

MR CHILLZ

Waiakea Elementary School

Team Members: Rhys Wilson and Michael Nakano

Advisor: Mrs. Sandra Taniguchi

Division: Grades 3 -5

Date: October 28, 2015

Executive Summary

Increasing temperatures in Hawaii and around the world are making it hard for people to focus in classrooms and in workplaces. To beat the heat, Mr. Chillz will produce a product that provides cooling relief. Our Island Style Artic Chill Wrap uses water bead technology in a neck wrap that lowers body temperatures. Made locally in our homes in Hilo, the Island Style Artic Chill Wrap is made with 100% cotton and is comfortable to wear while you work, study or play. To effectively cool off our classrooms and workplaces, schools and companies would need to make major investments in equipment and pay more money towards energy costs. Our product is economical, energy efficient and environmentally safe!

The Business

Our company name is MR. CHILLZ and we are the co-founders, Rhys Wilson and Michael Nakano. We are currently 5th graders at Waiakea Elementary School in Hilo, Hawaii. The way we came up with the name of our company was by combining the first initials of our names, "M" for Michael and "R" for Rhys. Since our company will focus on products that help people stay cool in hot weather, we also brainstormed for words that would help describe our products. We came up with "CHILLZ" as a fun and effective way to describe our product purpose.

Our company mission is to provide cooling products to help people cool down. These people are students and teachers in hot classrooms, people who work outside, like construction workers and mail delivery persons, athletes and people who exercise. For the last few months, our school classrooms have been really hot. The heat has made it hard for us to focus and learn. This product can help people improve focus while working or doing other activities in the heat because they will be cooler and more comfortable.

Our company vision is to be Hawaii's youngest successful entrepreneurs. Our company objectives are to:

1. Inspire other young entrepreneurs
2. Be profitable and make millions of dollars
3. Provide cooling products to people in need
4. Learn about running a business

Idea for the Product

We got the idea for Mr. Chillz Island-Style Artic Chill Wrap (aka The Chill Wrap) while we were at school. We saw how hot everyone was in the class and outside during recess. We wanted to create a product that could cool us down but still allowed us to use our hands to write and do our classwork. The Chill Wrap will be made with cool cotton material and stuffed with water beads that hold cold water. The wrap is worn comfortably around the neck to cool down your body. While using this innovative cooling mechanism to cool down your body temperature, your hands will be free to work while providing relief from the heat.

Our competitors include any product that helps cool down people. These include companies that make fans, air conditioners, hand held fans and water spray misters. Companies also sell microfiber cooling towels like the Frogg Togg Chilly Pad which is a product most similar to ours.

Marketing

We identified our target market to include teachers and students in hot classrooms, people who work outside (like construction workers and mail delivery persons) and people who exercise.

The Mr. Chillz Island-Style Artic Chill Wrap is worn around your neck to cool you down when you are hot. The Chill Wrap has many features and benefits. It is made out of cool, lightweight 100% cotton which will not irritate your skin when wearing it. The water beads that are inside of the Chill Wrap absorb cool water which make the Chill Wrap cool to the touch. When worn around the neck, the Chill Wrap cools your skin and serves as a cooling agent to lower body temperature. The Chill Wrap is made in fashionable colors and patterns and can be ordered to customize them to school colors or sports team. The Chill Wrap is also reusable. When not in use, the beads will shrink and towel will dry off and can be stored. When you are ready to use again, simply soak the towel for 30-45 minutes in cool water. It is locally made and does not require electricity or batteries. The Chill Wrap can be worn while you work, study and play for a cool, comfortable experience.

To get the price of our Chill Wraps we first started asking friends and family members how much they would pay to buy the product. Since we made a couple of prototypes, we were able to show them a sample. Most of the responses we got fell into the range of \$6 to \$10 dollars. Although we knew that we could still make money if we set the price at a lower price, like \$6, we would need to sell more and make more to increase our profits. Since we don't have any competition of

the exact or very similar product, we decided to sell our product for \$9.99 each or two Chill Wraps for \$16.00. The Chill Wrap will sell at a price lower than our closest competitor’s product which will make our product more appealing. Our sale price is \$9.99 instead of \$10.00 so that it looks cheaper than \$10.00 but only by a penny. By selling the Chill Wraps for a cheaper price when people buy two, will make people feel like they are saving and we get to sell more of the product. For those customers who want to sell Chill Wraps as a fundraiser or buy for their sports teams or clubs, we will sell the Chill Wraps for \$7 to them. The fundraiser price can be \$10 so that their fundraiser can make \$3 profit on each wrap sold.

Our first wave of promotion will be with flyers that we would pass out to parents and at PTA and community meetings. We will also make t-shirts that can advertise our product and we will wear them to school on ‘free dress Fridays’ (days we don’t need to wear our uniform shirts) and on weekends when we are out shopping with our family. We will also start planning to register to sell our product at community craft fairs. With the holiday season coming up, this would be a great way to get sales. We will also create an Instagram and Facebook account and have our parents and family “like” our page so that it appears on their news feeds. We are also creating a Youtube video that we will use to introduce our company and our product. Our videos will also be ‘weather friendly’ with weather reports, topics on heat related concerns and cooling tips. In addition, we plan on contacting the producers of a local show called Living in Paradise. We will ask them if they would like to interview our company since we are young entrepreneurs in the Hilo community. This will be a great opportunity for us to get introduced to the community and to show them what are product is and why we think it is a great product.

Mr Chillz will create a website that will have our company and product information and links to our videos. People will be able to buy Chill Wraps online or call us for a phone order. We will sell our products directly to friends, family, school groups and craft fairs. We think that once people start getting to know our product people will get introduced to other groups like sport teams and school groups. We will ask people to invite us to meetings so we can tell them about Mr Chillz fundraising opportunities.

Finance

Start up costs for our business will be small. We will need to pay \$20 for our general excise tax license and about \$100 for our website. Additional costs will be the materials cost for producing our first order of the Island-Style Artic Chill Wraps. Sewing machine, scissors, iron and ironing board can all be borrowed for free.

General Excise Tax License	\$20
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Website design and fee, flyers and other cost for advertising	\$300
Raw materials for 1 st order of 300 units	\$1,200
Total	\$1,520

We will look for people that we can borrow the money needed for start-up. We believe that we have friends and family that will be willing to let us borrow the money interest free. To pay them back, we will put aside 50% of our profits until all of our loans are repaid.

		Cost per Unit
Fabric (100% Cotton)	\$8.99/yard	\$1.12
Water Beads	\$8.00/lb	\$0.08
Thread	\$5.00/spool	\$0.05
Packaging	\$7.00/pkg of 100	\$0.07
Labor	\$7.75/hour	\$2.58
Total Cost per Unit:		\$3.90

We will sell MR. CHILLZ Island Style Artic Wraps for \$9.99 each or 2 for \$16. We will also sell Chill Wraps at a \$7 for large groups or for fundraisers.

	Cost per Unit	Profit per Unit
Sale at \$9.99	\$3.90	\$6.09
Sale at 2 for \$16	\$3.90	\$4.10
Sale at \$7.00	\$3.90	\$3.10

Our sales projections through the year:

Winter 2015	Cooler weather, Christmas/holiday purchases, craft fairs	300 Units
Spring 2016	Merrie Monarch craft fair, weather heating up	150 units
Summer 2016	Hottest months, kids are in school, more time to sell	250 units
Fall 2016	Back in school, still hot	150 units
Total		850 units

Profit calculation for first year is listed in the table below. We projected that half of our sales will be at \$9.99 and half will be made through teams and fundraisers.

Sales at \$9.99	50% of 850 units	\$4,246
Sales at \$7.00	50% of 850 units	\$2,975
Total Sales		\$7,221
Total Cost of Goods	850 at \$3.90 per unit	\$3,315
Total Profit		\$3,906

After loans are repaid, the profit will be split into thirds. Two thirds will go to the founders (Rhys and Michael) and one third will be reinvested back into the company.