



final project report
business models
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spring 2019

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executive summary

As a startup, it can be difficult to step back and look at long term strategy when you're being pulled by the demands of your day-to-day. It can feel as if you're juggling all pieces of your business, and if you lose control of one, the whole thing can come down. This is where strategy by way of business models can come into play. For Fire Road, this project has been about developing strategy for the next phase, and moving from revenue to profit. Deconstructing the business model allowed us to better understand each component deeply as well as how they come together, its strengths, vulnerabilities, and opportunities.

We identified three key areas for Andrew to focus on- his brand, his product strategy, and his operations. Behind all of that was a need to more deeply understand who his customer is and what they're looking for. In addition to providing three new business models, we worked with him to understand his customer, refine his value proposition and develop the main pillars of his brand. We've also identified adjacent markets to enter and suggested complementary products to build Fire Road into a one-stop-shop.

Our hope is that Andrew can utilize these tools to set Fire Road on a path towards growth, particularly in his direct-to-consumer market, and reach his goal of generating \$500,000 in annual revenue in five years with a 50/50 B2C and wholesale ratio.

current situation

Fire Road provides design enthusiasts with premium home goods that are innovative, timeless and above all, functional. Andrew Perkins is the designer and business owner of Fire Road. He has been in business for almost three years focusing on premium home goods. His products range from a domino game set to hanging planters.

Fire Road's current Business Model is focused on wholesale accounts with 71% of his revenue coming from there, 10% from direct to consumer through his website and 19% from trade shows and consulting engagements. Andrew spends a lot of his time managing manufacturers and wholesale accounts, while still trying to find time to design new products.

BUSINESS MODEL CANVAS

<p>KEY PARTNERS</p> <ul style="list-style-type: none"> • Buyers • Production • Shipping 	<p>KEY ACTIVITIES</p> <ul style="list-style-type: none"> • Marketing • Product design & production • Customer management • Business Ops 	<p>VALUE PROP</p> <p>Fire Road exists to provide design enthusiasts with quality home goods that are innovative, timeless and above all functional</p>	<p>CUSTOMER RELATIONSHIPS</p> <ul style="list-style-type: none"> • Create Awareness • Active • Engagement with networks • Responsiveness to customers • Business Ops 	<p>CUSTOMER SEGMENTS</p> <ul style="list-style-type: none"> • B2C: young, wealthy, coastal, design minded • Wholesale: minimalist, high-end
<p>KEY RESOURCES</p> <ul style="list-style-type: none"> • Tools & Materials • Contacts • Domestic Supply Chain 			<p>CHANNELS</p> <ul style="list-style-type: none"> • E-commerce • Wholesale's Brick & Mortar • Retail Trade Shows 	
<p>COST STRUCTURE</p> <ul style="list-style-type: none"> • Operations • Low Gross Margins • \$20k in Inventory • Production • Marketing 		<p>REVENUE STREAMS</p> <ul style="list-style-type: none"> • 71% Wholesale • 11% Retail Trade shows • 10% B2C • 8% Consulting 		

challenges

Through our initial research and conversations with Andrew, we identified three areas of the Business Model Canvas that presented challenges for Fire Road.

VALUE PROPOSITION

The first was Fire Road's Value Proposition. Its value proposition struggled to articulate how Fire Road's products increase gains or decrease pains for its customers. Fire Road's current value proposition is to provide design enthusiasts with quality home goods that are innovative, timeless and above all, functional. The value proposition is true and Andrew does deliver on creating quality home goods; however, it did not address how Fire Road products reduce customer pains or increase their gains. How did Fire Road's products impact and change the customer? Through our process we sought to better understand the experiences that Fire Road products evoked and what that meant for Fire Road's value proposition and ultimately, its brand identity.

CUSTOMER SEGMENTS

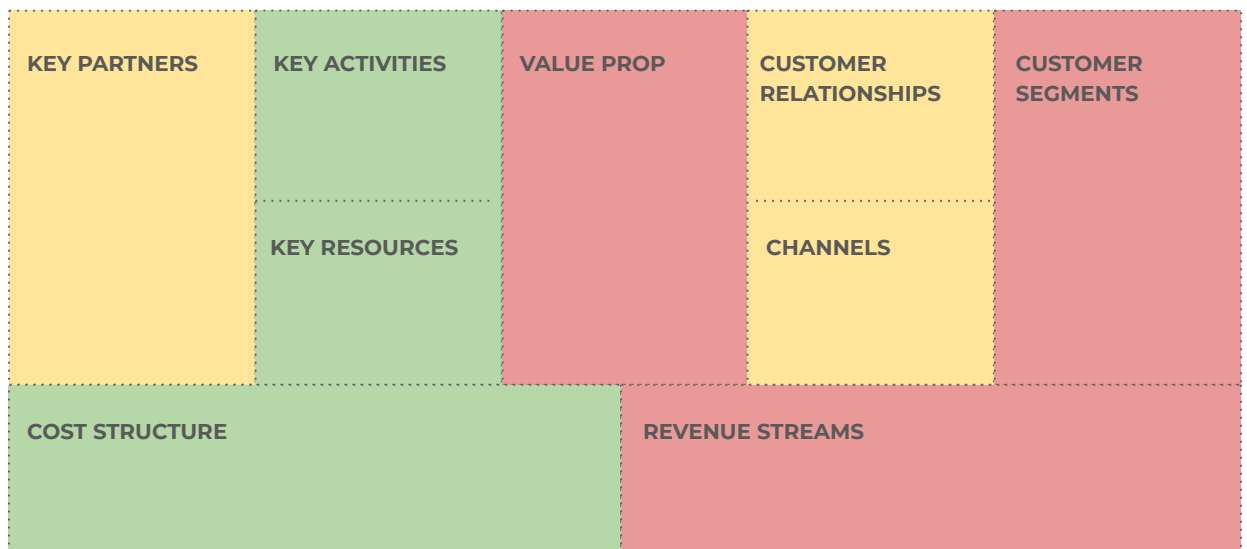
The second was strongly related. Andrew is not clear who Fire Road's customer is. While Andrew has a strong understanding of which wholesale, big box retailers fit his price point and desired aesthetic, he has less of an understanding of who is buying his product at the end of the day or why they are buying them. One thing we hoped to clarify is who is Fire Road's target customer. As we explore more ways for Andrew to expand his direct to consumer business, we needed to have a better understanding of who would buy and is buying Fire Road products. As Jason Hui explained in his presentation to the Business Models class on April 4, 2019, high priced products limit who your customer can be and tend to attract enthusiasts. Andrew understands this reality and is working to earn a greater share of the design enthusiast market.

challenges

REVENUE STREAMS

Finally, Fire Road's revenue streams present some challenges. First off, after two years in business and very detailed accounting, Andrew understands what it cost to run his business. He understands where his money is going and what his cash flows need to be to stay in business. However, he is experiencing low cash flow and picking up some consulting projects to make sure he can maintain the cash flow he needs to keep Fire Road afloat. One of the biggest challenges we identified was his wholesale margins. Fire Road's average wholesale margins are 55%. With wholesale being about 70% of his revenue, these margins are too low to turn a high net profit. As a result, we explored ways to raise his wholesale margins and increase his direct to consumer business with the hopes to raise his overall margins and increase his net profits.

Below you can see the strength of each block. Green are strong, yellow are moderate and red are his challenges outlined above.



competitive analysis

Fire Road sits in a very competitive market. Andrew is in competition with other small scale designers as well as larger premium home good retailers. He is competing for both wholesale market share in stores like Design Within Reach as well as retail market share, which is dominated by larger brands like SchoolHouse Electric and Yield.

Fire Road competes in a very cluttered market with a range of price points and very little distinction between products. Fire Road's products have a similar aesthetic to a number of popular products but that is not enough to distinguish Fire Road from the rest of the competition. Through a SWOT analysis, it became very clear where Fire Road's challenges and opportunities existed.

<u>COMPETITOR</u>	<u>THREAT</u>
<i>Schoolhouse Electric</i>	<ul style="list-style-type: none">• Similar aesthetic and same price range as Fire Road,• Strong brand recognition Fire Road• A much more diverse product line.• Have a strong foothold with remodeling customers, design services, and trade partners like interior designers.
<i>Yield</i>	<ul style="list-style-type: none">• Started by 2 CCA designers• Yield's bread and butter is (like Fire Road) in the Kitchen/Tabletop category, but Yield feels like a one-stop shop offering a wide range of products at much lower price points (vs. FR). They have a similar aesthetic and mission to Fire Road (dedication to "timeless craft".)
<i>Fort Standard</i>	<ul style="list-style-type: none">• Started by 2 CCA designers• Very similar mission to Fire Road: "marries timeless aesthetics with modern production processes"• Similar product offering (home accessories, lighting, furniture, etc). They also occasionally do partnerships/collaborations on products (e.g. bottle opener with Othr and Leica collab).• They pose a threat for the more design-minded and fashion spectrum of clients. They have a strong foothold in urban cities due to the art/fashion/museum quality of their brand.• Whereas Fire Road can boast quality over Yield, Fort Standard wins in being more unique and more statement-making.

swot analysis

The SWOT Analysis our team conducted with Andrew was very helpful to outlining the threats to Fire Road as well as the number of opportunities available. We understood that Fire Road offers products with high quality materials and Andrew has a strong design philosophy and passion that drives the company. However, as we mentioned earlier, Fire Road lacks brand awareness and struggles with low cash flow. Also, there are challenges to being a one person show. The threats to Fire Road are the saturated market and the high material costs. However, we identified a number of opportunities for Fire Road including a more robust brand story, the direct to consumer channel and product customization. We built further on these opportunities in our Recommended Approach & Deliverables.

STRENGTHS

- Strong US manufacturing network
- High quality materials
- Products are made to last/timeless
- Andrew's passion & strong design philosophy
- Consistent cash flow from wholesale
- 2018 was a strong year

WEAKNESSES

- Low cash flow
- Limited product line
- Lack of brand awareness
- Limited capacity to produce products
- It takes time to design new products
- Low inventory turns
- Andrew is one person

OPPORTUNITIES

- Product Customization
- Branding
- Social media marketing
- Niche/occasion based markets
- Direct to Consumer
- Pop-up Shops

THREATS

- High material costs
- Saturated market
- Quick turnover expected
- Customers have limited disposable income
- Buyers and manufacturers are always changing

client objectives

Fire Road has a bold objective for the next five years. Andrew would like to build Fire Road into a \$500K, national home goods company, providing innovative and timeless products for urban, design-conscious, functionality-obsessed people. He had laid out two strategies to achieve this growth. First, he wanted to expand Fire Road's wholesale business. And secondly, he wanted to build Fire Road's marketing. Andrew's long term game plan was to build out his wholesale business and then use the earnings from wholesale to build his direct to consumer market. However, after further evaluation we did not determine this to be the best course of action. Below we lay out where we started with Andrew and then in the Recommended Approach section we talk about an alternative options for Fire Road. Ultimately, Andrew hopes to spend the majority of his time designing new products and less time on the administrative tasks Fire Road requires.

INITIAL OBJECTIVES:

- Increase Revenue to \$500,000
- Increase of Wholesale Accounts
 - Note: We understand that this creates challenges to increasing Net Sales because of lower margins.
- Increase direct to consumer market over time
- Andrew hopes to focus on product design and less on administrative tasks down the road

client objectives

Below is the One Page Business Plan (OPBP) we built with Andrew in our initial meetings. This OPBP reflects Andrew's current vision, mission, objectives, strategies and action plan. However, many of these shifted as we did further research. We explore those changes in the Recommended Approach section.

VISION

Within the next 5 years, Fire Road will develop into a \$500K, national home goods company, providing innovative and timeless products for urban, design-conscious, functionality-obsessed people.

MISSION

To provide design enthusiasts with quality home goods that are innovative, timeless and above all, functional.

OBJECTIVES

Increase Revenue to \$500,000
Increase # of Wholesale Accounts
Increase B2C over time

STRATEGIES

Expand Fire Road's wholesale business
build Fire Road's marketing

ACTION PLAN

Participate in more brand partnerships to increase brand awareness
Network with large big box wholesale stores & send samples
Continue to strengthen relationship with Design Within Reach

recommended approach

Our key finding was that Fire Road's business model is set up to drive higher wholesale revenue but net sales will still remain relatively low due to wholesale margins. Therefore, we recommend first that Fire Road raise its wholesale prices by 12%. By raising wholesale prices, buyers are only receiving a 44% discount rather than a 50% discount. Secondly, we recommended that Fire Road increase its direct to consumer market. In order to build out a direct to consumer market, Andrew needs to make some operational changes. These changes are outlined in the Building Blocks Business Model Canvas, which is where we recommend he start. The other business models we provided focus on ways to grow Fire Road's direct to consumer sales. One is focused on product offerings and the other is about obtaining new customers by building brand awareness. Additional details for each are outlined in the Deliverables section.

BUILDING BLOCKS

- Streamline Operations
- Improve Customer Relationships
- Simplify Revenue/Product Strategy

CUSTOMER RELATIONSHIPS

- Reach New Markets
- Engage & Evangelize
- Introduce Live Events

REVENUE & PRODUCT

- Expand Price Point Offerings
- Diversify & Bundle Products
- Launch Special Occasion Gifts

how we worked together

Our team worked really well with Andrew. We meet as a group weekly and then as a group with Andrew almost weekly. We discussed our progress as a team and sought his input on how to he would like to see us move forward with concepts and ideas. He provided us with all of his financials and customer analytics as well as a number of products to do a photoshoot with. We could not have achieved this project without Andrew's openness and trust throughout the process.

Consulting Team Activity	Client Activity	Start Date	End Date
Zoom Client Meeting	Discussed Client's Goals for Project	1/22/2019	1/22/2019
In-Person Client Meeting	BMC & SWOT & Financial documents	2/11/2019	2/11/2019
Zoom Client Meeting	Reviewed BMC & SWOT, Discussed margins based on financials	2/27/2019	2/27/2019
Zoom Client Meeting	Discussed Customer Survey & Value Proposition adjustments	3/13/2019	3/13/2019
Zoom Client Meeting	Presented customer survey results & drafted plan to send survey to mailing list of current customers	3/27/2019	3/27/2019
Zoom Client Meeting	Shared rebranding ideas/mood board & did a card sorting exercise to understand what brand qualities are important to Andrew	4/10/2019	4/10/2019
Zoom Client Meeting	Shared communication pillars & photoshoot concepts and for Fire Road brand	4/17/2019	4/17/2019
In-Person Client Meeting	Picked up products for photoshoot and discussed next steps	4/22/2019	4/22/2019
Zoom Client Meeting	Share payback model & discuss BMC ideas in light of payback model	5/1/2019	5/1/2019
In-Person Client Meeting	Return products and share findings	5/6/2019	5/6/2019

deliverables and benefits

There are two key components of our deliverables. The first is the customer research and brand work, including a revised value proposition, that we did with Andrew. This was a foundational piece that would cut across every business model and plan we created. The second component was the business models themselves that are designed to address key business challenges Andrew is facing.

CUSTOMER RESEARCH AND BRAND

In a crowded market like homegoods, knowing and speaking to your customer is critical. Before we could dive into any of the business models, we needed to make sure we knew who Andrew's customer was, that what he was offering was of value to them, and that he knew how to communicate it.

Andrew had identified his customers as 25-35 year old design enthusiasts living on the coast of the US but we weren't convinced that was the right age group or that location was going to be a main driver. Additionally, he grounded his value proposition in changing trends of millennials' living situations- less buying, more renting, smaller spaces, more interest in investing in smaller home goods than large furniture pieces. As a result, his value proposition was very focused on the "what" of his products- their functionality and design. He was missing an opportunity to connect more deeply with his customers and differentiate his products.

Through a survey, we uncovered more significant emotions people feel towards their home, reasons for purchasing more expensive goods, and the occasions they'll buy them for. A very strong theme came through about connection and warmth. This is something that ties very closely to Fire Road, as it's inspiration is Andrew's childhood home in the Santa Cruz Mountains.

Based on these findings, we worked with him to revise his value proposition to go a level deeper and focus more on the "why". We've shifted his age range to 35-55 and built out brand pillars based on identity, inspiration, and product. Additionally, we did a photoshoot inspired by the moodboard we'd created for him so that he has a starter library to begin working from right away. Images can be found in the appendix.

deliverables and benefits

BRAND REPOSITIONING

To provide design enthusiasts with quality home goods that are innovative, timeless and above all, functional.



Fire Road exists to provide shared experiences between people and place. In so doing it provides connection, harmony and everyday luxury. It does so through the use of American design, storytelling, and craftsmanship.

BRAND EXPRESSION

Life is marked by milestones, but the best moments are those that happen every day - small interactions with loved ones, the peace and comfort of your favorite places (and favorite rituals at home). Fire Road exists to elevate the in-between. As a father and an award-winning designer, Andrew's dedicated to creating functional products with elevated craftsmanship that make the most normal occasions feel special. Inspired by the Santa Cruz Mountains and brought to life through your home, every American-made product brings a moment of luxury to your every day.

BRAND PILLARS

01 / Identity

As both a father and an award-winning designer, form and function are of equal importance to Andrew. He wants his products to fit into your everyday life as they do his. To Andrew, it's about designing products that create meaningful moments in your every day.

02 / Inspiration

Andrew carries with him a strong tie to his childhood, riding bikes and hiking through the fire roads of the Santa Cruz Mountains. His memories, and the textures and materials of that place, are the foundation of his company. His products, and their American craftsmanship, reconnect him to his roots and offer a sense of place and permanence in our ever-changing world.

deliverables and benefits

03 / Product

Our sense of home is built with a million little moments- familiar scents, sounds, and voices, weeknight meals and morning cups of coffee. Andrew's minimalist but thoughtful design can give meaning to even the most routine of moments, celebrating the everyday with quality products crafted with care.

BUSINESS MODELS

Andrew was facing a tough challenge as he wasn't generating enough cash flow to be able to scale his business. Due to some products with particularly low margins and some relationships with particularly low sales and exposure, his average wholesale margins weren't sustainable- especially when wholesale was 70% of his business.

To help him address these challenges and begin scaling to reach his goal of generating \$500,000 in revenue in five years, our team developed three business plans for Fire Road. Andrew is a craftsman at heart and has been overwhelmed by the amount of administrative tasks he's had to take on. We were able to bring our third-party perspective to look at the complete business and address the areas that need attention in order to reach the next phase and put him on a path to growth that will allow him to focus less on admin and more on design. While the \$500,000 annual revenue goal is lofty, we believe that reaching a 50% wholesale/ 50% B2C ratio and increasing wholesale margins will be the most profitable for him (See Appendix C: Financials).

Each plan serves a unique purpose in setting him up for success and driving growth to reach that ratio. All three capitalize on the deeper understanding of his customer and subsequent value proposition (detailed on the previous page) and the brand identity we worked with him to develop (see appendix A for additional details). The goal was to provide Andrew with a staged approach to set him up for long-term stability, not to simply give him options for today. The three business models focus on:

- The building blocks of his company
- The customer relationship and brand strategy
- The revenue and product strategy

deliverables and benefits

BUILDING BLOCKS CANVAS

<p>KEY PARTNERS</p> <ul style="list-style-type: none"> • Buyers • Production • Shipping Supporters 	<p>KEY ACTIVITIES</p> <ul style="list-style-type: none"> • Marketing • Product design & production • Customer management <p>KEY RESOURCES</p> <ul style="list-style-type: none"> • Digital channels • Customer relationships • Supply chain 	<p>VALUE PROP</p> <p>Fire Road exists to provide shared experiences between people and place. In so doing it provides connection, harmony and everyday luxury. It does so through the use of American design, storytelling, and craftsmanship.</p>	<p>CUSTOMER RELATIONSHIPS</p> <ul style="list-style-type: none"> • Brand Building • Active engagement with networks • Responsiveness to customers <p>CHANNELS</p> <ul style="list-style-type: none"> • E-commerce • Brick & Mortar 	<p>CUSTOMER SEGMENTS</p> <ul style="list-style-type: none"> • B2C: young, wealthy, coastal, design minded • Wholesale: minimalist, high-end
<p>COST STRUCTURE</p> <ul style="list-style-type: none"> • Operations • Gross Margins • Inventory • Production • Marketing 		<p>REVENUE STREAMS</p> <ul style="list-style-type: none"> • 40% B2C • 60% Wholesale 		

Summary:

In order for Fire Road to scale, there are several critical areas to focus on: operations, customer relationships, and product strategy. Before he can do a deep dive on any one of them, he has to lay the foundation for them all to be working. For example, if he goes too big on customer relationships, but his website isn't working, it will backfire. Similarly, if he puts a lot into product development but doesn't have an audience to share with, he'll burn through his resources.

This plan focuses on the foundational elements of all three that together will give him the base from which he can grow Fire Road and the B2C revenue stream we recommend.

deliverables and benefits

BUILDING BLOCKS CANVAS

Main challenge:

Fire Road is not set up to scale

Key solutions:

Establish a foundation across operations, product and marketing that he can easily build off of

Key actions:

Build brand awareness, optimize website, streamline manufacturers, refresh wholesale strategy with 12% price increase

Benefits and gains:

Stronger relationships with customers, a smooth e-commerce experience, more time to dedicate elsewhere by way of fewer manufacturing and wholesale relationships to manage, more B2C sales

One Page Business Plan available in the [appendix](#)
Payback Dashboard in [appendix](#)

deliverables and benefits

CUSTOMER RELATIONSHIP CANVAS*



Summary:

Once the foundation has been laid and Fire Road is running smoothly across operations, marketing, and product strategy, Andrew can focus more deeply in different areas of the business. We wanted to give him two options of what that could look like. This model outlines a focus on Customer Relationships and Key Partnerships.

This model focuses on building his brand and engagement with his target audience and uses the Key Partnership and Customer Relationships pillars as the drivers.

*yellow reflects where this model differs from the Building Blocks model

deliverables and benefits

CUSTOMER RELATIONSHIP CANVAS

Main challenge:

It's a crowded market in which brand can be a major differentiator but is not something that Fire Road is currently utilizing and the strategy above is a bare-minimum approach

Key solutions:

Lead with a refined brand story and identity; give the audience something they can emotionally connect to

Key actions:

Focus on new markets, move from awareness to active engagement, and establish Andrew and a persona

Benefits and gains:

Broader exposure, increased B2C sales to reach 50/50 ratio, diversified wholesale channels

One Page Business Plan available in [appendix](#)
Payback Dashboard in [appendix](#)

deliverables and benefits

REVENUE CANVAS*



Summary:

As an alternative to the relationship-driven option above, this model is grounded in revenue. Once he's gotten the manufacturing process streamlined, as outlined in the Building Blocks Plan, Andrew can build out a more strategic approach to his product that is aligned with where and how his audience shops. Although this model focuses on product strategy, the brand story is also deeply important here. His products need to tie together in a cohesive way that helps deliver a convenient and personal shopping experience.

In this plan, we suggest Andrew diversify his price points by developing a high-turnover, lower-price product that would act as a way in for new customers. Additionally, he would launch an engraving service to help establish Fire Road as a premier destination for gift-givers. Lastly, he would focus product development on things that are complementary to existing products and devise a new bundle pricing strategy.

*yellow reflects where this model differs from the Building Blocks model

deliverables and benefits

REVENUE CANVAS

Main challenge:

His products are disparate and the price point averages too high; it's not a one-stop-shop

Key solutions:

Become a go-to destination for gift givers with an accessible entry point product and the ability to personalize the products

Key actions:

Develop lower price product, complementary products and new pricing strategies for both

Benefits and gains

Lower barrier to entry, greater B2C sales, new markets

One Page Business Plan available in [appendix](#)

Payback Dashboard in [appendix](#)

summary & next steps

We believe in Andrew and Fire Road and feel his goals are not out of reach. As he prepares for this next phase of growth, he can use these plans to be more strategic and less reactionary in every choice he makes. Our recommendation is to first proceed with the Building Block Plan as it addresses the most urgent needs for the company and will set the foundation for growth. From there, we feel a combination of plans two and three will be most beneficial, however, we recommend approaching them as separate concepts to maintain clarity on the strategy until he is ready to merge them.

Brand will continue to be a strong theme for Fire Road, as it's what will separate him from the crowded market. We're giving Andrew a new message architecture as well as a library of images to utilize regardless of the strategy he decides to move forward with. Our hope is that he will continue to build out the image library to represent all three pillars. He is part of his brand and we hope he will embrace that, have fun with social media, and continue to build the identity.

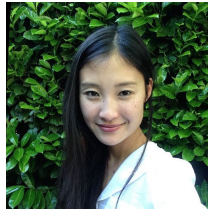
A key theme across plans two and three is adjacent markets, especially the specialty food and wine industry and the world of weddings. Andrew should think of Fire Road less as a home goods company and more as a company delivering connection as it will allow him to tie more strongly to both those adjacent markets and grow his audience.

We will be holding a closing meeting with Andrew the week of May 13th to review the strategies, get his feedback on the process, and discuss immediate next steps- as well as return the products he so generously lent us for the photoshoot and presentation.

meet the team



[Andrea](#) has a BS in Industrial Design and has work experience in woodworking and conservation.



[Amanda](#) comes from an advertising background and has worked across multiple categories, brands, and mediums in strategic planning roles.



[Mary](#) has experience in marketing and brand strategy as well as a background in social entrepreneurship and technology



[Kelsey](#) has an interest in design and has experience working with people from different backgrounds to help them accomplish their goals.



[Anthony](#) has a BFA in Graphic Design, with experience in built environments and digital applications.



APPENDIX



appendix A: brand materials

MOOD BOARD - [PINTEREST](#)

IMAGE LIBRARY

SOCIAL MEDIA RECOMMENDATIONS

PARTNERSHIP EXPLORATION

image library



image library



social media recommendations

GROW THE RIGHT KIND OF FOLLOWERS

- Find your audience through their interests by using hashtags after caption line break in posts. It will drive discoverability of posts through relevant interests, like Home Decor, Design, and/or Product Attributes
- #homegoods, #homedesign, #design, #industrialdesign, #dominos, #craftsman, #slowliving, #cornersofmyhome, #apartmenttherapy, #minimal, #interiorblogger, #kitchenlove, #wellmade, #homedetails, #handcrafted, #slowdesign, #onmytable, #madeinsf, #homeware, #designstudio, #designsponge
- Feature and tag other designers and brands (e.g. Heath Ceramics) in your posts. Finding well established adjacent brands that reach a similar audience of design enthusiasts will drive community recognition, follow-backs, and tagging.
- Send products to design and home influencers who have sizable audiences in exchange of them posting and sharing Fire Road with their audience. The right partnerships will not only drive brand discoverability but also credibility (through influencer word-of-mouth).
- Post about giveaways: ask your community to tag a friend or two for a chance to win.

DRIVE ENGAGEMENT AND CONNECTION

- Tell brand story through content that ladders back to the 3 story-telling pillars: Identity, Inspiration, and Product. Brand storytelling will attract and build a different kind of audience.
- Release and tease new products in social to drive desirability
- Use Instagram Stories, including Polls and Questions to drive a deeper connection with your followers. Use social as a forum to receive feedback - it's the best form of consumer research for small businesses.
- Do giveaways and post content from your fans have shared (products in their home). This kind of social proof will generate social brand love and advocacy.
- Keep a pulse on how seasonality affects your design enthusiast consumers. They will be thoughtful gift-givers, so use gifting holidays like Mother's Day, Father's Day, wedding seasons, as opportunities to push product stories.

social media recommendations

MAKE BUYING EASY

- Once you've grown followers and built a connection, you'll want to make shopping and buying an easy next step.
- For product posts, drive to link in-bio or use Instagram's shopping platform and use shopping tags
- Explore ways to curate gift guide and bundling opportunities.

partnership exploration

We recommend Fire Road partner with design-forward, culturally-relevant brands. These strategic partnerships will introduce a homegrown Fire Road to a coveted audience of design enthusiasts, and will help bring life and use case context to Fire Road's products.

The goal of the marketing partnerships is to drive awareness and consumer preference - not distribution. Below are recommended verticals:

LODGING

- Curated, well-known Airbnb homes (e.g. Joshua Tree Home, River Cabin)
- Airstreams (e.g. <http://www.tinkertin.com/>)
- A-frames, Cabins, and Lodges (e.g. Suttle Lodge)
- Boutique urban hotels (e.g. Ace Hotel, Hoxton)

PLANT

- Plant shops and nurseries (e.g. Homestead Seattle, Pistils)
- Flower shops (e.g. Fieldwork Flowers)

FASHION

- Concept stores and boutiques (e.g. Totokaelo)

COFFEE, SPIRITS AND DINING

appendix B: one page business plans

BUILDING BLOCKS

CUSTOMER RELATIONSHIPS

REVENUE & PRODUCT

VISION

Within the next 5 years, Fire Road will develop into a \$500K, national home goods company, providing design enthusiasts with American crafted home accessories.

MISSION

Fire Road exists to provide shared experiences between people and place. In so doing, it provides connection, harmony and everyday luxury. It does so through the use of American design, storytelling, and craftsmanship.

building blocks

STRATEGIES	OBJECTIVES	ACTION PLANS
Streamline Operations	<p>1a. Number of online store visits increases by 30%.</p> <p>1b. Decrease number of clicks from homepage to purchase to 5.</p> <p>2a. All products have 2 or fewer manufacturers.</p> <p>Overall: Reduce time spent on Administration by 30%.</p>	<p>1. Website set up</p> <ol style="list-style-type: none"> a. Optimize the user experience and interface to streamline purchases <p>2. Limit Manufacturers</p> <ol style="list-style-type: none"> a. Revisit supply chain for products with more than 2 manufacturers i.e. bottle opener
Improve Customer Relationships	<p>1a. Post on Instagram twice a week.</p> <p>1b. Increase Instagram followers by 8% a month.</p> <p>1c. Communication pillars shared across website and Instagram.</p> <p>1d. Semi-monthly posts in each pillar.</p> <p>2a. Send out quarterly newsletter with a 15% open rate.</p> <p>2b. Repost three customer's stories a month.</p> <p>Overall: Increase number of website visits by 20%.</p>	<p>1. Build Brand Awareness</p> <ol style="list-style-type: none"> a. Start using Instagram b. Tell brand story c. Focus on communication pillars: Identity, History/Inspiration, Product/Process <p>2. Grow relationship with current customers</p> <ol style="list-style-type: none"> a. Quarterly newsletter to mailing list b. Repost customer's story on channel
Revenue/Product Strategy	<p>1a. Every wholesale account has margins <60% or is a multi-storefront deal (i.e. DWR)</p> <p>2a. No products with wholesale gross margins below 60% are sold as wholesale.</p> <p>Overall: B2C increases to 40% of revenue and wholesale decreases to 60% of revenue.</p>	<p>1. Ending wholesale accounts that are not mutually beneficial.</p> <p>2. Increase wholesale prices by 12% reducing the discount to 44%</p> <p>3. Focus wholesale efforts on products with strongest wholesale gross margins</p>

customer relationships

STRATEGIES	OBJECTIVES	ACTION PLANS
Reach New Vertical Markets	1. 10% of wholesale accounts are in adjacent markets 2. - 3 Instagram posts a month are related to weddings or corporate gift offerings - 5% of orders are for wedding - Fulfill 5 corporate gift orders during the year	a. 1. Diversify wholesale markets to include companies in adjacent markets like wine and cheese -- in an attempt to drive B2C awareness in adjacent markets b. 2. Market Fire Road products as special occasion gifts i.e. weddings and corporate events
Engagement & Evangelism	1. - Number of new customers increases by 10% - Number of Instagram followers increases by 20% - Number of people on the mailing list increases by 10% - Develop two influencers who post about your product - Fire Road shares 5 other products in their Instagram post - 35% of your followers participate in Instagram polls	1. Increase use of Instagram and Website to tell the Fire Road story and connect with customers- move from using these tools simply for awareness to engagement and a. Contest Giveaway b. Gift Fire Road products to home/interior/design influencers (with 3K+ followers, so they post and tag Fire Road - driving brand visibility with the right/interested target audience / social community c. Instagram tags of other products and industry-adjacent companies d. Use polls to engage customers

customer relationships cont.

STRATEGIES	OBJECTIVES	ACTION PLANS
Meet & Greets	1. - Run two pop ups in SF or NY for at least two days - Participate in two “Meet the Designer” opportunities in SF or Oakland - Participate in one Wine Club pick-up night - Co-host one specialty class with a SF partner to showcase your products	1. Seek face to face opportunities to get Andrew and Fire Road’s product in front of customers <ol style="list-style-type: none"> a. Partner with SF or NY boutique for short-term pop-up b. Utilize mailing list and social media for pop-up announcements c. Participate in “Meet the Designer” opportunities in SF or Oakland d. Participate in Wine Club pick-up nights to show products e. Co-host/sponsor Cocktail Making Nights or other speciality classes

revenue & product

STRATEGIES	OBJECTIVES	ACTION PLANS
Expand Price Point Offerings	1a. Lowest priced product drives highest volume	1. Create an entry level product with mass appeal i.e. bottle opener, wine coaster, spoon rest
Diversify & Bundle Products	<p>1a. Launch two new complementary products in the next year</p> <p>2a. Launch three bundle sets in the next year with combined margins over 50%</p>	<p>1. Create complementary products that can be bundled i.e. cheese knife, wine opener, wine coaster, ice bucket</p> <p>2. Devise pricing strategy for bundled products i.e. cheese bundle (serving board & cheese knife), wine bundle (wine rack & wine opener)</p>
Special Occasion Gifts - Engravings	<p>1a. 1/3 of sales of engravable products were ordered to be personalized</p> <p>2a. Build gift wrap option on website</p> <p>2b. Devise wrapping fee</p> <p>2b. Build logistical capabilities to opt into this option on the website</p> <p>3a. Features on 2 wedding blogs/influencers</p> <p>3b. Monthly post of example or testimonial</p>	<p>1. Offer personalization of products via engraving</p> <p>2. Gift wrap shipped products</p> <p>3. Target advertising towards wedding & housewarming*</p> <p>*Look to Brooklyn Slate for examples.</p>

appendix C: payback model

EVALUATING WHOLESALE/RETAIL RATIO

PAYBACK MODEL DASHBOARDS

evaluating wholesale/retail ratios

	YR 4	YR 5	YR 6	YR 7	YR 8-10
Growth Rate	35%	21%	14%	12%	10%

Wholesale/Retail Ratio	70/30 -			Notes
	Current	60/40*	50/50*	
Payback	4.15	2.95	1.76	
Total Revenue Yr 8 (in 5 yrs)	\$379,934	\$519,840	\$619,283	
Net Cash Flow Yr 8 (in 5 yrs)	\$80,149	\$93,083	\$152,099	
NPV 5 yr	\$9,317	\$76,123	\$174,673	
NPV 10 yr	\$194,487	\$288,657	\$524,372	
IRR 5 yr	14.3%	42.2%	77.2%	
IRR 10 yr	39.1%	57.6%	87.2%	
ROI	0.9%	11.6%	26.5%	

* Wholesale discount reduced from 50% to 44%

payback model dashboards

CURRENT BMC 70/30

	Wholesale	Direct	Total
Net Sales	\$75,488	\$32,576	\$108,064
Gross Margin \$	\$41,708	\$25,761	\$67,469
Gross Margin %	55.25%	79.08%	62.43%
SG&A %	-	-	92.78%
Operating Income %	-	-	1.32%

BUILDING BLOCKS BMC 60/40

	Wholesale	Direct	Total
Net Sales	\$78,679	\$52,841	\$131,520
Gross Margin \$	\$47,214	\$41,736	\$88,950
Gross Margin %	60.01%	78.98%	67.63%
SG&A %	-	-	76.19%
Operating Income %	-	-	2.95%

CUSTOMER & REVENUE BMC 50/50

	Wholesale	Direct	Total
Net Sales	\$78,679	\$78,060	\$156,739
Gross Margin \$	\$47,214	\$61,501	\$108,715
Gross Margin %	60.01%	78.79%	69.36%
SG&A %	-	-	63.96%
Operating Income %	-	-	7.62%

*Using 2018 Financials