



SIPSY STRAWS CO

COMPANY REPORT 2019



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EXECUTIVE SUMMARY

MISSION STATEMENT

To spread awareness and raise money for the protection of endangered sea turtles, as well as promote a more environmentally conscious lifestyle by providing an alternative to plastic straws.

PRODUCT DESCRIPTION

Sipsy Straws Co. sells two variations of a reusable stainless steel straw. The first is the 5mm Original Sipsy Straw which is packaged in a biodegradable travel pouch. It is thin and is perfect for pure liquid drinks such as soda or water. Our second product, the Sipsy Straw Plus, is 12mm in diameter and is packaged in a hard wheat-colored case. This straw is excellent for enjoying smoothies and bubble tea. Not only do both straws include a brush cleaner, but they are also eco-friendly and dishwasher safe. Five percent of our final profit will be donated to SEE Turtles, an organization that strives to protect endangered sea turtles.

FINANCIAL RESULTS

Gross Revenue	\$2,994.00
Expenses	\$1,343.88
Donations to Charity	\$82.51
Net Profit	\$1,567.61

JA COMPANY PERFORMANCE

As of March 2019, Sipsy has done exceptionally well in all areas of our business performance. In 6 months, Sipsy has made \$1,567.61 in profit after paying back our investors. Through the hard work of the team, Sipsy has not only exceeded expectations in sales, but also made a genuine impact on the community.

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INNOVATION

PRODUCT CONCEPTION

Our team began the process of devising a product by brainstorming ideas such as a scented teddy bear, a pencil grip, and a public biodegradable doggy bag station. However, numerous problems presented themselves in these ideas – they were either infeasible, low demand, or too common. Finally, we agreed on a reusable stainless steel straw. We identified several aspects of the straw that were advantageous to us: its timing coincided perfectly with plastic straw bans sweeping the nation and the growing concern for the effect of plastic on sea life, it was a feasible product, and its existing market was small enough that we could enter without constant threat to our prices.



COMPETITIVE ADVANTAGE

Many alternatives exist for our reusable straws, so differentiating ourselves was key to launching our business. First, we decided to package straws individually. We chose to do so because other companies often unnecessarily package multiple straws together when customers only need one or two. We also package each straw in a case and include a cleaner so customers can maintain the quality and cleanliness of their straws. The case and cleaner are designed for convenience, so customers can quickly and easily clean their straws and store them in their case when traveling. Additionally, we provide two sizing options to cater to the preferences of our customers. The fact that our cases are biodegradable, and that we support a cause by donating to a non-profit organization sets us apart from the competition as well. Our age advantage also allows us to better connect with our younger audience as well as our parent and teacher network. Finally, we allow online purchases for the utmost convenience of our customers.

SOURCING

We researched many suppliers before ordering from a Chinese supplier using Alibaba. However, they delayed our shipment. In order to find a product to provide at the trade show our supply chain department spent their nights looking for a more local supplier that could meet our deadline. Unfortunately, the supplier they decided on canceled our shipment altogether, leaving us scrambling for yet another. Finally, our supply chain department found a supplier based in Texas who was able to ship our straws mere days before the trade show.

IMPACT OF INNOVATIVE THINKING

At the trade show, our straw was well received as a result of our innovative thinking. Although we had to give up the case for a burlap pouch, we were able to turn it to our advantage by marketing the fact that it was biodegradable and ultimately were able to sell over 100 straws and win the Most Sales Award. Customers especially liked the convenient cleaner and pouch as they made the straw easy to carry around.



LEADERSHIP & ORGANIZATION

COMPANY LEADERSHIP

Sipsy’s leadership team was designated on November 29, 2018. Each student was given the opportunity to run for leadership roles in one of our five departments: Management, Sales, Marketing, Finance, and Supply Chain. Members who ran gave a short pitch detailing why they wanted the leadership role and what contributions they could make if chosen. After their pitches, the candidates left the room while the remaining members discussed the potentials of each candidate. Following the discussion, a secret ballot was held to finalize the leadership roles. Our leadership team motivated their teammates by sharing their passion for our cause as well as by designating tasks in a reasonable and organized manner. Our leaders also worked diligently to advance our company, effectively setting an example for their teammates.



ORGANIZATION & OPTIMIZATION STRATEGIES

The Sipsy team consists of fifteen students from different schools and unique backgrounds. The diversity in our team worked to our advantage, as members of varying abilities and experiences complemented one another and brought new perspectives to the table. Several strategies were also employed to achieve company goals. Firstly, by identifying each team member’s strengths, our company was able to designate personalized tasks that highlighted their abilities while also offering them an enjoyable experience. For example, artistic team members were given tasks that utilized their creativity such as designing infographics and promotional materials. Another strategy utilized by our team was to group team members whose expertise complemented one another and have them complete tasks together. This sometimes involved grouping together members of different departments.





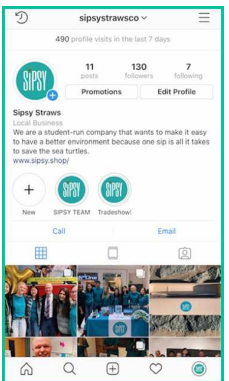
MARKETING & SALES STRATEGIES

TARGET AUDIENCE

To determine our target audience, a market research survey was conducted and administered to over 100 respondents. We interpreted the results to mean our target market should be teens and college students 15 - 21 years old due to ease of access and environmental consciousness. However, our experience at the trade show revealed that our demographic should consist of a wider range of ages that included older adults. Additionally, our psychographic targets coffee, smoothie, and bubble tea drinkers, as well as consumers who are environmentally conscious.

SOCIAL MEDIA

We appealed the many aspects of our company to consumers through platforms such as Instagram, Twitter, and Facebook. Although we initially focused on marketing our product to younger consumers on Instagram and Twitter, the discovery of our true target audience pushed us to create a Facebook page to target older adults as well. We also targeted online consumers by providing an easily navigable website for consumers to purchase our straws through using PayPal or credit card.



MARKETING STRATEGIES

Numerous strategies were adopted to market our reusable straws. First, we emphasized that we were a local and student-led company when pitching to customers. We also mentioned our contributions to SEE Turtles to emphasize that a part of the customer's money would go directly toward efforts to protect endangered sea turtles. Additionally, we highlighted the portable case and cleaner our product comes with. In order to spread the word about our company, we also included stickers with every purchase and handed out business cards to those who were interested in our company. After our initial order of straws from China finally arrived, we discovered they were much thicker than the ones we had sold at the trade show. Therefore, we decided to market our remaining trade show straws as the "Original Sipsy Straws," while marketing the thicker ones as a new product, the "Sipsy Straw Plus," for smoothies and bubble tea. A final strategy we used was to focus our attention on selling a lifestyle, not a product. For example, rather than centering our commercial around the straw, we sold a lifestyle by depicting a group of friends having fun while enjoying drinks with our straw. This strategy won us the Best Commercial Award at the Junior Achievement trade show.



MARKETING & SALES STRATEGIES (CONT.)

PRESALES

In order to afford our bulk shipment of straws, we needed to raise money through pre-sales. Therefore, each member was tasked with selling at least three straws, with the incentive of winning a prize if they sold the most. Most of our members started with existing connections while some also attempted door-to-door sales. In just a week, we raised enough money in pre-sales to afford a shipment of 200 Original Sipsy Straws.

DISTRIBUTION CHANNELS

The various trade shows we attended played a major role as a distribution channel; we were able to sell over 280 straws in this manner. We were also able to distribute our pre-orders through our schools. Additionally, since our target audience includes a psychographic of coffee drinkers, we tried to partner with local mom and pop coffee shops and fruit bars. Our target psychographic is environmentally conscious consumers, so we focused on partnering with companies that shared our environmental concern, such as Beautycounter, and establishing a presence in NOVA cities that have high rates of recycling.

PAYMENT METHODS

For the ease of our consumers, we also decided to offer several payment options. For our trade shows, we invested in smartphone credit card readers for those who lacked cash. On our website, we also include two options of payment: PayPal or credit card, and we ensured that the information would be protected.

TRADE SHOW

The trade show itself required its own marketing and sales strategies. In order to employ these, our team arrived early and claimed the table closest to the entrance. Our members wore identical turquoise t-shirts to match our table cloth and customized table runner. To set up the table, we placed infographics, business cards, candy, and a plush turtle on the table, and set up a display for the straw that people could touch. We also contrasted the turquoise with large, golden balloons that spelled out "SIPSY" in order to attract customers to our table. Some members even purchased beverages and used their Sipsy straws to drink them in order to show customers our product in use. Also, in order to prevent overcrowding, the table was limited to five members, while the remaining members attracted customers outside the storefront. As customers came in, they immediately noticed our display and were impressed and intrigued by it. All of these marketing ideas allowed us to win an award for most profit raised and best commercial.





FINANCIAL OVERVIEW

Overview

As of March 17, 2019, we have sold a total of 310 units generating a total revenue of \$2,994.00. After expenses, a charitable donation, and investor return, Sipsy's net profit is \$1,522.61.

Capitalization

For startup capital and preparation for our trade show, we relied on investments of \$22 per Sipsy team member and \$300 from our investors, Anton De Roo and Dan Maguire, as well as pre-sales.

Break Even

Prior to the trade show, we used money generated from pre-orders to pay for promotional supplies for our trade show. After \$757.00 worth of pre orders, we needed to sell about 40 more straws at our Tyson's Corner Trade Show in order to break even and pay back investors. We decided to sell our straws at \$9 per unit in order to build customer incentive. We exceeded our sales goal by over 250% with 103 total sales.

Liquidation

We were able to generate enough profit to pay off investors fairly quickly. Our investors, Anton De Roo and Dan Maguire, requested a 15% percent return of their initial investment totaling to a return of \$345. When liquidating our company, a total of \$658 will be used to return our investors and the Sipsy team's investments.

STATEMENT OF ACTIVITIES	
SALES REVENUE	
Units Sipsy Straw+ Sold	110
Units Sipsy Straw Original Sold	200
Customer's Donation	\$38.00
TOTAL SALES REVENUE	\$2,994.00
EXPENSES	
Initial Shipment of 500 Units	\$879.04
Promotion (Business Cards, Table Runner, Stickers)	\$135.55
WIX Business Account Setup (3 Months)	\$105.95
Sales Tax (6%)	\$179.64
Paypal Transactions Fee	\$43.70
TOTAL EXPENSES	\$1,343.88
NET PROFIT before donation	\$1,650.12
Charitable Donation	\$82.51
NET PROFIT	\$1,567.61

STATEMENT OF FINANCIAL POSITION	
Net Profit	\$1,567.61
Collective SIPSY Investment	+\$313.00
Investors	+\$300.00
SIPSY Investment Return	0
Investor Return	-\$313.00
TOTAL	\$1,522.61



LEARNING EXPERIENCES

CHALLENGES

The challenges we faced in the JA Company Program were most concentrated in the arrival of our product. The trouble we had with finding a supplier made us realize the importance of our supply chain department and the troubles they faced when securing a supplier. When we finally secured one, they were unable to ship our product in time for the trade show, and we had to find a new supplier. Unfortunately, this new product was very different from what we had originally marketed: we had to settle for burlap pouches rather than the hard cases we had wanted and, because of the time frame, they were unable to place our logo on the packaging. However, we took this as an opportunity for us to practice resourcefulness rather than a failure. We ordered stickers and placed them inside the pouches to make up for the logo, and we marketed the biodegradability of the pouch. When our original shipment finally arrived, we took our two very different shipments and chose to market them as different products: the thin and the thick. This way, we could provide options for customers depending on their personal preferences. Surprisingly, the thinner Original Sipsy Straw received positive feedback from consumers. Although the rationale behind the Plus was to reach a larger demographic by marketing its compatibility with tapioca pearls and smoothies, the team did not take into account the comfort of traditional, thin straws. Multiple consumers preferred the Original over the Plus.



TRADEMARK

An interesting event that occurred to our company was an email we received from the owner of a small startup in California selling customized glitter cups. The owner was infuriated at the fact that we supposedly infringed upon her trademark and insisted that we had to change our company name and website domain immediately, or else she would take legal action. This sent our entire company into a flurry of panic. However, after calming down and reviewing her trademark as well as contacting the JA legal team, the issue was quickly resolved. Not only was our usage of Sipsy not a violation of any trademark rights, but their application was not properly filed according to USPTO.

FUTURE PLANS

Our plans for the future include expanding our online presence, increasing usage of our online shop, and building partnerships with local coffee shops. Even when the JA Company Program comes to an end, Sipsy will continue to grow and evolve as a company.



LEARNING EXPERIENCES (CONT.)

LEARNING EXPERIENCES

Our experiences during the Company Program had a major effect on all of our lives. Through this program, we have gained invaluable experience about the inner-workings of a business. Though we received a great deal of guidance, the independence we were given throughout these past months enabled us to learn firsthand how to run a business. When searching for a supplier, we had to learn about product quotes and how communication etiquette changes internationally. When building our brand, we had to figure out how to build a professional yet appealing website, not to mention the effort and attention given toward minuscule details in design. Creating a sales pitch, reacting to cancelled orders in a timely manner, product storage and delivery – these are just a few of the immense amount of skills we picked up throughout our experience. While those might be specific to entrepreneurship, there have been universal skills we have acquired. Traits such as problem-solving, critical thinking and teamwork are necessary to succeed in any field, which ensures that no matter what we pursue, we will have benefited from the program. Taking a business class or seminar might teach rudimentary terminology, but the Company Program allows learning through direct application.



TEAM CAMARADERIE

Starting Sipsy was a once-in-a-lifetime experience that forever changed the lives of fifteen students in Northern Virginia. We crossed milestones and overcame obstacles during our adventure as a company. Together, we celebrated winning the most sales and best commercial awards during our Tyson’s Corner trade show and rejoiced over the number of sales we made at each event. The accomplishments our team has made are commendable, but that is not the full extent of the progress we have made. Part of the reason we have been able to go so far in our endeavors is the connection our team shares. While we might have started off as strangers, we slowly started opening ourselves up and formed friendships. These bonds served as the foundation for our company. Whether it was the weekly meetings, team dinners, cleaning up trash at local parks, sniffing candles at Kohl’s, or prom dress shopping after a tradeshow, we grew closer than any of us could have ever guessed. We are fifteen students who grew together, overcame hardships together, and most importantly, built new friendships together. These bonds will last long beyond the JA Company Program, and that is what made this a once-in-a-lifetime experience. The place Sipsy holds in our heart will never be replaced, and the effect Sipsy had on our futures will be everlasting. We entered Junior Achievement as 15 students. We will leave as one team.