

# Appalachian Herbal Essentials

Ethically grown medicinal and culinary herbal products from Meigs County, Ohio

**42255 Old Farmhouse Road  
Athenia, Ohio 45700**

## **BUSINESS PLAN**

**prepared by**

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**and**

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# Appalachian Herbal Essentials

## Executive Summary

### Statement of Purpose

Appalachian Herbal Essentials is a sole proprietorship to be established in 2001. The company will be located in Meigs County, Ohio. The aim of the company is to provide its customers with high quality organic herbs, plants, seeds, nutraceuticals and other herbal products at reasonable costs. No funding is required for the company at this time as the owner intends to slowly grow the company using his own personal resources. The purpose of this plan is to provide the owner with a “roadmap” to enable him to envision the growth and direction of the company and in the development of product lines.

### Part 1: The Business

#### Mission Statement

Central to Appalachian Herbal Essentials' philosophy is that we are not in possession of the land from which our products spring but rather are its stewards. In all our activities we will show reverence to Mother Nature and the natural order at all times. Appalachian Herbal Essentials is dedicated to growing and distributing high-quality herbal and botanical products in an ethical, organic and Earth-friendly way. Specifically, Appalachian Herbal will:

Provide our customers with the highest-quality medicinal and culinary herbs and herbal products that are ethically and organically grown.

Provide our customers with the highest-quality ethically and organically grown live plants, rootstock and seeds of native Appalachian medicinal herbs, culinary herbs and other useful exotic species.

Provide our customers with other botanical products, such as aroma-therapeutic mixtures, herbal formulas and herbal pharmaceuticals that contain the highest-quality ethically and organically grown products from around the world.

#### Description and Location of Business/Product

Appalachian Herbal Essentials is a start-up company located in rural northern Meigs County, Ohio. Appalachian Herbal's herb farm consists of some 15 acres, about 4.5 acres is relatively flat, tillable fertile land with the remaining 10 acres being rolling maple/beech/oak forestland. The product line will be a mixed combination of herbal products including live plants, roots and seeds, dried and fresh specialty Appalachian medicinal herbs, herbal infusions and teas, nutraceuticals, aroma-therapeutic oil blends and natural botanical soaps. The raw materials for the product line will be derived both from material grown on the Appalachian Herbal farm, from other local growers and from bulk wholesalers. Where possible, we will use North American domestically produced certified organic raw materials.

## Features and Benefits

The product line will be a mixed combination of herbal products including live plants, roots and seeds, dried and fresh specialty Appalachian medicinal herbs, herbal infusions and teas, nutraceuticals, aroma-therapeutic oil blends and natural botanical soaps. There are few, if any medicinal herb companies that specialize in Appalachian herbs and specialty products. Appalachian Herbal will be the first company to offer live plants, roots and seeds, dried and fresh specialty Appalachian medicinal herbs, herbal infusions and teas, nutraceuticals, aroma-therapeutic oil blends and natural botanical soaps over the Internet. The Website is also educational and informative which will appeal to teachers and students of herbology as well.

The raw materials for the product line will be derived both from material grown on the farm and from bulk wholesalers. Where possible, we will use North American domestically produced organic certified raw materials.

### Features

- Organically grown herbs and herbal products
- Locally produced
- Local Appalachian species
- Online ordering available
- Low prices
- Educational website
- Close to university population
- Weekly electronic newsletter

### Benefits

- Appeals to health-conscious consumer
- Wide variety of products available from one site
- Sane pricing policy

## Legal Structure

The Company will be a Sole Proprietorship registered in the State of Ohio.

## Part 2: Market Analysis

### Target Market

The target market of Appalachian Herbal Essentials can be grouped into four categories or groups.

The first target group is the young, health-conscious, college-age/grad students, who shop at the local food co-op and are primarily vegetarian. These young people grew up with computers and are likely to utilize our online ordering system. They are likely to use herbal teas, soaps and oils.

The second target group is the aging “baby boomer” population. These are adults who may have several medical conditions that require treatment. Many among this group have considerable reservations with traditional medicine with its high costs, invasive techniques and expensive drugs. In addition, more and more seniors are using computers for email and shopping. Our weekly newsletter will keep them informed and up-to-date on the latest herbal news and information.

Both of these target groups are subsets of a much larger, more amorphous group of consumers who cannot be defined in terms of age, socio-economic class or education level. This group can be defined as “natural and alternative”. They are individuals who have reservations about many aspects of modern society including, but not limited to, modern medicine, fast foods, use of chemical fertilizers and pesticides, genetic engineering, and pharmaceutical additives to enhance livestock growth. This group seeks out fresh organic foods, herbal remedies and alternative medical practices

The third target group is a component of the herb industry. Just as Appalachian Herbal will buy components that cannot be grown in this region from other growers, we will also act as a supplier of dried and fresh native Appalachian medicinal herbs to the herb industry. We will appeal to small to medium sized operations that require small amounts of organically grown Appalachian herbs of the highest quality.

Gardeners are our fourth target group. We aim to supply gardeners with seeds, plants and rootstock of a range of rare and interesting medicinal herbs, shrubs and trees.

## Market Research

Medicinal herbs have been used throughout the world for thousands of years and three quarters of the world's population still uses herbal medicine. For a number of reasons, Americans stopped using herbal remedies in the 1920s and 30s. Recently however herbal medicines are starting to regain popularity as a treatment of choice in America. Estimates are that 1/3 of Americans now use herbal remedies and 88% will be using herbal remedies by the end of this century (Sturdivant, 1999). The burgeoning world of herbal remedies has created many business opportunities for growers.

## National Data

### U.S. Census Bureau

#### MONTHLY RETAIL and FOOD SERVICE SALES

#### 2001 Sales

In millions of dollars

NAICS Code	Kind of Business	Jan. 2001	Feb. 2001	Mar. 2001	Apr. 2001(p)	CY CUM	PY CUM
446	Health and personal care stores	13,665	13,212	14,363	13,855	55,095	50,484
44611	Pharmacies and drug stores	11,809	11,350	12,235	11,860	47,254	42,401

## County Data

The screenshot shows the Ohio PROfiles Public Resources Online website. The header includes the logo for the Department of Economics at Iowa State University and navigation links for Information Resources, Geographic Menu, About Profiles, and Home. The main content area is titled "Personal Employment by Industry" and includes a descriptive paragraph about the data source and a link to "Consumer Price Index and Inflation". Below this, it specifies "Ohio Meigs County" and provides a table of retail trade employment data for the years 1980, 1990, 1995, and 1999.

All Numbers in (\$000) unless noted	1980	1990	1995	1999
Retail trade	1,094	1,232	1,393	1,443

## Survey Results

### Appalachian Herbal Essentials Online Survey Results:

Number of people in Survey = 65			
		YES	NO
Have you ever bought medicinal herbs online?		88%	12%
Where did you buy them?			
	Prospect	25%	
	Herbs "R 'Us	17%	
	Natures Harvest	24%	
	NCG	19%	
	Sun Up	12%	
	Other	3%	
		YES	NO
Were you satisfied with the product you bought		54%	46%
		YES	NO
Would you buy from the same vendor again?		33%	49%
			NOT SURE
			18%
If no, why?			
	too expensive	46%	
	bad service	29%	
	poor selection	25%	
What is most important to you when considering purchasing medicinal herbs online?			
	price	52%	
	wide selection	5%	
	speedy service	5%	
	guaranteed potency	23%	
	free shipping	5%	
	ease of ordering	10%	

## **Marketing Strategy**

Appalachian Herbal will operate in two main market locations. Sales will be generated through an on-line Internet site and from a shop and greenhouse location at Appalachian Herbal Farm. In addition we will be vendors at local fairs, festivals and other gatherings where our target customers may be in attendance.

### **Internet**

We will host our domain, <http://www.setcampus.com/content/herbal>, on the servers of our local Internet Service Provider. Registering our company with all known search engines will generate market visibility. Considerable thought and research has gone on into a suitable, exhaustive list of Meta Tag keywords that will ensure the maximum number of hits when our target customers conduct on-line searches for products (list code appended). Our Website will be efficient, fast loading and user friendly, and will adhere to good Web design principles at all times. Our customers will have several shopping options. They will have the ability to shop via an online shopping cart, there will be a printable mail order form, an electronic email order form and a 1 800 number for those wishing to phone in their order.

### **On the Farm**

To accommodate local customers, we will operate a small shop and greenhouse at the Appalachian Herbal Farm. Our marketing approach for this part of the business will follow more traditional marketing methods. We will advertise in local newspapers and in the magazines of local utilities. Business cards (sample appended) and flyers will be posted on public bulletin boards of stores and post offices etc. We will visit local fairs and gatherings with our merchandise to further increase our local visibility. To gain even greater recognition, we propose to hold an Annual Medicinal Herb Fest that will feature our products and the products of other Meigs County artisans and growers (flyer appended).

### **Pricing**

Analysis of the herbal product market shows that, regardless of their size, most companies involved in the consumer end of the industry indulge in a rather heavy markup of prices. For example, a box of Celestial Seasonings<sup>®</sup> Peppermint tea bags retails for around \$2.85 and contains 1.1 oz of peppermint. With dried peppermint wholesaling from \$7-\$11 per pound, the markup from wholesaler to consumer is from 415% to 651%. At the other end of the spectrum, a small single proprietorship herbal tea company sells bulk peppermint tea at 181% to 285% over wholesale price. Appalachian Herbal Essentials will strive to keep markup over wholesale to less than 100%.

Business Website: <http://www.setcampus.com/content/herbal>

# Medicinal Herb Fest

**April 15, 2004  
10:00 am — 4:00 pm**

**Host: Appalachian Herbal Essentials  
42255 Old Farmhouse Road  
Athenia, OH 45700  
(740) 555-6201**



**Join us for the Inaugural Medicinal Herb Fest in Meigs County!**

**We will hold tours of Appalachian Herbal Essentials farms, have great food, and music from the local bluegrass band, "Mossy Mountain."**

**The owners will be available for consultation.**

**Browse through our vast selection of nutraceuticals, aromatic oils, seeds, and live plants.**

**We even carry herbal remedies for your favorite pet!**



**Appalachian Herbal  
Essentials**



**42255 Old Farmhouse Road  
Athenia, OH 45700**

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**Dr. Herbert Greenwood  
Owner**

## Part 3: Financials

### Income Statement

Income	Units Sold	Jun-01
Herbs		
Live Plants		
Wild Yam	10	\$59.50
Echinacea	20	119.00
Black Cohosh	15	89.25
Blue Cohosh	10	59.50
Astragalus	30	118.50
Bloodroot	30	118.50
Goldenseal	50	497.50
Seeds		
Echinacea Purpurea	60	75.00
Bulk Dried herbs		
Echinacea	16	160.00
Chamomile	9	108.00
Red Clover	5	125.00
Rootstock		
Astragalus	25	375.00
Black Cohosh	15	225.00
Bloodroot	15	225.00
Blue Cohosh	10	180.00
Echinacea	40	800.00
American Ginseng	35	
Goldenseal	45	2,250.00
Wild Yam	20	300.00
Aromatic Oil Mixtures		
Sweet Dreams Pillow Oil		144.00
Sweet Dreams Cold and Flu Pillow Oil		38.25
Relaxation		166.40
Cure-Oil Anti-fungus Blend		348.95
Cure-Oil Arthritis Rub		548.70
Soap		
Lavender	18	63.00
Echinacea & Calendula	24	84.00
Oatmeal	17	59.50
Sage and Mint	20	70.00
Sandalwood	15	60.00
Peppermint & Marshmallow	27	94.50
Teas (4 ounces)		
Sweet Dreams Tea	15	59.25
Uplift Tea	24	94.80
Relaxation Blend	19	75.05
Coughs-N-Sniffles	4	15.80
Stress Reducer Blend	22	86.90
<b>Sales SUBTOTAL</b>		<b>\$7,875.50</b>

Owner's Draw (if funds are available)		\$500.00
Insurance		25.00
Water Bill		150.00
Electric Bill		75.00
Internet		19.95
Phone bill		49.95
Cell Phone		29.95
Yellow Pages Ad		25.00
Radio Spot		50.00
PO Box		2.00
<b>SUBTOTAL Fixed Expenses</b>		<b>\$926.85</b>

### Variable Expenses

Packaging	Units Purchased	
Labels	600	\$28.32
Bottles		138.00
Caps		
plastic cap	200	24.00
Plastic Bags		
Teas	100	2.00
Paper Bags	300	30.00
Tubs		27.00
Pots		
Ingredients		
olive oil	1	88.21
safflower oil	1	65.00
coconut oil	1	158.32
sweet almond oil	1	99.90
wheat germ oil	1	53.04
cocoa butter	0.2	30.33
Lye	2	216.80
beeswax	2	130.00
Aromatic oils		
chamomile	1	261.45
clary sage	1	41.96
clove	1	24.95
eucalyptus	4	45.04
frankincense	2	326.32
lavender	2	103.90
peppermint	3	75.81
sandalwood	1	260.18
St. John's Wort	0.25	291.93
tea tree	4	98.00
Mailing/shipping expenses		35.00
<b>SUBTOTAL Variable Expenses</b>		<b>2,655.46</b>
<b>TOTAL EXPENSES</b>		<b>\$3,582.31</b>
<b>GROSS PROFIT (sales minus variable expenses)</b>		<b>\$5,220.04</b>
<b>NET PROFIT (gross profit minus fixed expenses)</b>		<b>\$4,293.19</b>

## Break-even Analysis

### Break-even

Fixed Costs \$926.85

Variable Costs + 2,655.46

Break-even in sales = Fixed costs + Variable costs = \$3,582.31