

KINDSOLE SOCKS CO

# COMPANY REPORT 2021



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# EXECUTIVE SUMMARY

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## Mission Statement

KindSole is dedicated to providing comfort and warmth to everybody during the pandemic, especially those who are experiencing mental health challenges, and raise awareness on mental health through donations as well. We aim to directly impact customers with colorful and warm socks, and to help those in hospitals and homeless shelters who do not have the resources to care for their own mental health needs.

## Product Description

Our team at KindSole Socks Co. sell sock bundles with a purpose to help those who are experiencing mental health challenges during the COVID-19 pandemic by providing warmth and comfort. Each pair of fuzzy socks comes with a multipurpose and eco-friendly pouch that has a QR code printed to raise awareness on mental health and provide resources for those who are concerned for themselves or others. In addition, the pouches have a motivational quote printed, with three varying designs so customers can receive a variety of pouches with uplifting quotes. Our fuzzy socks come in two sizes: regular and large. We offer nine colors: lavender, navy, sky blue, gray, lime, burgundy, black, pink, and beige. 10% of our proceeds go towards Mental Health America, a mental health organization that has impacted millions across the country and provides screenings, community education programs, and fundraising to citizens all over the U.S.

## Financial Results:

<b>Gross Revenue</b>	\$3,907.94
<b>- Expenses</b>	\$2,080.37
<b>- Donations</b>	\$295.92
<b>= Net Profit</b>	\$1,531.65

## JA Company Performance

KindSole Socks has performed exceedingly well, in terms of both sales performance and social impact. As of March 6, 2021, we have sold 287 units, making a profit of \$1,531.65, all within the span of four months. Most importantly, however, we have been able to support a cause that we are all passionate about and make a direct impact on people who are struggling most during the unexpected COVID-19 pandemic.

# INNOVATION

## Product Idea

During the ideation process, our team had many ideas including an app to boost self confidence in teens, self heating apparel for the winter season, and an app to provide teen-to-teen support. Unfortunately, we realized that the ideas were either unrealistic or that we lacked the technological knowledge to create it. Our top choice at the time was self-heating socks; however, after researching and reaching a dead end in finding the technology required of the socks, we decided on a similar and more popular product: fuzzy socks. As we all were already consumers of fuzzy socks, it was a product we were familiar with and loved wearing ourselves. Additionally, we realized that a lot of our ideas revolved around mental health. After research, we found that feelings of coldness often start from the feet and then make their way to affect the entire body. Physically feeling cold directly causes one to mentally feel "cold". This was an especially meaningful cause to us because of the COVID-19 pandemic that has left us, among others, feeling isolated and down.



## Competitive Advantage

Many factors differentiate us from our competitors. First, we realized that people often lose socks easily so we sold socks in a pouch to store when they are not in use. The pouch also has a motivational quote printed on it and a QR code. Education and awareness is crucial to decrease the stigma around mental health, so the QR code leads to our personalized website resource page where people can find help, enjoy interactives, and learn how to help. All this for just \$8.99. The socks can be used all year around as they are very breathable and not only do they provide warmth, but they are also durable and size inclusive. We sell nine different colors and offer a larger size in addition to regular sizes. Rather than merely selling fuzzy socks shipped in a box, we value customer satisfaction by putting business cards, a large card explaining ways to use the pouch, and many custom-made stickers for customers to enjoy their purchase even more. Most importantly, what sets us apart is our social impact. Specifically, we not only donate to a nonprofit organization, Mental Health America, but we make sure that every consumer is a part of our impact whether through directly donating socks or contributions to care bag drop offs. Our online website is easily navigable for even older audiences to be able to purchase with ease, and as a group of female teens, we were able to establish outstanding social media presence to appeal to audiences our age.

## Impact of Innovative Thinking

Our team constantly thought of ways to combine customer feedback with innovative thinking to reach a wider audience and increase customer satisfaction. At our trade show, we emphasized the warmth and durability of the socks, as well as the multipurpose pouch to decrease the chance of easily losing socks. Furthermore, we appealed to customers around the country by highlighting the frigid winter season we have experienced this past year. Rather than just donating money to an organization, we used such thinking to allow customers to see the direct impact they are making on the community's mental health. We gave customers the option to donate a pair of socks directly to a homeless shelter or children's hospital. In addition to sock donations, we assembled care bags for kids and families with dental supplies, coloring books, crayons, and Play-Doh for family shelters and children's hospitals. At the trade show, we received the Audience Choice award for Best Overall Performance. Customers loved how we were making a difference in families' lives, and were more encouraged to support us in addition to enjoying the socks themselves.

## Manufacturers and Supplies Source

After three weeks of intensive research, we found a sock supplier in China using Alibaba and a pouch provider in India on the platform Etsy. When researching suppliers, we had a set of criteria that we held as priority and followed during this process. For the fuzzy socks, we sought socks that were durable, offered in many colors and sizes, and cost friendly. One challenge we met was printing QR codes on our pouches. We were determined to have QR codes printed on the pouches to increase access and awareness to mental health, but the pouch manufacturers informed us that they would not be able to print the QR codes clearly on the cotton pouches. Thus, we took the matter upon ourselves. We purchased cotton transfer paper and our CEO, Cathy, printed and ironed the QR code onto every pouch herself. Finally, we wanted to ensure quality products that would not only be satisfactory to our customers, but would be safe for the environment. For example, our pouches are made of 100% cotton and are eco-friendly.



## Company Leadership

Almost every person plays a key role in KindSole's leadership team, specifically six out of eight total members. The leadership team was chosen and inducted on November 17, 2020. At the beginning of the voting process, each student was encouraged to choose a department most appealing to them: CEO, Head of Marketing, Head of Finance, Head of Supply Chain, or Head of Sales. For those who were specifically interested in a particular position, we then held quick elections to determine who was best fit to lead each department. While some students were automatically designated to their preferred roles, other students had to quickly pitch reasons why they were best fit for a different role. For instance, the role of Marketing Director was of interest to three students. All three students pitched to the group and then we voted anonymously through Polly, a poll generator to select the final Marketing Director. The title of COO was later developed to better accommodate the interest of each student and the dynamics of our company.

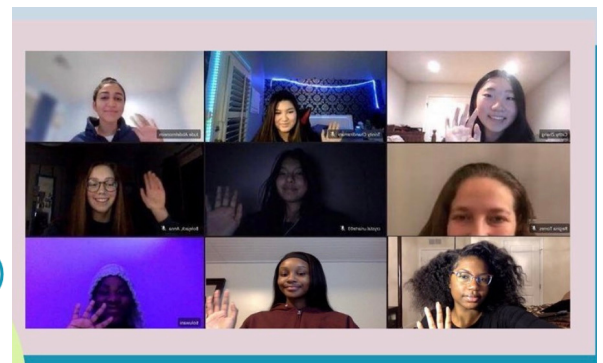
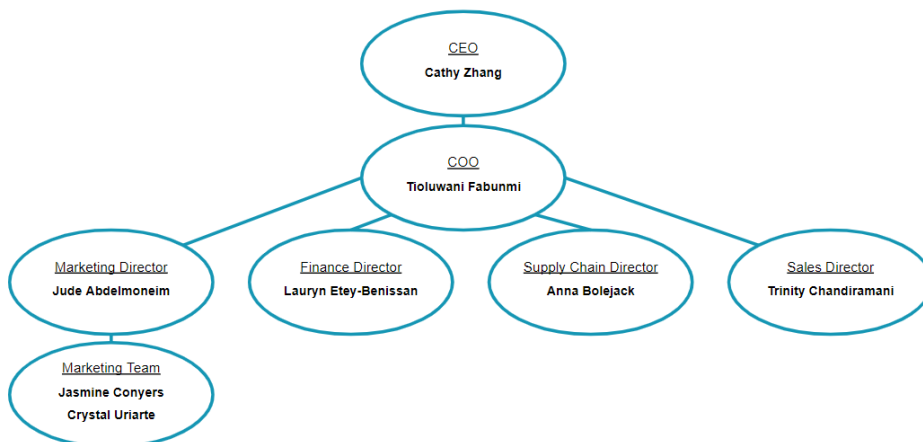
Our leadership team consists of dedicated, responsible, and considerate students who actively work together to develop and improve our company. Due to the small size of our Company, heads of departments often branch out to other departments to help with heavy lifting whenever possible. This has not only been helpful for our company but has also made us much closer as a team.

## Organization & Optimization Strategies

The members of KindSole possess different qualities and traits that build company innovation and effectiveness. For example, team members who excelled at public speaking helped in leading group presentations and company pitches. Other team members who were proficient in graphic design worked tirelessly to create our company logos, icons, and characters. By first identifying each member's strengths and talents, we were able to delegate tasks that members found enjoyable and worthwhile. Our company consists of a diverse group of women who come from many different backgrounds. While this may seem a setback for most companies, the differences between each member are celebrated and advantageous to KindSole. The small size of our company only helps to ensure the voices and perspectives of each company member are further magnified.

The leaders of the company motivated each other and the entire team and others motivated the team by warming the atmosphere with jokes and providing verbal support for each other. We made sure everyone got the chance to experience leading a certain aspect of our business and develop useful skills. Specifically, during meetings we incorporated many icebreakers such as skribbl.io and word games to be able to establish closer connections in the virtual setting. From the beginning, we established a group chat and if we had any questions or new ideas to share, we all were very open to each other and shared everything. To ensure everyone stayed on track we sent a conclusive message each week with our accomplishments of the meeting and goals for next meeting to reflect and to have a clear vision for what's to come next. Every student was very active and enthusiastic about helping each other out.

### The KindSole Team





## Target Audience

To hit our goal and reach our target audience, we conducted research on mental health and its challenges. We examined how mental health issues affect people of all walks of life and ways comfort can provide positive change to those struggling. We interpreted our results to set a target audience for pre-teens and teens experiencing mental health challenges. As we further built and expanded our company, we learned that our socks can truly be for any age, especially since anyone could be experiencing mental health challenges or need comfort in current times of isolation. We believe that comfy fuzzy socks can make anyone's day!

## Social Media

We reached out to potential customers through multiple social media sites including Instagram, Twitter, Facebook, and LinkedIn. Instagram was a main branch of focus for us since it is the most popular platform for teens. On each platform, we made sure to have a fun and colorful theme for posts to better appeal to customers, and to gain more interested followers. We not only used social media to advertise, but we also posted educational content, special posts for Black History Month and Women's History Month, and pictures of our shelter drop offs.

## Pre-Sales

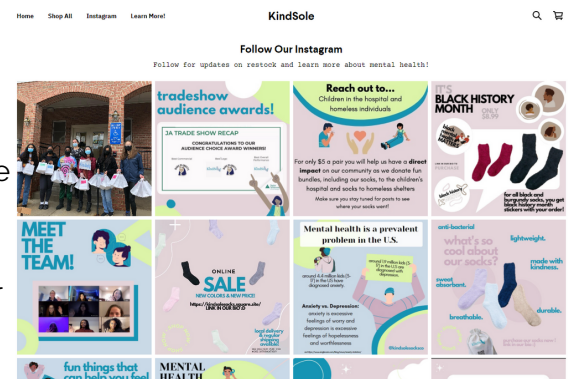
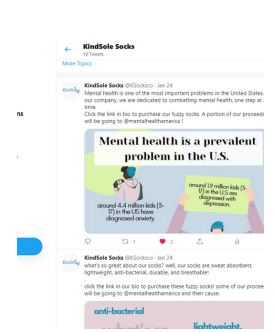
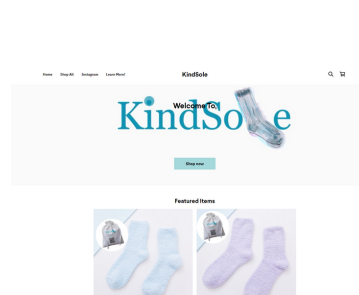
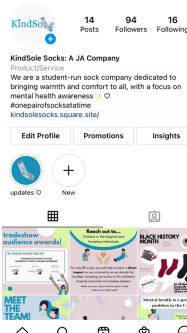
In order to place an initial bulk order of socks and pouches, each team member contributed \$25 to our company to start. In less than a week, we raised enough money to purchase 200 pairs of socks of a variety of colors and 100 pouches. To accumulate orders through pre-sales, we raised a following on social media and sent out promotion posts to reach a larger audience. In addition, we primarily relied on word of mouth and community connections for sales in this initial phase.

## Payment Methods

For our customers' convenience, we decided to offer various payment methods. Since we were only selling virtually, we had to make payment easier for typical cash carriers. This is why, along with the standard credit/debit card payment option, we presented third party payment services such as Apple Pay and Google Pay.

## Distribution Channels

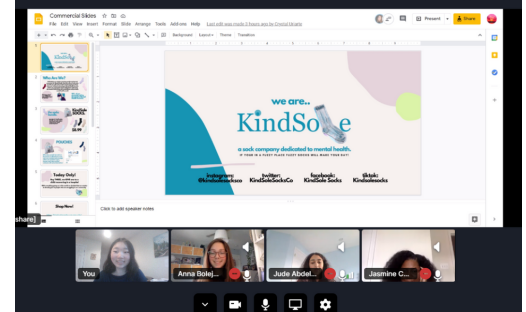
We were able to distribute our pre-orders through our schools and family friends. Additionally, since our target audience included people impacted by mental health issues, we tried to partner up with several mental health advocates who shared similar concerns such as @OurMindsMatter and the organization.



# MARKETING & SALES STRATEGIES(cont.)

## Marketing Strategies

KindSole Socks employed many marketing strategies. To increase sales, we created a flyer and distributed them in our neighborhoods and at local stores. As social media is a prominent platform amongst people our age, that is the marketing team's major focus, having amassed almost 100 followers on Instagram. Throughout our social media and presentations, we emphasize the impact and transparency with customers through posting updates and pictures. Aside from word of mouth to reach out to our personal connections, we contacted school, newsletters, mental health-related clubs, teachers, local newspapers and newsletters, as well as mental health organizations. During these times, we realize that many people who have resources and are living comfortably are eager in contributing to their community and helping those who need support. Thus, by highlighting the sock donations and care bags, as well as donations to Mental Health America, we become a large united force to support those struggling most during the pandemic. We also highlighted the eco-friendly pouches, QR code, and motivational quote, as well as the comfort and durability of socks with demos at the tradeshow. As a commercial serves as a big picture of a company, we made sure to emphasize the cold and depressing mood of people isolated at home during the pandemic, then contrasted it with the happiness and excitement that our fuzzy sock bundles provide. This was accomplished by changing the speed and tone of voice, as well as changing the music. Lastly, we found that showing genuine passion and excitement was contagious. As our product is a very vibrant and comfortable product, we wanted to emphasize the happy feelings of receiving it by echoing that with our attitudes.



## Tradeshow

Despite being restricted to an online tradeshow this year, our team demonstrated the use of several marketing strategies to attract more visitors to our booth and sell more socks. On the day of the trade show, our offer to sell more pairs and donate more socks was for every three pairs purchased, we would donate one pair of socks. This encouraged more customers to purchase socks to contribute to a greater cause. Furthermore, we designed a visually welcoming and fun banner with colorful confetti that would be virtually displayed to attract customers and create excitement. Next, we ensured that all team members had a solid color background to maintain professionalism during the tradeshow presentations and we all had a pair of KindSole fuzzy socks with a pouch to show to our trade show audience. In fact, we all chose our favorite color of socks to have beside us to personalize the experience and show our passion for our products. We prepared a very colorful and fun presentation for every round of people that came into our virtual booth. As the virtual booth was limited to five people at any time, the remaining members utilized the live chat to encourage more to visit our booth and check out our products. Lastly, we spread the word of the tradeshow on our social media platforms including Twitter, Instagram, and Facebook beforehand to increase turnout.

# FINANCIAL OVERVIEW

## Overview

We launched our company on January 5th and as of March 6th, we have sold 287 units and made \$3,907.94 in sales revenue. After expenses including commissions for each KindSole member, KindSole's net profit is \$1,531.65.

## Breakeven

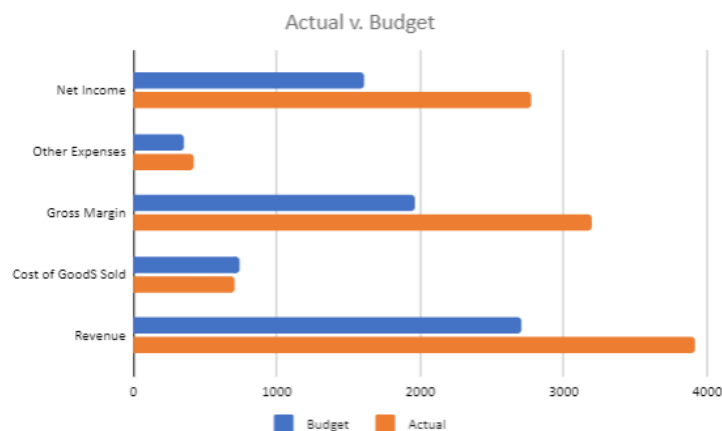
With an initial investment of \$450 to start the company, we had to sell 54 units for \$468.00 in sales to break even. We achieved this by January 12th.

## Capitalization

To start KindSole, we received a \$150 investment from our investor, Lisa Friedlander, a \$100 loan from JA, and each team member contributed \$25 for a startup total of \$450.

## Liquidation

After our loan has been paid, investment returned to our investor, Lisa, and our 10% donation to Mental Health America has been fulfilled, the Kindsole Team has \$956.57 remaining to distribute to team members.



## ACTIVITY STATEMENT

### Sales Revenue

199 Bundles at \$8.99 each	\$1,789.01
83 Bundles at \$10.50 each	\$871.50
5 Bundles at \$11.50 each	\$57.50
Donations + Care Packages	\$583.50
Shipping & Delivery	\$452.00
Sales Tax Revenue 6%	\$161.43
<b>Total Sales Revenue</b>	<b>\$3,907.94</b>

### Total Expenses

Sock Orders (320 Units)	\$440.51
Pouches (320 Units)	\$270.31
Supplies	\$59.30
Donation Care-packages*	\$295.92
Shipping Fee	\$86.42
Transaction Fee	\$180.64
Sales Tax 6%	\$161.43
Commissions(35% of sales/person)	\$881.76
<b>Total Expenses</b>	<b>\$2,376.29</b>
<b>Net Profit</b>	<b>\$1,531.65</b>

### End Statement

Net Profit	\$1,531.65
Investment Collected	\$450.00
JA Loan and Team Contribution Return	(\$300.00)
Investor Return and Profit Share 9%	(\$287.84)
Donation+ 10%	(\$437.24)
<b>Remaining Balance</b>	<b>\$956.57</b>

\*used funds from donation balance



# LEARNING EXPERIENCES

## Obstacles by Departments

**Supply Chain:** Supply Chain experienced some difficulty in finding a product that was good quality but also a good price. Frequently we found suppliers that suited our standards for socks, but charged extremely high shipping prices due to difficulties shipping long distance during the pandemic. We combated this problem by spending many outside hours looking through vendors until we found the one best suited to our needs. As the sock suppliers with the most reasonable prices were located in China, our CEO Cathy utilized her proficiency in Chinese and called sock suppliers often for effective communication and negotiation. This was effective because after telling them about the donations we were making to our community, we were able to receive a discount from our supplier. Through this process we realized the importance of establishing relationships with not only customers, but suppliers as well.

**Sales:** After reaching out to everyone we knew by word of mouth, the sales team hit a roadblock. It was time to brainstorm some ideas on how to sell to a larger audience. Every team member set a goal to email three places (school clubs, newspapers, organizations) and ask them to post or write about us on their mediums. This was met with varying degrees of success. Some clubs posted about us on their Instagram and others told us they couldn't write anything about us, but were willing to purchase from us. As we all live in different areas of the DMV, we each posted messages on our local neighborhood mediums such as Patch and NextDoor. This was successful because the people who saw our messages lived in our respective communities so they were more willing to support those who lived near them.

**Marketing:** A challenge that was faced by the marketing team was scheduling and coordination. While we tried to post consistently on Wednesday and Friday we sometimes forgot or mixed up who was creating which post. Our solution was to have the Marketing team discuss the posting schedule for the following week during our regular Tuesday meetings, send reminders through the group chat, and create a calendar for organization. This proved much more helpful.

**Finance:** A challenge that was faced financially was trying to determine a price to set our product that would not drive our customers away, but would maximize the profit generated. We originally priced the KindSole Bundles at \$11.50, but after only five sales, more input and discussion as a team, and customer feedback we decreased the price to \$10.50. Once we received the socks they were slightly thinner than expected; therefore, we further decreased the price to \$8.99 which was the best fit for the quality and more reasonable for customers.



**Company Challenges:** Two challenges that we faced as a team were adjusting to the loss of team members and trouble discovering a way to make a direct impact on our community. The loss of almost half of our team towards the beginning was very difficult for the remaining eight of us at first. As many members had schedule conflicts or stopped responding to messages in the first few weeks of the program, we had to adjust our organization, sub teams, and determine strategies for increasing productivity. We each had more responsibility and more to do outside of meetings. However, as we were all passionate about the products we were selling and the cause we were supporting, everyone was motivated to keep working and put their emotions into our work. Deciding to factor in team members effort and contributions into their compensation at the end was also effective in encouraging each individual to work hard. We spent countless hours of meeting outside the dedicated times, including every few days over our winter break, and a substantial amount of individual work. Next, rather than just donating to an organization, we were troubled because we wanted to see our direct impact on the community. After brainstorming places with people who may be in a dark place during the pandemic, we thought of families in homeless shelters and children who have been in the hospital for long periods of time. We actively sent countless emails and finally were able to contact Patrick Henry Family Shelters and the Children's Hospital D.C.

# LEARNING EXPERIENCES (CONT.)

## Future Plans

After half a year of getting to know each other, one thing is for sure, we will all continue our friendships after the program is over. Company wise, we plan to continue selling socks to support mental health causes and move towards selling colorful non-fuzzy socks with imprinted motivational quotes on the bottom when the warm weather nears. Furthermore, we plan to expand our social media reach, support more people in our community, and extend a hand to partnerships with more mental health organizations.

Thank you so much for the awesome donation of fuzzy socks, personalized notes and care bags. They are so nice and I love how the names of the kids were in "fancy letters" on the bags. I'm sure they felt special and like someone cares when they received them.

We appreciate the volunteers of KindSole Socks taking the time to put the bags together and we are grateful for your support of our program to house and care for homeless families. Please extend our gratitude to all the volunteers.

Best-

Mary Hamilton



We have learned considerably during this amazing process. From the very beginning, we realized the importance of building synergy in our group. We made conscious efforts to cultivate that culture. All eight of us are not only business partners but have become good friends. The rapport helped us tremendously during the journey. Everyone actively contributes ideas and readily lends a hand no matter which member needs help. When our CEO was hospitalized right before our sales pitch, she conducted a meeting from the hospital bed and we all stepped up to share the workload to ensure everything ran smoothly.

Adaptability is another lesson we learned. We had to swiftly adjust our decisions and strategies multiple times including finding a new business concept, searching for a new vendor, resetting pricing, etc. Besides communicating, listening was of utmost importance as well. For instance, at the trade show, when an elderly man told us he preferred more elastic socks due to his leg condition, we listened to his feedback and incorporated larger sizes that were more stretchy and suitable for larger feet, or those that prefer more loose-fitting socks.

Overall, we've learned a numerous amount of important lessons through the JA Company program. From gaining insight from our wise mentors, we were able to successfully launch our own business. Through this business process, we have acquired several universal skills such as teamwork, problem solving, organization and communication, all of which will help guide us in the long run. We are all so thankful for this opportunity, not only because of the experience we've gained through this program, but also because of the impact we were able to make on our company through the donation of care bags to those in need, as well as our advocacy for mental health on our social media platforms. We are so proud of everything we've accomplished as a team and, although our company is coming to an end, we will continue to spread KindSole's message and build a community with kind souls.