$150-\$200
- ☐ >\$200

15. If you want to buy, which following factor would most influence you when decide to buy the Finex cast iron? *

You can choose up to three

- ☐ Commentary on the Internet/Website
- ☐ Word-of-mouth
- ☐ Sale service representative
- ☐ Industry publications
- ☐ Advertising
- ☐ Trade show/event
- ☐ Guarantee/warranty offer
- ☐ Other:

16. What is your preferred way of purchasing it? *

- ☐ In store
- ☐ Amazon
- ☐ Store website
- ☐ Other:

Appendix B-Financial details

	2014				2015				2016				2017				2018			
	Online Only		Online/OR Stores		Online /OR		Online / WA OR		Online / WA OR		Online / WA OR CA		Online / WA OR CA		Online / WA OR CA		Online / WA OR CA		Online / WA OR CA	
	2014-1Q	2014-2Q	2014-3Q	2014-4Q	2015-1Q	2015-2Q	2015-3Q	2015-4Q	2016-1Q	2016-2Q	2016-3Q	2016-4Q	2017-1Q	2017-2Q	2017-3Q	2017-4Q	2018-1Q	2018-2Q	2018-3Q	2018-4Q
Net Profit EOY				\$5,056				\$381,324					\$668,725			\$1,558,959				\$2,743,667
Total Sales EOY				\$996,848				\$1,797,305					\$2,637,696			\$4,343,045				\$6,815,031
Total Expenses EOY				\$578,660				\$740,001					\$897,771			\$936,868				\$1,085,760
Total COGS EOY				\$423,244				\$675,980					\$1,071,200			\$1,847,219				\$2,985,604
Net Profit	\$6,437	-\$103,144	\$109,294	-\$17,643	\$41,888	-\$43,031	\$42,340	\$340,127	\$5,964	\$56,103	\$82,491	\$524,168	\$96,858	\$111,918	\$146,697	\$1,203,486	\$231,210	\$269,022	\$322,889	\$1,920,547
Total Expense + COGS	\$176,883	\$320,307	\$129,585	\$375,129	\$212,746	\$321,615	\$264,102	\$617,519	\$374,907	\$346,229	\$360,075	\$887,760	\$419,468	\$452,796	\$474,488	\$1,437,335	\$596,019	\$655,185	\$693,739	\$2,126,421
Total Sales Online / In Sto	\$183,320	\$217,163	\$238,879	\$357,486	\$254,634	\$278,583	\$306,442	\$957,646	\$380,871	\$402,332	\$442,565	\$1,411,928	\$516,326	\$564,714	\$621,185	\$2,640,820	\$827,229	\$924,207	\$1,016,628	\$4,046,967
Online Sales	\$183,320	\$217,163	\$238,879	\$231,486	\$254,634	\$278,583	\$306,442	\$346,246	\$380,871	\$402,332	\$442,565	\$469,388	\$516,326	\$564,714	\$621,185	\$752,026	\$827,229	\$924,207	\$1,016,628	\$1,072,294
In Store Sales				126000	0	0		611400	0	0		942540	0	0	0	1888794	0	0	0	2974673.4
Total Number of Products	1,343	1,477	1,625	2,788	1,966	2,163	2,379	8,117	2,879	3,167	3,483	13,482	4,215	4,636	5,100	22,625	6,171	6,788	7,467	34,930
Total Number End of Year				7,233				14,626				23,011				36,576				55,356
12" Skillet				1,000																
12" Lid				1,000																
8" Skillet + Lid								1,100					1,210				1,331			1,464
Serving Dish								2,000					2,200				2,420			2,662
Pot (Redesigned) 2 Quart								1,200					1,320				1,452			1,597
Tea Pot								1,200					1,320				1,452			1,597
Coffee Pot												1,800					1,980			2,178
10" Skillet + Lid												1,800					1,980			2,178
Pot (Redesigned) 4.5 Quart																4,000				4,400
Grill Pan																2,400				2,640
Baker small																				5,000
																				3,000
Online Total	1,343	1,477	1,625	1,788	1,966	2,163	2,379	2,617	2,879	3,167	3,483	3,832	4,215	4,636	5,100	5,610	6,171	6,788	7,467	8,214
12" Skillet	1,343	1,477	1,625	894	983	865	952	785	864	950	1,045	1,150	1,264	1,159	1,275	1,403	1,543	1,358	1,493	1,643
12" Lid			2,084																	
8" Skillet + Lid				894	983	865	952	785	864	950	1,045	1,150	1,264	1,159	1,275	1,403	1,543	1,358	1,493	1,643
Serving Dish						433	476	523	576	475	523	383	421	464	510	561	617	679	747	821
Pot (Redesigned) 2 Quart								523	576	475	523	383	421	464	510	561	617	679	747	821
Tea Pot										317	348	383	421	464	510	281	309	339	373	411
Coffee Pot												383	421	464	510	281	309	339	373	411
10" Skillet + Lid														464	510	561	617	679	747	821
Pot (Redesigned) 4.5 Quart																561	617	679	747	821
Grill Pan																		679	747	821
Baker small																				411
COGS																				
Cost + Packaging	\$72,522	\$105,745	\$94,502	\$149,731	\$55,359	\$70,278	\$77,306	\$332,155	\$110,813	\$115,317	\$126,849	\$511,809	\$145,901	\$169,906	\$186,897	\$1,043,094	\$256,051	\$302,961	\$333,257	\$1,653,738
Shipping (Online)	\$16,116	\$32,316	\$24,375	\$26,813	\$29,494	\$32,444	\$35,688	\$39,257	\$43,183	\$47,501	\$52,251	\$57,476	\$63,224	\$69,546	\$76,501	\$84,151	\$92,566	\$101,822	\$112,005	\$123,205
Shipping to Retailer				\$500				\$4,000				\$6,000				\$8,000				\$10,000
Total COGS	\$88,638	\$138,062	\$119,500	\$177,044	\$84,853	\$102,722	\$112,994	\$375,412	\$153,996	\$162,818	\$179,100	\$575,285	\$209,124	\$239,452	\$263,397	\$1,135,245	\$348,617	\$404,783	\$445,261	\$1,786,943
Total COGS EOY				\$423,244				\$675,980					\$1,071,200			\$1,847,219				\$2,985,604
Expenses																				
Engineering + Marketing	\$61,200	\$61,200	\$73,440	\$73,440	\$88,128	\$88,128	\$105,754	\$105,754	\$126,904	\$126,904	\$126,904	\$126,904	\$152,285	\$152,285	\$152,285	\$152,285	\$182,742	\$182,742	\$182,742	\$182,742
Marketing Services / Cost	\$18,000	\$18,000	\$21,600	\$21,600	\$25,920	\$25,920	\$31,104	\$31,104	\$37,325	\$37,325	\$37,325	\$37,325	\$39,191	\$39,191	\$39,191	\$39,191	\$41,151	\$41,151	\$41,151	\$41,151
Facilities	\$3,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000	\$9,000
Travel	\$1,500	\$1,500	\$1,500	\$1,500	\$3,000	\$3,000	\$3,000	\$3,000	\$45,000	\$4,500	\$4,500	\$45,000	\$6,000	\$6,000	\$6,000	\$6,000	\$9,000	\$9,000	\$9,000	\$9,000
Misc/Office	\$1,500	\$1,500	\$1,500	\$1,500	\$1,800	\$1,800	\$2,160	\$2,160	\$2,592	\$2,592	\$3,110	\$3,110	\$3,732	\$3,732	\$4,479	\$4,479	\$5,375	\$5,375	\$6,450	\$6,450
Advertisement																				
Magazine X2			\$73,000	\$73,000		\$73,000		\$73,000					\$73,000			\$73,000				\$73,000
Local newspaper	\$45	\$45	\$45	\$45	\$45	\$45	\$90	\$90	\$90	\$90	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135	\$135
Chef/Cooking show			\$15,000	\$15,000		\$15,000		\$15,000				\$15,000				\$15,000				\$15,000
Web 2.0	\$3,000	\$3,000	\$3,000	\$3,000		\$3,000		\$3,000		\$3,000		\$3,000		\$3,000		\$3,000		\$3,000		\$3,000
Total Expenses	\$88,245	\$182,245	\$110,085	\$198,085	\$127,893	\$218,893	\$151,108	\$242,108	\$220,911	\$183,411	\$180,975	\$312,475	\$210,344	\$213,344	\$211,090	\$302,090	\$247,403	\$250,403	\$248,478	\$339,478
Total Expenses EOY				\$578,660				\$740,001					\$897,771			\$936,868				\$1,085,760