

4-23-2012

Calare Business Plan

Michael Seminara
Lehigh University

Follow this and additional works at: <https://preserve.lehigh.edu/undergrad-scholarship-eckardt>



Part of the [Entrepreneurial and Small Business Operations Commons](#)

Recommended Citation

Seminara, Michael, "Calare Business Plan" (2012). *Eckardt Scholars Projects*. 24.
<https://preserve.lehigh.edu/undergrad-scholarship-eckardt/24>

This Article is brought to you for free and open access by the Undergraduate scholarship at Lehigh Preserve. It has been accepted for inclusion in Eckardt Scholars Projects by an authorized administrator of Lehigh Preserve. For more information, please contact preserve@lehigh.edu.

April 23, 2012



LEHIGH
UNIVERSITY

ECKARDT SCHOLARS THESIS: CÁLARE



A new waxing product for women | Michael Seminara, Eckardt Scholars

Table of Contents

I: Executive Summary.....	3
II: Market Analysis.....	4
Issues with waxing	6
Current Solutions	8
III: Product Features Description	10
Needs Metrics Matrix	12
IV: Company Structure.....	13
V: Marketing	16
Price	19
Promotion	20
Sales Management.....	21
VI: Financial Projections.....	22
VII: Funding Request	24
VIII: Moving Forward.....	25
Addendum I: Survey Results	26
Addendum II: CAD Drawings.....	27
Addendum III: Financial Tables	28
Acknowledgements and Bio.....	29

I: Executive Summary

Cálare is a new product for men and women that innovates by simplifying and improving the process of at-home waxing. By combining a simple heating unit and a roll on application mechanism with a fresh and appealing design it will change the way people think about hair removal. Cálare improves upon the design of traditional waxing products currently on the market while evoking a sense of cutting edge modernity despite the simple design. It is meant to become a ritual of self care and pampering by being pleasant and intuitive to use. It combines several machines into a solitary hand held unit that bears similarities to a next generation razor.

Cálare is the first product for a new start up venture. While the product is still in the research and prototyping stages, many of the next steps have been planned for. There are two members of the team at this point. I am the inventor and proprietor and I have contracted a professional engineer for fine tuning and manufacturing efficient design. The next employees that will be added include a sales force which will come from my personal network and a small group for local assembly in the early stages to prioritize flexibility and low overhead. As sales ramp up, outsourced manufacturing will become practice.

Cálare will be marketed as an alternative to the expense of salon waxing and the inconvenient frequency of shaving. The striking design makes it an easy sell to young and tech savvy people. It can be used by both men and women and will be differentiated to appeal to the different tastes. Sales will initially be sold through eBay and Amazon. Expansion will be handled through partnerships with groups like Hammacher Schlemmer, Sky Mall, and Ulta. The exit strategy is sale of IP and manufacturing rights.

Capital is needed now to finish the prototyping of the product and to make the first batch of Cálare waxers for sale.

II: Market Analysis

It is no surprise that over 25 million women use waxing as their primary hair removal method in the United States. Body hair on women is seen as unsightly in our culture and a majority of women remove it regularly. For seventy percent of women over the age of fifteen, this means shaving. Some women, however, seek a long term solution to their hirsute problems. Waxing removes body hair for three to six weeks depending on the person. It is a somewhat painful procedure that can be done at home or at a salon.

To get a better idea of the size of this market I conducted a survey online. I had over three-hundred responses and collected the following information¹. Nearly seventy-five percent of women over the age of fifteen have used wax to remove unwanted body hair at least once in their life. Over forty percent of women in this age group wax more than a few times a year and twenty percent of women use waxing as their primary method of removing unwanted body hair. According to the US census bureau there are over 125 million women in this age demographic.

To get a better psychological profile of the women who choose waxing, I spoke to Teri Cook, owner of Celebrations Hair & Tanning Salon in Bethlehem. She noticed a trend in the women she provides waxing for.



They [women who wax] are usually more obsessed with beauty. Most of them also have a tanning package with us and they generally opt for more expensive hair treatments. They seem to share an attitude that being beautiful is a lifestyle and always demand the best from our staff. They are our most loyal customers and make up a large percent of our business.

Women who regularly go to a Salon are somewhat different than women who do the waxing themselves. Women who stay at home are generally busier, cost conscious, or shy about having

¹ See addendum 1 for full survey

someone remove their hair. Teri notes that women who come to the salon also enjoy the social aspect of speaking with the staff and having someone there to “share the pain” with.

Issues with waxing

Waxing is the process of applying hot wax over a patch of body hair and placing a strip over the wax and pulling it off to remove the hair. Despite the benefit of a longer hair-free period, waxing in its current state has many issues. The first issue that over sixty percent of responders claimed to have an issue with is pain. This is a fundamental issue with pulling the follicle out by the root. One current remedy in the market is Relax and Wax's No Scream Cream, a lotion that numbs the skin. Still, pain is a barrier to entry and part of the reason waxing is not the most popular hair removal method.

Recently I spoke with Margie Guan, a Lehigh sophomore, who uses waxing regularly to treat body hair. She had the following insights.



I wax because I like not worrying about having hair for a few weeks. It is convenient for me, but sometimes the pain is a lot to handle. I think the bigger issues for me are making sure the wax is at the right temperature and applying the wax evenly. Sometimes I put the wax in the microwave and it's too hot, other times it is still too cold to apply evenly. When I apply the wax I use a wood stick [tongue depressor] and it can be messy.

The results of the survey show that Margie is not alone. While pain was the biggest reported issue at over sixty percent, the second and third were inconvenience of heating the wax (forty percent) and mess from applying the wax (thirty-five percent). Other issues reported included price (thirty-two percent), time, skin reacting unfavorably, and inconsistent results.

The issues are such that there is little cross over between people who wax and those who choose other methods to remove hair. A group of survey responders noted that they were used to shaving and it became habitual. Waxing is a commitment. Over time, the hair follicles start to

grow back finer, thinner, and slower. Eventually hair growth may stop altogether². People who wax usually do it for the long-term benefits; impatience can also be an issue for many.

² The Body Dynamic www.thebodydynamic.com/waxfaq.html

Current Solutions

	<p>Microwave Wax Hair Remover Kit Price: ~\$5 Pros: Inexpensive starter kit that includes wax and strips. Available everywhere and usually considered the baseline of waxing products. Cons: Wax is difficult to heat up; it does not melt or melts inconsistently. Applying the wax is very messy with use of wooden spatula.</p>
	<p>Roll on Wax Price: \$10-\$15 Pros: Multipurpose applicator head makes wax easy to apply to all parts of the body. The product contains enough wax for a large amount of skin. Cons: Amount of wax makes it difficult to heat evenly. Many complaints about the heating instructions (microwave for 15 seconds). It is expensive given its single use.</p>
	<p>Professional Single Wax Warmer Price: \$50-\$100 Pros: Expertly heats the wax to the proper temperature and ensures there is enough supply for any amount of individual hair removal. Cons: Expensive product and does not provide any enhanced way of applying the wax to the body.</p>
	<p>Depilatory Wax Heater Price: \$15-\$25 Pros: Electrical wax heater and applicator with complete functionality for a waxing session. Cons: The design is dated and suggests poor quality. There is no version for American power outlets and they only ship from Hong Kong.</p>

While there are a number of other solutions on the market, the top three are the standard for waxing. While the roll on wax provides an easy application, it does not provide for adequate heating and can be a hassle. The wax warmer solves this issue, but is quite expensive and leaves the problem of application.

The depilatory wax heaters are international products only found in online retail outlets like eBay and Amazon. They ship from eBay accounts and Amazon stores based in Hong Kong with little information about the product or the company that makes it. The designs are dated. They are boxy, simple machines incapable of evoking any emotional reaction. Some eBay accounts have over 30,000 units sold, but reviews are mixed about the product's performance. The core issue with the product type is the cheap build quality and lack of any marketable personality. Sales are respectable, but there is no reason to expect them to ramp up dramatically. Additionally, there are no models for the American market because they use European power outlet protocols.

III: Product Features Description

Given the numerous problems with waxing in its current state and the lack of any product that fixes a number of these issues, there is room in the market for another product. Cálare³ is a combination hand-held wax heater and applicator that incorporates two of the features found in different successful products in the market. By incorporating both features in an accessible and affordable product, waxing will become more convenient and pleasurable for women.

The first feature is the applicator. Women who wax usually do not just wax one part of their body. Many regularly remove hair from a combination of the following places: legs, arms, underarms, bikini area, upper lip, and eyebrows. It is important to them that they have the freedom to wax any of these areas. Similar to the roll on applicator, Cálare incorporates an applicator head that is 1.5 inches wide and only .3 inches long. This ensures that the head is large enough to conveniently apply wax to large areas while nimble enough to wax more tedious areas like the upper lip and eyebrows.

The second feature is the built in wax heating chamber. The chamber holds six ounces of wax, which is more than enough to do both legs for an average woman. Inside the chamber is a Nickel-Chromium alloy wire that uses the property of electrical resistance to heat the wax to 145 degrees Fahrenheit (wax's melting point) using a rechargeable battery. This ensures the wax is at the proper temperature for even application.

The rest of the design focuses on accessibility and sleekness. The form factor of Cálare is meant to mirror the approximate design of a razor, only with a larger base to hold the wax. The application head mirrors as an indicator of the wax's temperature. It is lit up red when the

³ See addendum 2 for CAD drawings

wax is heating and changes to green when the device is ready to be used. The top unscrews and any solid body wax pieces can be added (already widely available).

Needs Metrics Matrix

Cálare and Current Market Solutions					
	Microwave Kit	Roll on Wax	Professional Warmer	Depilatory Waxer	Cálare
Long term hair removal	X	X		X	X
Easy application		X		X	X
Easy warming			X	X	X
High build quality			X		X
Striking design					X

IV: Company Structure

Cálare is the first product under development for what is planned as a full service women's care business suite. The product is designed to be usable with current wax and paper products on the market, but with the success of the brand there will be opportunities to expand in this space. Specially designed wax bars will be included in the packaging. They are solid and come in a variety of scents meant to mask the somewhat foul scent of normal body wax. Paper is relatively simple, but a strong brand will help sell this product as well because there is currently no established dominant force in this market. Lastly, a barrage of lotions and oils currently used in tandem with waxing to either numb pain or clean and heal can be a final expansion point of the brand. Other products will be developed and different SKUs will be used to reach different markets. Cálare can be sold all over the world because of the online distribution, but power adapters will be required for international users to charge the battery.

As sales of the product ramp up and distribution partnerships are made, more people will need to be added to the team. My background is in finance and engineering so I am well suited to handling the company in the early stages, however additional talent will be needed. Initially, I will be outsourcing accounting and tax services to a CPA. Legal council will also be outsourced, initially for IP and corporation establishment paperwork but also in event of litigation. Establishing a strong relationship early is important and I am already speaking with New York IP attorney Jacob Zambrzycki about a provisional patent and the further process of establishing the business as a legal entity corporation. This will limit my personal accountability in case of financial issues.

Marketing and branding will be something important for the early gestation of the product. Ideally, I want a female partner in the business because of my personal limited

experience. Waxing is primarily done by women and it is important to have that voice in the decision making process. It would be valuable for her to have experience in marketing and sales management because those are my areas of weakness.

Production will initially be done personally in my apartment. The product is designed to be easy to assemble. I will need the plastic parts injection molded, a minimum order of 1,000 pieces will cost just over \$1200 with the current design. Other components can be purchased or made quite easily. The product is designed to be easy to assemble so for minor expansion, temporary workers from an agency will be sought. Only in the third stage with some significant sales consistency will a full time staff be sought or an outsourced production service negotiated.

All equipment and facilities will be rented or leased. It is important to maintain flexibility as a startup and be able to easily shed unnecessary expenses. This will leave that opportunity open while simultaneously ensuring state of the art equipment. More money will have to be parted with, but the security of knowing it can be scrapped quickly is well worth the price.

Sales will be handled through online retail at first. Ebay and Amazon make it easy to open an online store and sell a product. This will make it easy to forecast demand and produce accordingly because all sales can be limited and monitored through the websites' store interfaces. As the product ramps up, it will be desirable to seek more traditional retail outlets.

The most important step for any young business is building a team capable of growing the company. I know that the first person to find will be a woman with marketing and sales ability as well as a passion for the business. After that additional sales and management talents will be sought. Lastly, any person with a unique talent and strong passion for the business will be brought on. I am a firm believer that capable people can learn to be good at many things and do not need experience to be given a chance. If a candidate has something special it is worth

giving him a chance to impress and grow the business. Equity stakes will be given for all members of the management team from the early going. This will aid with cash flows and payments as well as encouraging the partners to earn their value.

V: Marketing

Marketing is extremely important for a new type of product launch. If it is something people have never seen, it needs to impress from the start or it will forever be dismissed. Much effort has been put into the design of the product to make sure this does not happen. The next section discusses the following:

1. The design of the product and the planned differentiation for the varying SKUs
2. The price and profitability
3. Where and how the product will be sold
4. The promotion used to get the product off the ground and into the hands and minds of consumers

Product

Cálare needs to bold. It needs to encompass both striking modern design with pragmatic engineering excellence. Currently the device exists only as a CAD drawing, but prototyping is underway. I have a functional device that is capable of melting and dispensing wax with inexpensive parts, but the design is far from marketable. In the CAD drawings one can see that the device resembles the shape of an expensive women's razor, but larger and more voluminous to hold the wax. The idea was to take the basic shape and elegantly expand it for the engineering needs. The top of the device contains the rechargeable Lithium Ion battery and a simple circuit. The body is large enough to hold enough wax to do both legs of over 90% of women and maintains a comfortable form design for easy handling. At the bottom is a rounded and smooth application head that rolls on wax similar to the device in the microwaveable roller.

The head contains several red and green LEDs. When Cálare is powered and the wax is being heated, the lights glow red to show that it is not ready but preparing. When the wax reaches the ideal temperature (145 degrees F), it switches to a bright electronic green that shows it is ready to be used. When held the way the shape would suggest, there exists an elongated recessed button perfectly shaped for an index finger. It is an electronic button as opposed to analog and requires only gentle pressure to work, but is capable of taking a large stress. This button triggers the switch that releases the wax through the applicator head. The overall design is sleek and modern. It is meant to be special to use, something exciting because it is not strictly necessary, but enjoyable. It is a premium product for special people.

The main SKU meant for women will come in a dark pink color. Pink is the color of feminine beauty. It is dark because bright pink is seen as cheap or pandering to many women. Dark is a more refined shade of the color and will work for the women who will be interested in

the product. A secondary SKU intended to attract men will be introduced if further market research shows that men will be interested. Men's salon waxing is a fast growing field where young men are getting the service.⁴ Gay, straight, young, and old all find something of value and are getting the waxing done all over their bodies. Some salons recorded improving business 100% Y-o-Y for the last half decade. If this trend continues a market will exist for the at home male waxer. The product will need to be rebranded with a changed more masculine design and a different brand name that connects it with Cálare. The successful Dove for Men campaign shows that this can be done for a company traditionally serving women.

⁴ "A He-Wax for Him", Rachel Felder, New York Times, April 10, 2012

Price

Cálare is being designed as a premium product and will be priced accordingly. The base model will cost \$59.99 which will give an approximate profit of \$39.00 after materials and assembly. Marketing and other costs will detract from this number, but as those costs are yet to be determined, it is not known what the final profit will. It is important to consider that as production ramps up, this cost of materials and assembly will decrease.

Additionally, there is a planned deluxe starter kit for the product. In addition to the device and charger it will include a leather carrying case and enough wax and strips for two sessions. This will drive the average price for the product up and will offer an incentive for those being introduced to the product. The cost is yet to be determined because of the additional expenses, but the estimate is somewhere around \$79.99 as to be enticing for somebody deciding between the two versions while maintaining a higher profit margin.

Cálare Product Line	
Basic Unit	~\$60.00
Cálare for Men	~\$80.00
Deluxe Starter Kit	~\$65.00

Promotion

Promotion is tantamount to the success of any new product launch. Simply listing a product somewhere is not enough to get any buzz or interest. With that said prices for large events and advertising are prohibitive to a start up. I am currently working on a video with the Lehigh video club as a promotional tool for the product. In the video, a pair of attractive feminine legs can be seen from the waist down wearing a number of different skirts and outfits through a series of stills that create a video in the stop-motion fashion. The pictures will range from obvious Thanksgiving to New Years settings with a final tagline suggesting that waxing can keep legs hair free for 6 weeks. Afterwards an image of Cálare will be shown with the slogan: a waxer for you. This can be effective because it is a type of video making popular with younger generations and is inexpensive to produce.

Other planned promotional tools include using newspaper articles and online invention forums for time in the spotlight. Website like kickstarer.com show new projects and allow people to pledge money to see their creation get made. It has been both popular and successful for many concepts and requires little in return for the money. Additionally, websites like GetOnTheShelf.com allow users to vote for new inventions to be sold in Walmart retail stores across the country. Winners of the contests are given funding and a place to sell their product and this will be a big boon for any startup.

Lastly, giving away trial products to salons and magazines may be enough to generate some positive buzz and perhaps get a feature or review in a magazine. This will be a huge gain for the product and reach the target demographic beautifully.

Sales Management

Cálare will initially be sold on eBay and in an Amazon store dedicated for the product. This will be sufficient for initial sales and early markets, but expansion will be necessary. The first expansion after online only sales is to seek partnerships with Hammacher Schlemmer and Skymall. Hammacher Schlemmer is an online and bricks and mortar sales outlet for innovative and well engineered products that do not necessarily fit in at other places. Skymall is an in-flight magazine that sells similar products, aimed at frequent travelers who do not have time for traditional shopping. These two stores appeal to people into technology and innovative products. There is some worry that being featured in Skymall can diminish the brand value, but as an early stage outlet, it is excellent for exposure and potential sales.

The third stage of sales is to seek professional partnerships with sales distribution companies. It is very difficult to reach a partnership with any company and reaching many is impossible for most small businesses and new inventions. A sales management company can give access to numerous bricks and mortar retailers like the following which are goals for the company:

- CVS
- RiteAid
- Wallgreens
- Ulta
- Duane Reade
- Target
- Walmart
- Kmart

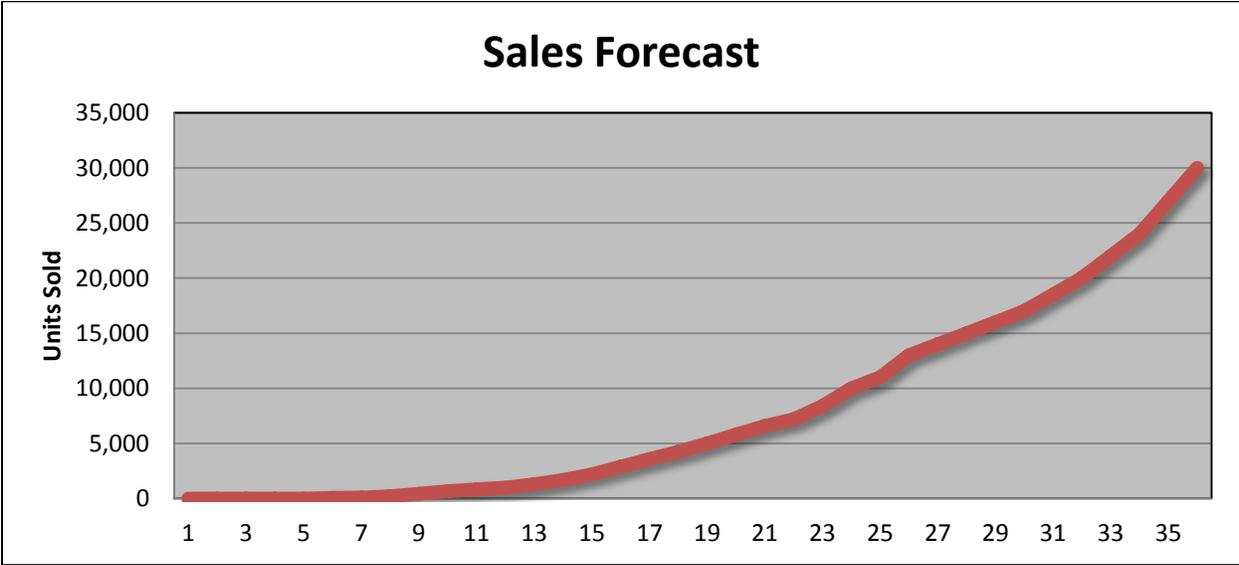
These stores will not be the limit as other stores that carry items like Cálare will be sought. Reaching retail shelves is the ultimate goal because it gives wide exposure and possibility of sales to the masses.

VI: Financial Projections

The bill of materials for Cálare currently is just under \$20 for all components. This price will drop as sales ramp up, but at the moment this is what it will cost for a skid of 1,000 products. After the product initially goes on sale, sales will be slow, but gain speed as satisfied users recommend the product. By the end of year 1, sales are estimated to be over 1,000 units. After a second year they expand to 10,000 and by the third it will reach over 30,000 units sold. From there the product will continue to see a rise in sales and profitability as new retail outlets buy the product and consumers embrace the redefined waxing process. Initial investment is required to get the product off the ground. The will require:

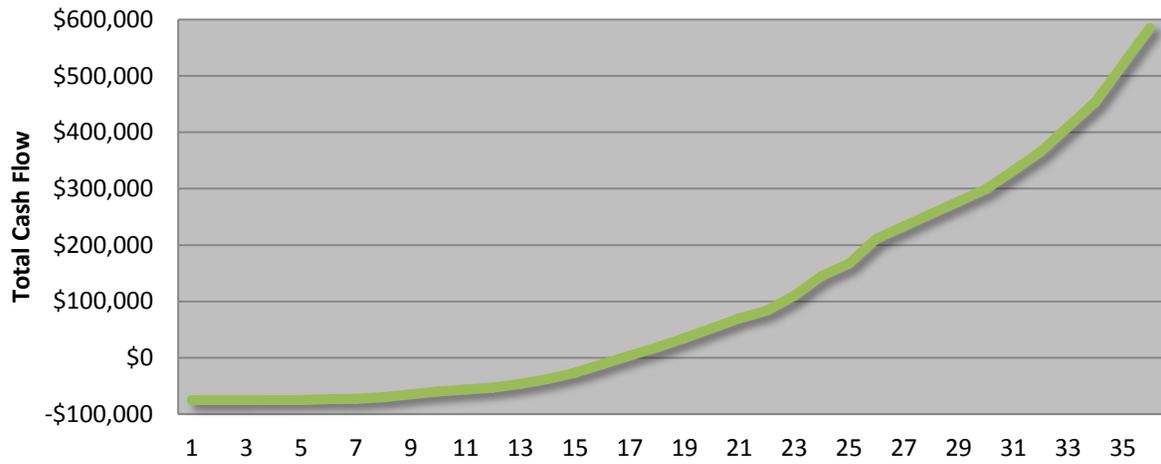
- 1. Finding and paying employees
- 2. Getting patents
- 3. Hiring a professional engineer for mass manufacturing optimization

These can be expensive costs, but they are necessary to the success of the product. Below are the charts showing projected sales and cash flows for the next 3 years.⁵



⁵ See Addendum 3 for tables

Cash Flow Forecast



VII: Funding Request

Cálare will require \$75,000 to get off the ground. This will be enough to cover legal fees, the first couple production runs, and engineering and consultancy fees for the business. In addition, another \$25,000 is being requested for contingencies and to expedite the promotion and marketing to increase sales more quickly. Investors will receive equity stake in the company. Return on investment will be seen by the end of year two when the company turns profitable and will continue as sales ramp up. The exit strategy is to sell the IP and manufacturing rights to an outside company by the end of year six. The proceeds will be split among investors by amount owned in the company as well as any retained rights and royalties.

VIII: Moving Forward

While much research has been put into Cálare, a lot more must be done. Currently, Spencer Nelle, a Masters of Mechanical Engineering has been hired to do prototyping and circuit design for product. The current design is very bare bones and needs to be fitted for the market and optimized for manufacturing.

Also, I am working on a promotional video with the Lehigh Video Club. The framework is a short stop-motion movie that shows a pair of hairless legs through six weeks of care free maintenance from Thanksgiving to New Years. The idea is to show the convenience of waxing in general and promote the product at the end as reinvention of the process.

I spoke with Professor Chris McDemus of the entrepreneurship department about moving forward. He gave me the following advice.



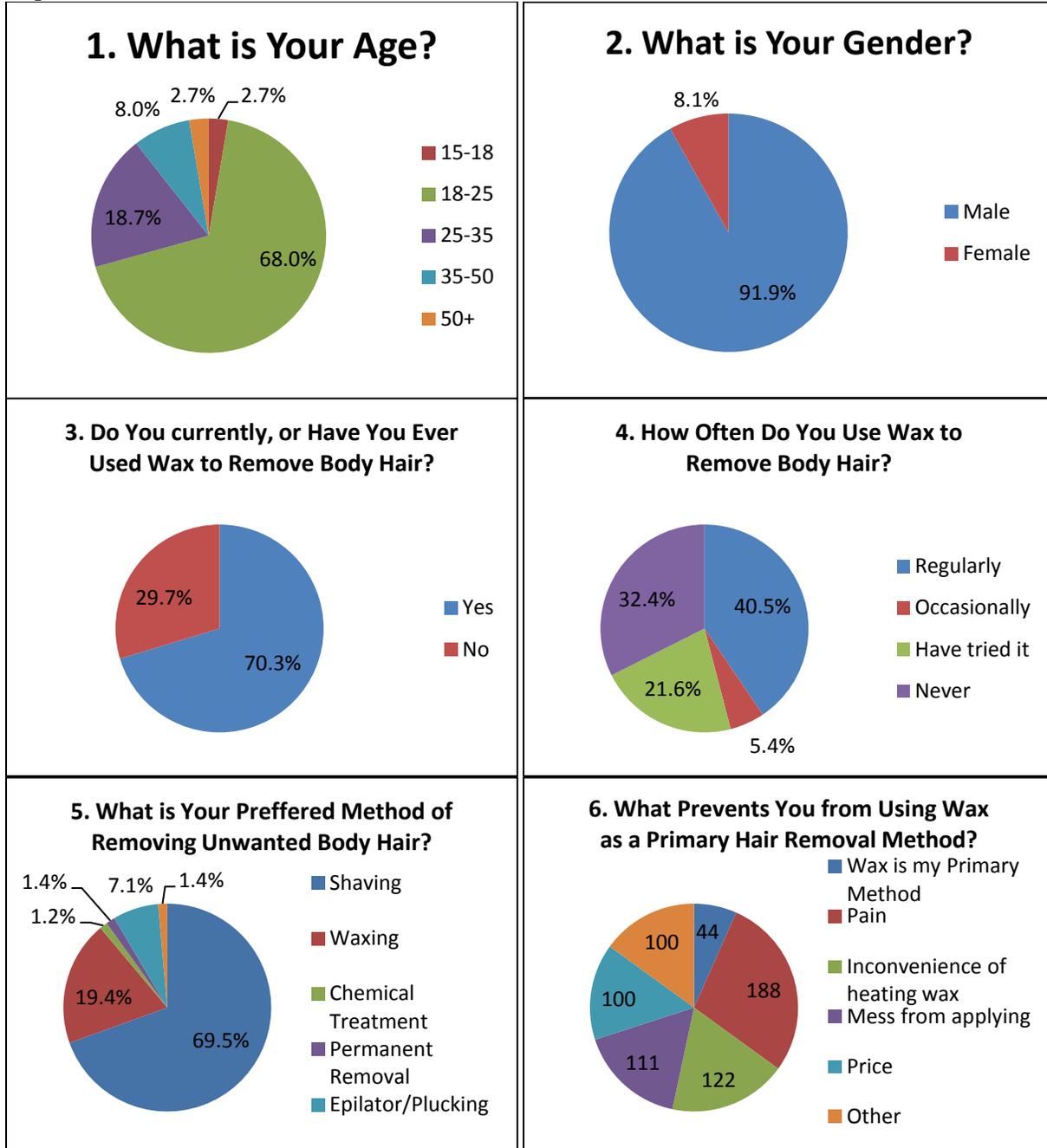
I think the next step is continuing research. You have to know the market like the back of your hand. As a man designing products for women, it is important that you do not decide that you know best, but rather go to the market to find what is best... For distribution, it will be hard to pursue this as an individual. Look to companies like Ulta.com and Conair for similar products. If you do most of the work this could be something they are interested in licensing or buying.

With the requested funding, I will continue doing prototyping and research for the product. There is only so much I can learn in the area and will need funds to attend trade shows to get a better idea about the how the industry works and where it is going. I will also seek a provisionary patent based on a prototype to protect my idea.

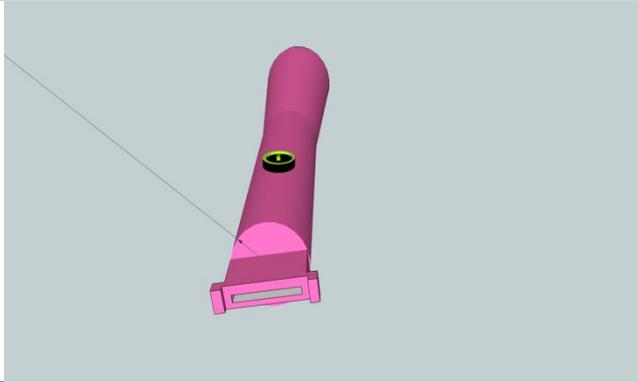
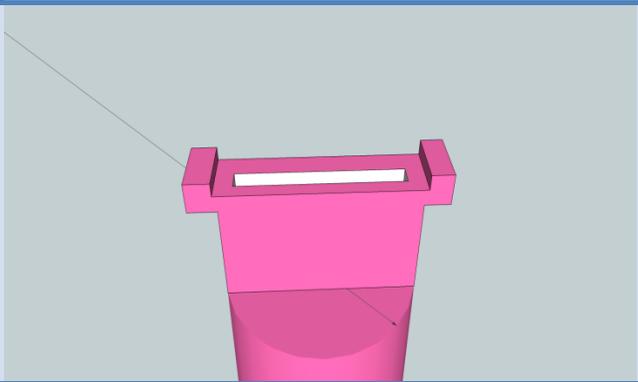
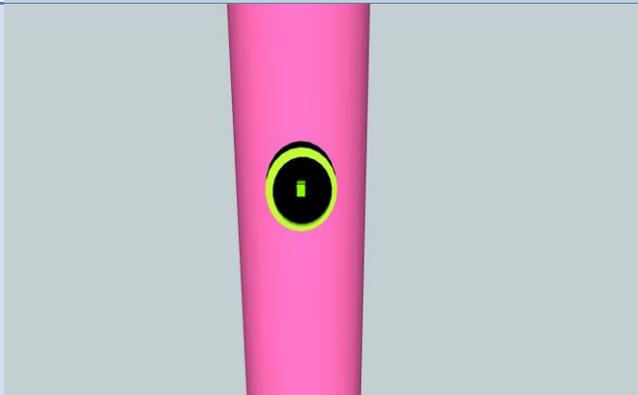
Cálare is a project that I am passionate about. I want to see it through and make a business out of something that started as an idea in my sister's apartment. I have the engineering and business background to make this dream a reality and with the funding I will put a down payment on this process.

Addendum I: Survey Results

The following survey was sent out on September 12 and the latest results were collected on November 10. Between survey monkey and Amazon's Mechanical Turk, over 300 people responded.



Addendum II: CAD Drawings

	<p>Cálare Form Design</p>
	<p>Close Up of Applicator</p>
	<p>Vertical Drawing</p>
	<p>Close Up of Button (Changes From Red to Green When Wax is Heated)</p>

Addendum III: Financial Tables

Month	Sales to Date	Total Cash on Hand
1	-	\$ (75,000)
2	30	\$ (74,040)
3	80	\$ (72,440)
4	140	\$ (70,520)
5	200	\$ (68,600)
6	270	\$ (66,360)
7	360	\$ (63,480)
8	460	\$ (60,280)
9	600	\$ (55,800)
10	740	\$ (51,320)
11	850	\$ (47,800)
12	1,000	\$ (43,000)
13	1,764	\$ (40,371)
14	2,689	\$ (10,402)
15	2,727	\$ 27,015
16	4,140	\$ 41,549
17	4,291	\$ 69,702
18	4,418	\$ 107,526
19	4,993	\$ 144,354
20	5,501	\$ 175,686
21	6,542	\$ 188,273
22	7,044	\$ 192,668
23	7,685	\$ 209,015
24	10,000	\$ 245,000
25	11,356	\$ 256,867
26	12,850	\$ 275,617
27	13,423	\$ 330,595
28	15,329	\$ 374,682
29	15,578	\$ 388,940
30	17,843	\$ 413,221
31	19,561	\$ 476,148
32	21,093	\$ 477,664
33	22,718	\$ 533,022
34	24,635	\$ 571,296
35	25,782	\$ 635,407
36	30,000	\$ 885,000

Acknowledgements and Bio

I would like to thank the following people for their contribution to my project.

Prof. Pat Costa – Advisor

Prof. Chris McDemus

Teri Cook, Owner Celebrations Hair & Tanning Salon

Ilan Beitscher, Senior Lehigh

Margie Guan, Sophomore Lehigh

DaHee Choi, Sophomore Lehigh

Ann Girdano, Senior Lehigh

Caily Gallagher, Sophomore Lehigh

Dr. Nicole Seminara

Jacob Zambrzycki, IP Lawyer

Bio:



I am a senior at Lehigh majoring in Integrated Business and Engineering with a focus in Industrial Engineering. I have always liked having my own business. In high school I ran an online business where I would buy returned and broken iPods from chain stores, repair them, and sell them on eBay. I currently work for the Enterprise Systems Center at Lehigh as a student consultant. Next year I will be moving to Manhattan and working for IBM as a consultant in their Global Business Services Division.