Summary of Company

Solar Hydration was founded in 2010 by athletes in Tiffin, OH. It is a green company using alternative energy to improve our product. As athletes, we noticed a lack in performance when drinking warm water during a sporting event. After much research, we created Solar Hydration; a company dedicated to improving athletes performances by using the rays of the sun. We here at Solar Hydration feel the environment is very important; we care about it just as much as the athletes we provide to. We have found that most athletes prefer water in comparison to other drinks when hydrating, so finding a way to keep their water ice cold was imperative to us. We have decided to use alternative energy, the sun, to power our newest water cooler, Hydrus.

Our company’s name is Solar Hydration because we use solar energy to better hydrate athletes. Also, our product is entitled Hydrus after the Greek goddess of freshwater.

Product Description

Our product will work just like a regular water cooler; however, we have installed some improvements. A regular water cooler uses only expanded polystyrene (ESP), an insulator, to keep the water cool. Hydrus takes it one step further adding additional insulation through refrigerator coils. On the lid of our water cooler is a solar panel. There is also a small electrical cord which is attached to the solar panel as well as the coils. When Hydrus is put in the sun, the solar panel converts the sun’s rays into energy, which is taken through the electrical cord, cooling the coils like a refrigerator. Therefore, for as long as Hydrus water cooler sits in the sun, the water will remain cold.

Segmentation, Target, and Position

Our segment is outdoor sport athletic teams/programs.

Our target is college/university and high school teams.

Our position is advertisements in sports magazines and website.

**Segment**: Hydrus water cooler is powered by the sun’s rays. In order to be exposed to the sun it needs to be outdoors.

**Target**: Many outdoor athletic teams within colleges/universities or larger high schools can afford our product with their budgets.

**Position**: Since we at Solar Hydration are not putting our product on shelves of retail stores, it will be advertised in well-known sports magazines such as *Eastbay*, that coaches and athletes normally look through.

Target Market

Solar Hydration is choosing to target college/university as well as high school athletics. It will provide a variety of opportunity because many colleges and high schools are grouped together in certain areas. Once one school tries our product, they will sing praises of it to another school, resulting in additional sales for our company. We at Solar Hydration are deciding to target college/university and high school athletics because they have the most outdoor sports and will need more coolers. Solar Hydration are also aware that athletic programs have budgets and we feel that our price is set so colleges/universities and many large high schools will easily be able to afford our product, Hydrus.

Within our five-year plan, we at Solar Hydration plan to expand our coolers to colleges/universities and high schools throughout the United States. In addition, once our company and product are well-known, we may sell to professional teams as well.

Our Mission Statement:

To provide hydration to those who need it most by increasing the power of the sun

Goals:

* Provide hydration to those who need it most
  + Keep athletes and coaches refreshed and hydrated
* When in our water cooler, the water will always be cool
* Our coolers will be durable

SWOT Analysis:

|  |  |
| --- | --- |
| **Strengths:**   * Original product * Better cooler systems * Green product * Chances to expand | **Weaknesses:**   * Price-unstable economy * More material needed than a regular water cooler * New to market * Only sell to outdoor sports |
| **Opportunity:**   * Joining with another company * Expansion of product-water bottles | **Threats:**   * Competition-Gatorade/PowerAde/and other coolers * Another company coming up with a better product * Schools do not need/want our product |

**Finances:**

Expenses:

* Building:
  + Lease: $1,200
  + Heat, water, etc.: $500

Total: $1,700

* Advertising: $6,000
* Employees:
  + Manager (1): $8/hour $1,600
  + Manufacturers (5): $10/hour $6,400
    - Each employee: $1,280

Total: $8,000

Total Expenses: $1,700 + $6,000 + $8,000 = $15,700 per month

$15,700 \* 12 months = $188,400 per year

Loan:

20% down-payment: $37,680

$188,400-$37,680 = $150,720

7% interest, monthly, 5 years

Fifth Year Adjustments:

These adjustments occur at the 2.5 year of our product’s life cycle, right after we at Solar Hydration have paid off our loan.

Expenses:

* Building: remains $1,700
* Increased advertising by $2,000 = $8,000
* Added employees
  + Managers (2): $10/hour $3,200
    - Each employee: $1,600
  + Manufacturers (8): $8/hour $10,240
    - Each employee: $1,280

Total: $13,440

Total: $1,700 + $8,000 + $13,440 = $23,140 per month

$23,140 \* 12 months = $277,680 per year

In addition, Solar Hydration is increasing their sales by:

Expanding to college and high schools all over the United States

Possibly sell to professional teams

Cost to make product:

* Water cooler: $46
* Solar panel: $13
* Refrigerator coil: $10
* Electrical cord: $3

Total: $72

72x + 2,106 = 150x

Cost to make Fixed cost Selling price

In order to break-even Solar Hydration would need to sell 27 coolers per month.

**First Year:**

* Sell 100 water coolers per month-1,200 coolers sold first year
* With the profit from our sales, we will be able to make two payments for our loan each month.
  + Expenses: 72 (100) + 4,212 = 150 (100)
  + Profit each month: $3,588
  + Profit after 1st year: $43,056

**Fifth Year:**

* Loan will have been paid off and Solar Hydration is dealing with expenses from profits.
* Added new employees
* Increased advertising costs
  + Expenses: $23,140 per month
  + Expenses: $277,680 per year
* Sales increased by 50 water coolers each year
* By 5th year, Solar Hydration is selling 300 water coolers a month, 3,600 coolers sold fifth year
  + Profit: $23,400 per month
  + Profit: $280,800 per year
* End of 5th year: $112,320—profit from previous 4 years

+ $3,120—profit from 5th year

**$115,400**—total profit at the end of the 5th year

Promotion

Since our product is not affordable to the average person or meant for everyday life, we at Solar Hydration have decided not to put our product, Hydrus, in retail stores. To promote our product, we have created a commercial, a website, and a magazine article. Our commercial is just an additional form of advertisement. In the commercial, we do not mention the price of our product or where you can purchase it. We do this not to get the customers to purchase it, but to get it in their heads. As athletes, the students will not be the ones purchasing our product anyway so we put our commercial out for them to tell their coaches about it. Our website is a form of promotion providing all the information about our product such as how it works and price. Our magazine article will be the best way to promote our product. Our article will be located in magazines such as ESPN, Eastbay, and Sports Illustrated. Many people read magazines and our advertisement will attract people’s attention while flipping through the pages. It will also encourage people to visit our website.