## ReFresh Kicks Month 1 - Budget Estimates

**One-Time Startup Cost Budget**

| | | |
|---|---|---:|
| Website Build | $ | 29.00 |
| Incorporation Costs | $ | 125.00 |
| Domain | $ | 15.00 |
| Branding/Packaging Design | $ | 500.00 |
| Marketing Materials | $ | 200.00 |
| Total Startup Costs | $ | 869.00 |

**Reoccurring Monthly Cost Budget**

| | | |
|---|---|---:|
| Website Service Fees | $ | 29.00 |
| Delivery Management System | $ | 15.00 |
| Project Management System | $ | 30.00 |
| Phone System | $ | 44.00 |
| Other IT System Fees | $ | 150.00 |
| Part-Time Delivery Labor | $ | 1,280.00 |
| Marketing | $ | 400.00 |
| Total Monthly Costs | $ | 1,948.00 |

| | |
|---|---:|
| Monthly Technology Budget Percentage | 13.76% |

| | | |
|---|---|---:|
| Total First Month Budget w/ Startup | $ | 2,817.00 |

| | |
|---|---:|
| Tech Budget Percentage on Total First Month | 11.08% |

| Service | Price | | COGS | | Contribution | Profit Margin |
|---|---|---|---|---|---|---:|
| ReFresh | $ | 39.00 | $ | 9.40 | $ 29.60 | 76% |
| ReVive | $ | 59.00 | $ | 18.75 | $ 40.25 | 68% |
| ReStore | $ | 99.00 | $ | 37.50 | $ 61.50 | 62% |

### ReFresh Kicks Budget Reasoning

*One-Time Start Up Cost Justification*

- **Website Build** – Purchasing Shopify in the pre-launch period will result in a $29.00 charge, assuming I can design the site in the one month period preceding launch
- **Incorporation Costs** – Preliminary research estimates that it cost $125 to incorporate in New York
- **Domain** – Using GoDaddy or similar alternative, cheap domains can be purchased for a budgeted $15
- **Branding/Package Design** – We must prepare branding materials and packaging prior to launch, given that I will pay out of pocket, I can budget a maximum of $500 to ensure our branding is sound
- **Marketing Materials** – Namely a video ad, made on a budget of $200 to be included on the website

*Reoccurring Monthly Cost Budget*

- **Website Service Fees** – Monthly charge to Shopify for standard package
- **Delivery Management System** – Tookan was the cheapest DMS comparably and paying $15 per month for this service will: achieve optimized delivery practices that ensure speed, efficiency, and savings. This is a necessary investment because, as I will describe below, we can only afford 2 delivery staff members on a part-time (2 days per week) basis, therefore we need to do everything we can to optimize their efficiency to ensure that turnaround times are sound. This is important to establish brand integrity for our first-time customers, hopefully leading to repeat-business and positive word-of-mouth exposure
- **Project Management System** – Asana will enable our team to work more efficiently while remotely, reducing the time-wasted and ensuring internal operations are sound. This is a particularly important expense for two reasons. Firstly, Asana helps businesses operate collaboratively despite decentralization and remote work, which will be our business structure. Secondly, as noted in the budget, we cannot afford to pay the management team a salary or wage. We will have three managerial staff members, including myself, working remotely for no pay (beyond equity). Therefore, Asana will help us maximize our efficiency, enabling us to allocate time during the week for a part-time job and/or school.
- **Phone System** – Grasshopper charges $44/month for three lines and 5 extensions, each managerial staff member will have a line to operate the business and handle our outsourcing. This is imperative due to the fact that we will be decentralized and need to establish internal and external communications in a professional manner.
- **Other IT System Fees** – Luckily, our valuable CRM system, Zoho, will remain free until we scale up. However, there are other IT needs we must consider like buying a business-cloud service and a HR/Payroll solution. I estimated that payments to DropBox would amount to approximately $50/month for 3 people and Gusto (a

Payroll and HR solution) would cost approximately $60/month. The extra $40 is allocated for Credit Card service fees through Shopify.

- **Part-Time Delivery Labor –** We are able to outsource the majority of our service by contracting with a sneaker cleaning professional, reallocating those costs from our budget to our per-unit variable costs (attached below the Budget for a more holistic understanding of the finances). However, the delivery aspect of our model is defining, yet we do not have enough capital to spend much more than $1,300 per month on labor. Therefore, we have decided to employ two part-time delivery staff members, who work twice a week, 8 hours per day, 4 weeks per month, making $10 an hour. We plan to use the DRM and work with the sneaker cleaner to optimize efficiency and turnover time.

- **Marketing –** Early on in our company we believe its important to put a lot into marketing. While $400 is all we can afford to budget now, we believe that an active social media approach can optimize the ROI on this $400 marketing budget.

Overall, we are planning to leverage these technology systems to most effectively start ReFresh Kicks. Our technology budget amounts to $302 in the initial month (11.08% of the total budget) and $268 thereafter (13.76% of the total budget). Unfortunately, the labor cost associated with delivery is inevitably high, skewing this statistic. However, we believe that we are effectively and economically utilizing multiple IT solutions, that will eventually generate enormous ROI's compared to the $268/month investment.

As noted, the graph below the budget indicates the contribution margin and profit margin percentages associated with our services (that have been negotiated with our outsourced labor), to give an idea of how we can breakeven sooner than one might thing (without a formal demand projection).