



“Makes You a Better Friend”

My First Aid Friend

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Problem

- Mostly roleplay based First-Aid Educational Toys on the current market
- Lack of Children's First Aid Education



Solution



My First Aid Friend Toy Bundle

For Parents with **children 5-12 years old** who want to teach their children **practical first aid skills**. My First Aid Friend is an educational toy bundle with a doll, storybook, and first aid accessories that offer a hands-on educational experience and hours of independent entertainment because it provides realistic, **multi-level interaction** with the dolls' injuries and is unlike current interactive dolls that do **not offer real-life simulations**.



One Doll with 7 LED Light Colors and Chip Sensors with 10 levels



7 First Aid Accessories with Chip Sensors



One Fun Storybook

Target Segment

Households (HH) with Annual Income >\$35,000 and have at least one child that is 5-12 y.o.

17.60M HH

Has Physically Active Children (83%)

14.61M HH

Has Physically Inactive Children (17%)

2.99M HH



Parents who spend <6 hours actively playing with children per day (82%)

11.98MM HH

Parents who spend >=6 hours actively playing with children per day (18%)

2.63M HH



Parents who have previously purchased educational toys (70%)

8.38M HH

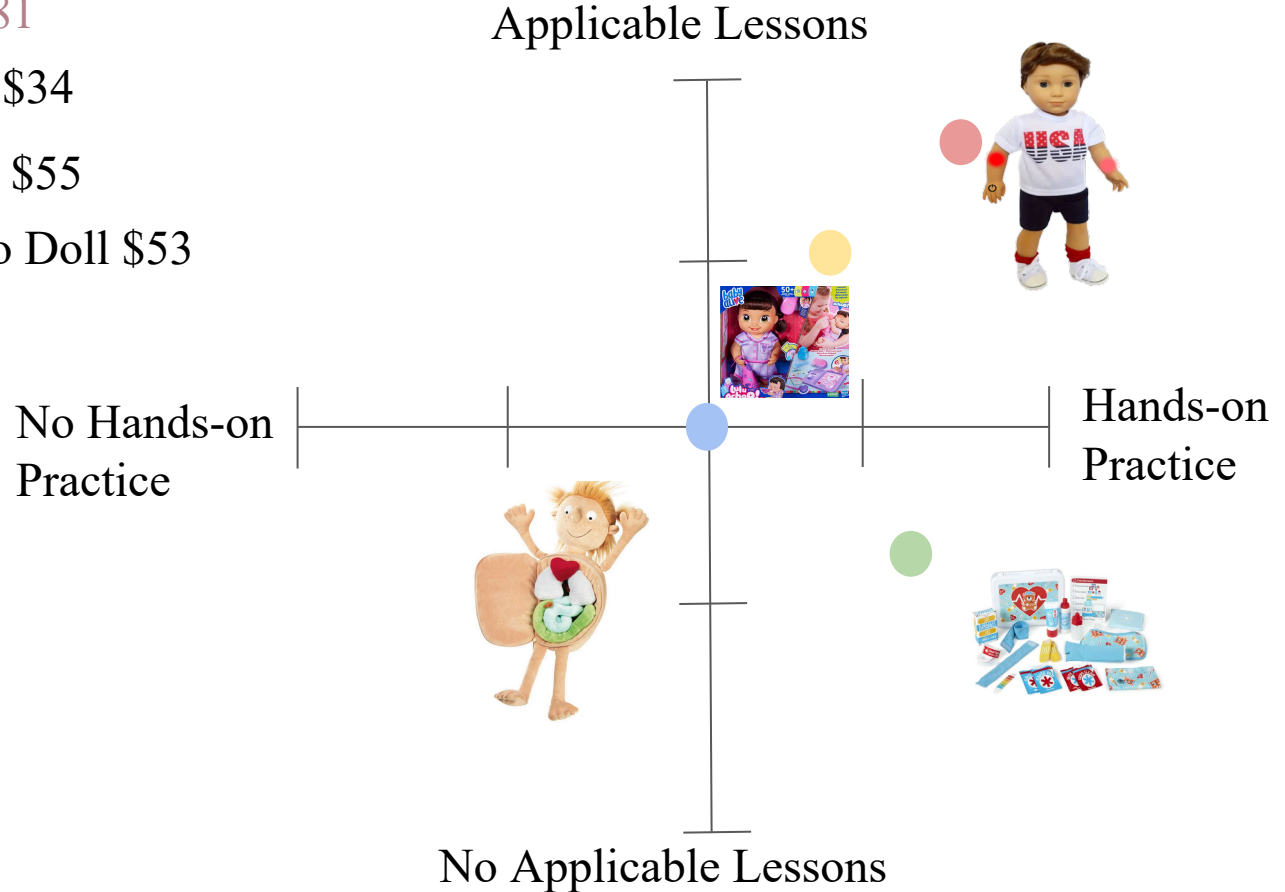
Parents who have NOT previously purchased educational toys (30%)

3.59M HH



Positioning Map

- My First Aid Friend \$81
- Get Well Doctor's Kit \$34
- Rosi The Little Patient \$55
- BabyAlive Lulu Achoo Doll \$53



Pricing and Distribution Channels

	Y1	Y2	Y3	Y4	Y5
Avg. Weighted Retail Price	\$85	\$87	\$85	\$77	\$75
Purchase Intent	16.4%	16.0%	16.3%	17.9%	18.2%
Distribution Channels	Independent Online		Independent Online Chain	Online Chain Mass Merchant	

IMC: Magazine Ads

Partnership

- Parent Media Association (PMA)

Target Market

- 71% of its readers with children aged 5-12
- 58% of the readers work outside of home

Awareness

- Greatest marketing vehicle awareness (8%)
- Covers 23 states, 4 regions



IMC: Magazine Ads

Goal

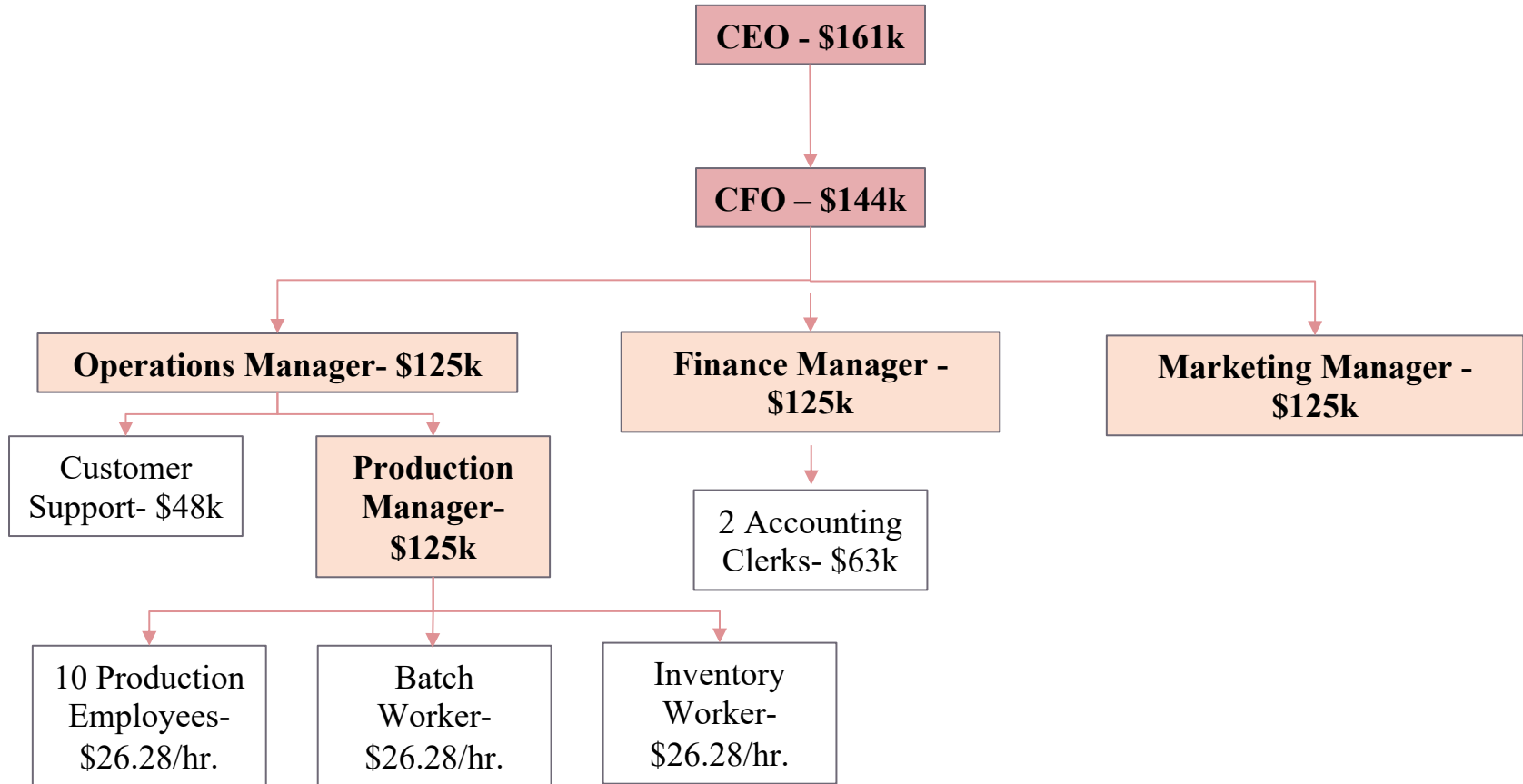
- Targets parents and emphasizes their children's lack of knowledge in first aid scenarios.

Message

- Front text highlights educational aspect of the product
- The visualization of the tools indicates the hands-on features of the product



Year 5 Functional Organizational Structure



Breakdown of Cost of Goods Sold Year 5

Total COGS: \$20

Direct Materials

China	U.S	Unit Cost
75%	25%	\$16

Direct Labor

# Worker	Wage Rate	Unit Cost
10	\$26	\$3

- Includes Fringe benefits
- Assumes 3% inflation of wages from Year 1

Manufacturing Overhead

Rent /NNN

Machine oil, Scissors, etc.

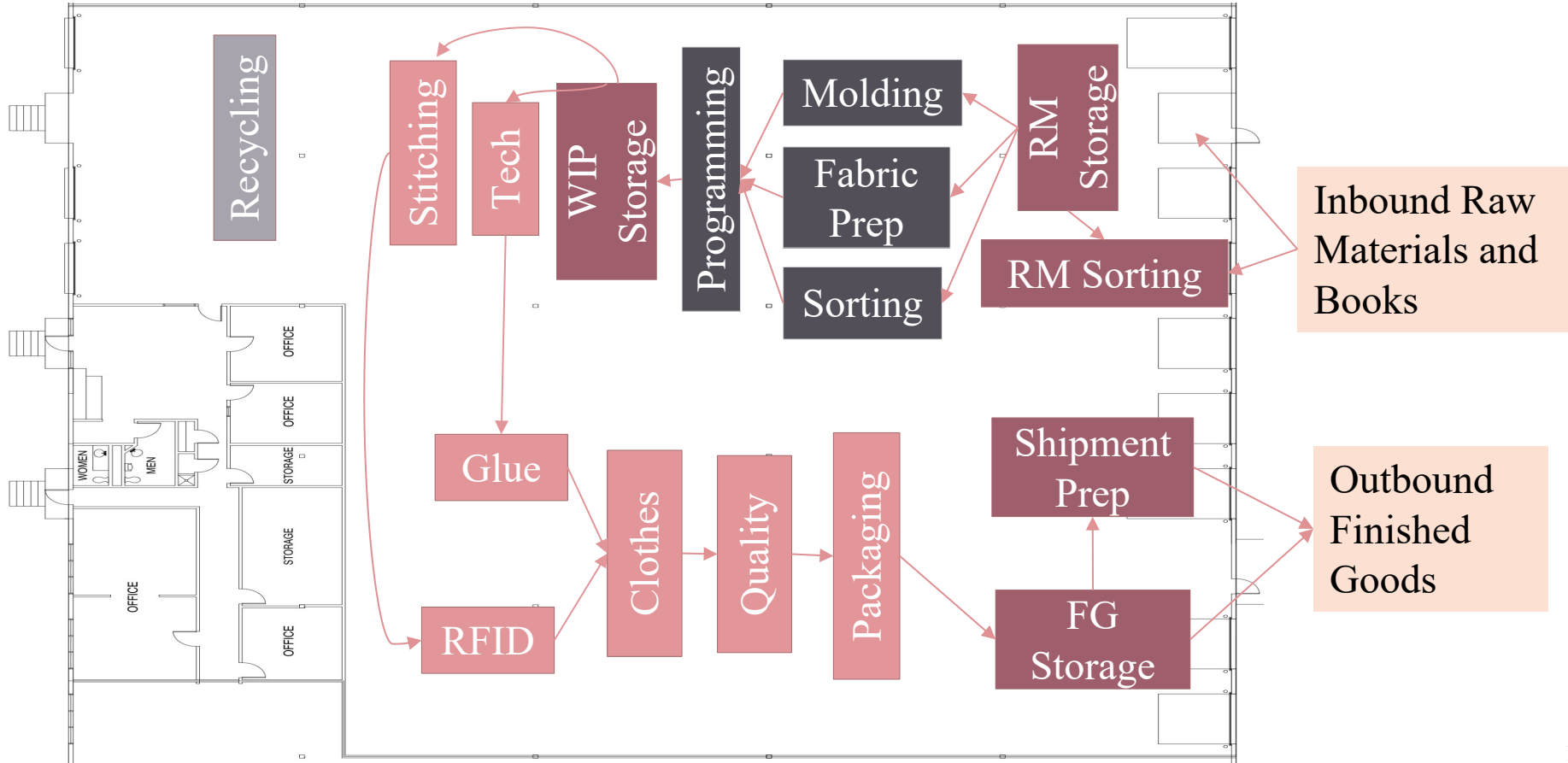
2 indirect workers

Unit cost: \$1

Production Flow

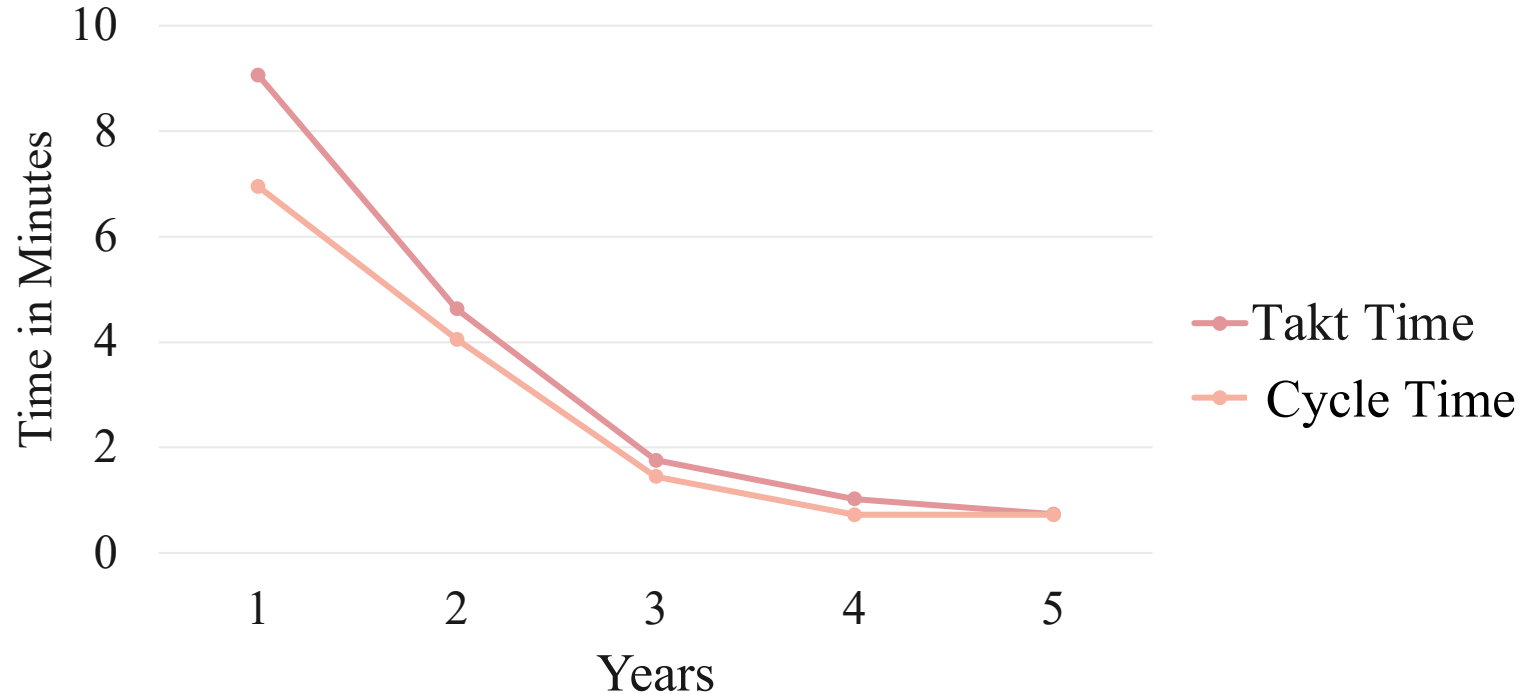
Task	Description	Predecessor	Task Time (Min)
A	Connect batteries and LED lights with wires and microchips onto plastic shells	None	1.45 mins
B	Glue the plastic shells together and the book pocket to book	A	1.45 min
C	Embroidery and Detailing of Fabric	None	1 mins
D	Stuffing and Attaching RFID to accessory	C	0.45 mins
E	Stitch the fabric together of accessory, clothing	D	1.45 mins
F	Attaching clothing to doll	B & E	0.2 mins
G	Quality inspection	F	0.45 min
H	Packaging doll	G	0.5 min

Equipment Layout in San Antonio, TX



Capacity Requirement

	Y1	Y2	Y3	Y4	Y5
Needed Takt	9.06	4.63	1.76	1.02	0.74
Cycle Time	6.95	4.05	1.45	0.73	0.73



Start-up Expenses and Capital Expenditures

		Information Systems		Operational
		Year	Total	Total
• Product Development:	\$20K	0	\$10k	\$21K
• Build Costs:	\$439K	1	\$1k	\$1k
• 2 Month rent:	\$23K	2	\$0	\$300
• Carpet Installation:	\$6K	3	\$3k	\$1K
• Quality Testing:	\$800	4	\$1k	\$5k
• Pre-Marketing:	\$27K	5	\$0	\$0
Total: \$517K			\$15K	\$27K

Financial Performance

Project has Positive Expected Return



NPV

\$547,310



IRR

28.58%



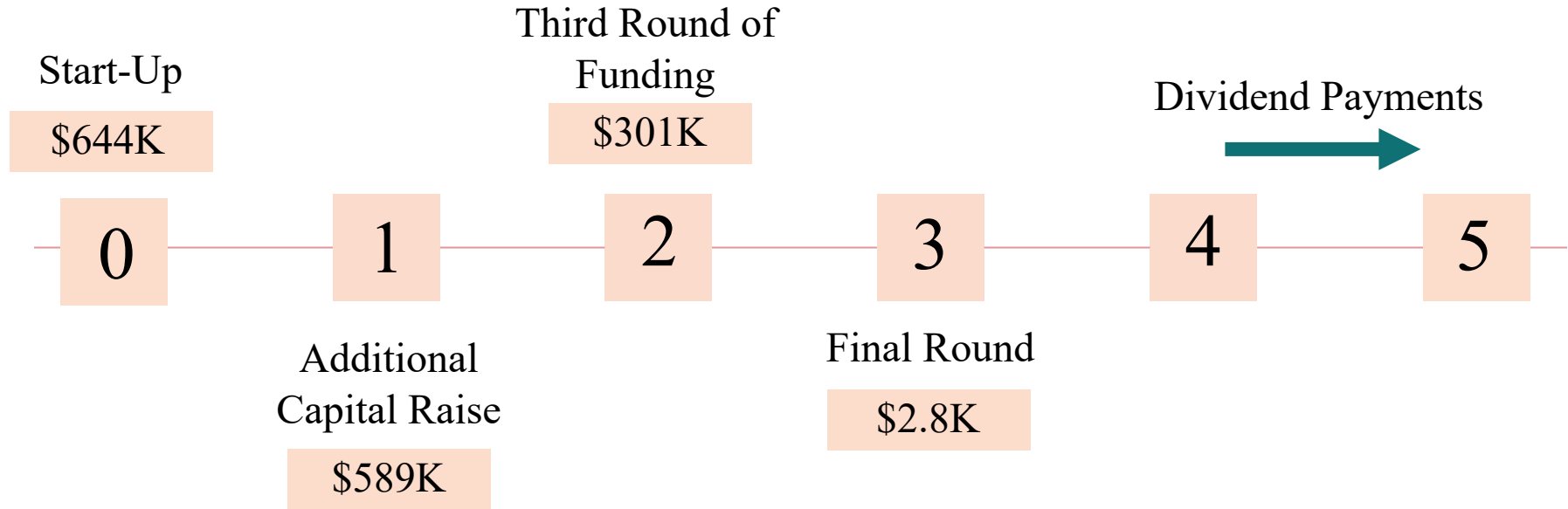
Discount Rate

18.58%

Beta is Derived from Unlevered Comparable Companies

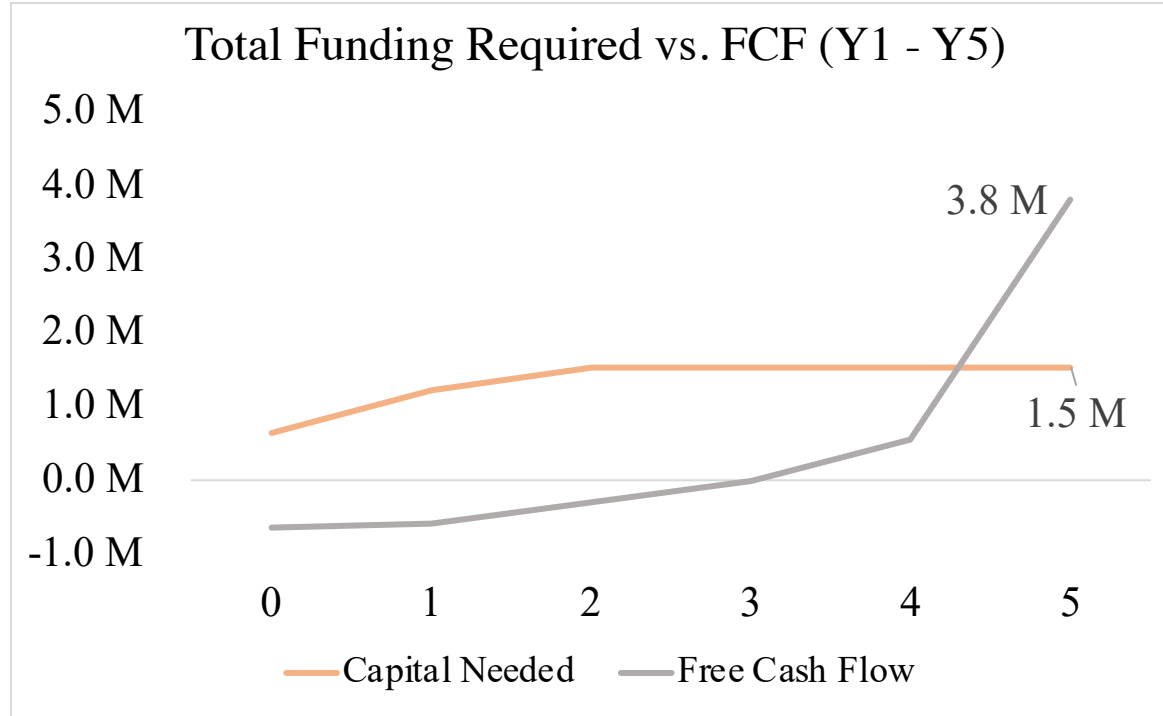
Breakdown		Ticker	MAT	FNKO
		Company Name	Mattel, Inc.	Funko, Inc
<i>Cost of Equity</i>		Beta	1.16	1.23
Risk-Free Rate	1.35%	Debt (\$ in millions)	3220	245
Beta	0.91	Equity Value	7470	822
Equity Risk Premium	6.11%	Debt/Equity	0.43	0.30
Cost of Equity	6.93%	Tax Rate	0.37	0.17
Small Company Premium	11.65%	Unlevered Beta	0.91	0.99
<u>Discount Rate</u>	<u>18.58%</u>			

Annual Funding Timeline

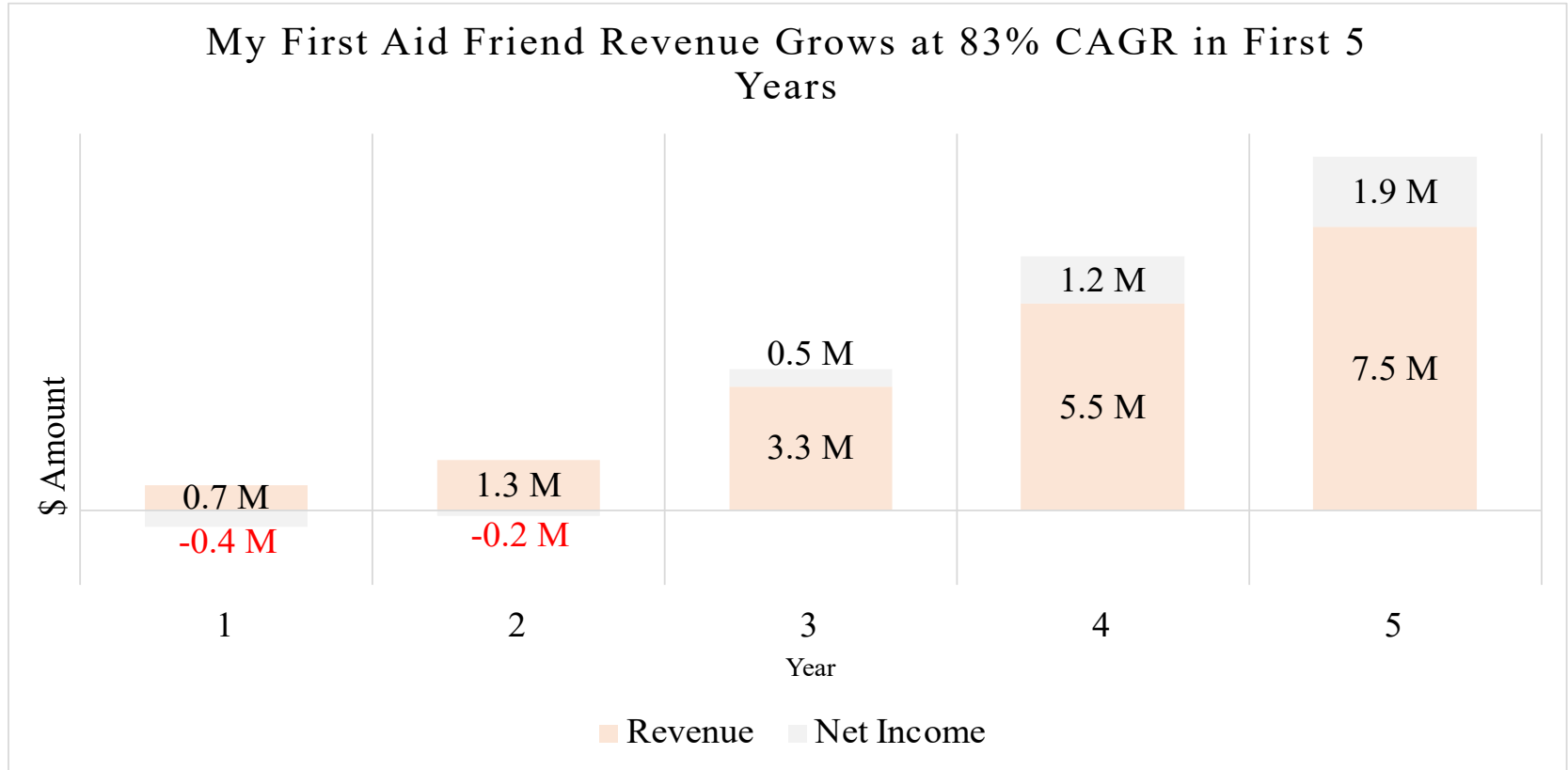


Total Funding Required: \$1.54M

The Project Has An Expected Positive Return On Capital Raised

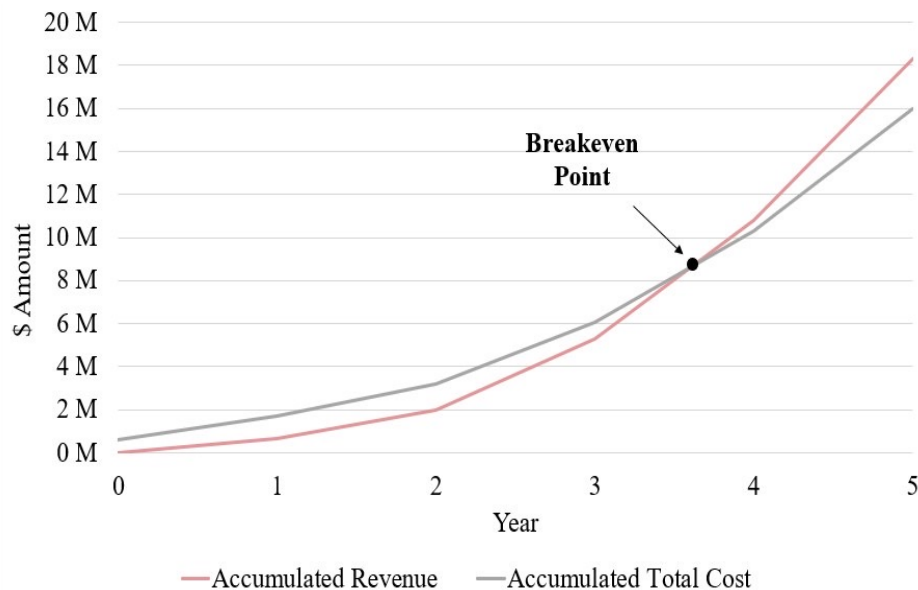


From Year 3 to Year 4 there is an Increase (163%) of Expected Units Sold

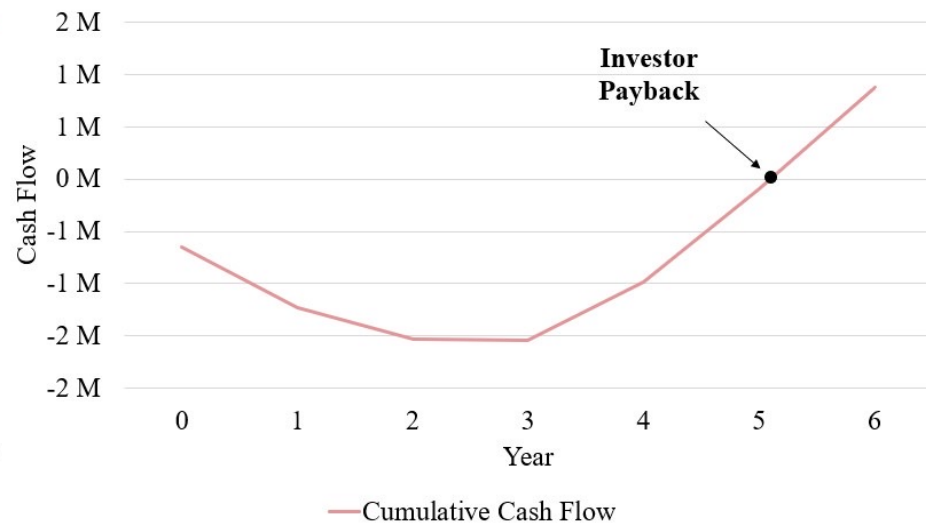


200% Jump in Y4 Free Cash Flow Drives Cash Breakeven and Investor Payback

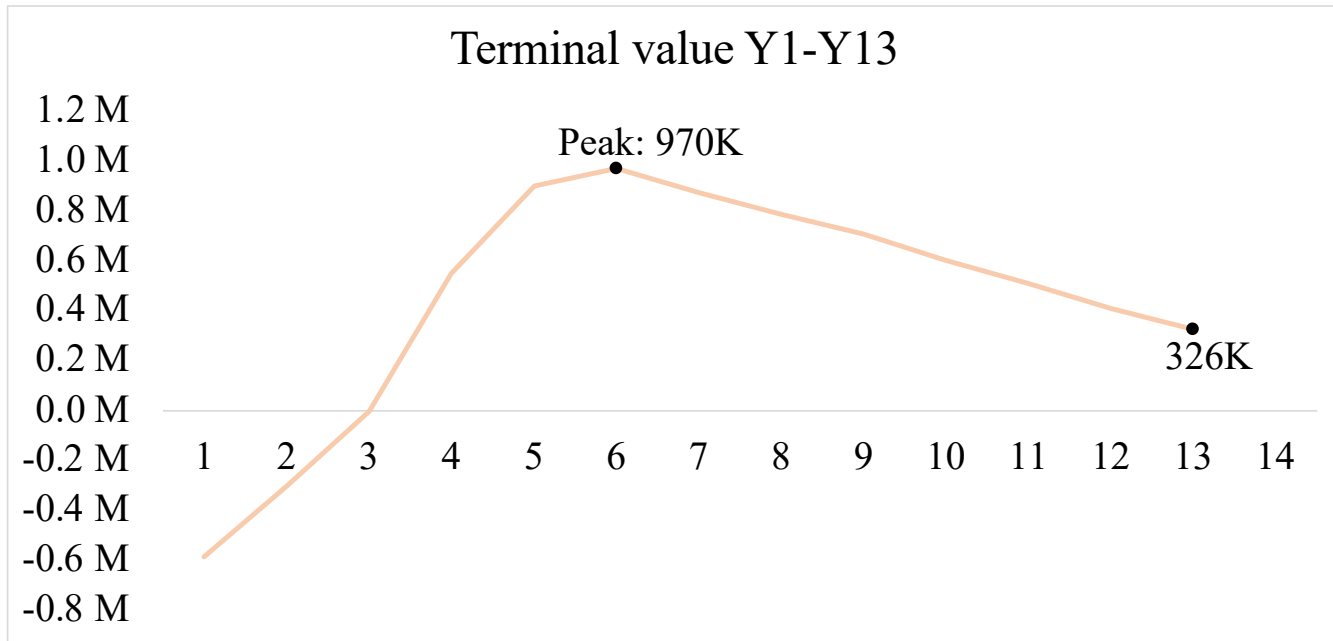
Breakeven in Year 4



Expected Payback in 6 Years



Total Product Life Cycle of 13 Years Leads To A Terminal Value 3.23x Cash Flow



Terminal Value of Business

\$2.92M

Comparable Company Analysis



Gross Margin	53%	49%	38%
Net Margin	18%	3%	2%
A/R Days	30	82	74
A/P Days	2	77	26
Inventory Days	90	80	54
Cash Conversion	118	85	101
Return on Equity	76%	21%	3%

Qualitative Risk Matrix

High Impact

- Trade Secrets
- US Economic Recession
- Terrorism
- Employee(s) are injured in warehouse
- Quality issues of international inbound shipments

- Toy Trends Changing the Acceptance of our product in Distribution Channels
- Technological advancement

Low Impact

- Employee(s) file report to CPSC
- Ransomware attack on IT System
- Supplier's unethical treatment of workers
- Raw Materials stolen from warehouse
- Failed ERP Implementation

- Employee Absenteeism
- Fluctuations in US Currency Exchange Rate
- Increase in environmental regulations

Low Probability

High Probability

Quantitative Risk Matrix

High Impact

- Conservative parents boycott for the doll's gender-neutral aspect
- Increased interest in electronic devices Bankruptcy of Independent Retailers

- Fed. Minimum wage increases, increasing manufacturing labor costs
- DM become more expensive
- Loss of Readership
- Discount rate has extreme volatility

Low Impact

- Federal and state tax rates increase
- Issues with established transportation medium
- Inaccurate projections of service level due to limited data
- Increased supplier lead time from congestion
- Defective Products

- Terminal Value deviations from proxy
- Magazines charge higher prices for ad space
- Manuf. rep requires a higher % of sales

Low Probability

High Probability

Primary Quantitative Risk: Rising Costs of Direct Materials per Unit

Risk:

High Probability

Direct materials increase
over time

High Impact

Sensitivity of 9.8%
BE % Change of 10.21%

Risk Mitigation:

Solution:

Invest in multiple suppliers for
high-demand materials

Benefits:

Flexibility to consider cheaper
alternatives

Costs:

Missing out on Quantity Discounts

Secondary Quantitative Risk: Decline of Printed Magazine Readership (Awareness)

Risk:

High Probability

Decline of printed magazine
readership

High Impact

Sensitivity of 11.51%
BE % Change of 8.96%

Risk Mitigation:

Solution:

More frequent surveys to achieve
a more representative population

Benefits:

Higher chance to convert more
impressions to sales

Costs:

Incur more costs than stated
because of variability in pricing

Invest In

My First
Aid Friend

1

**Industry Leading Revenue
Growth, Profitability, and
Untapped Market**

2

**Quick Investor Payback with
Large ROI Potential**

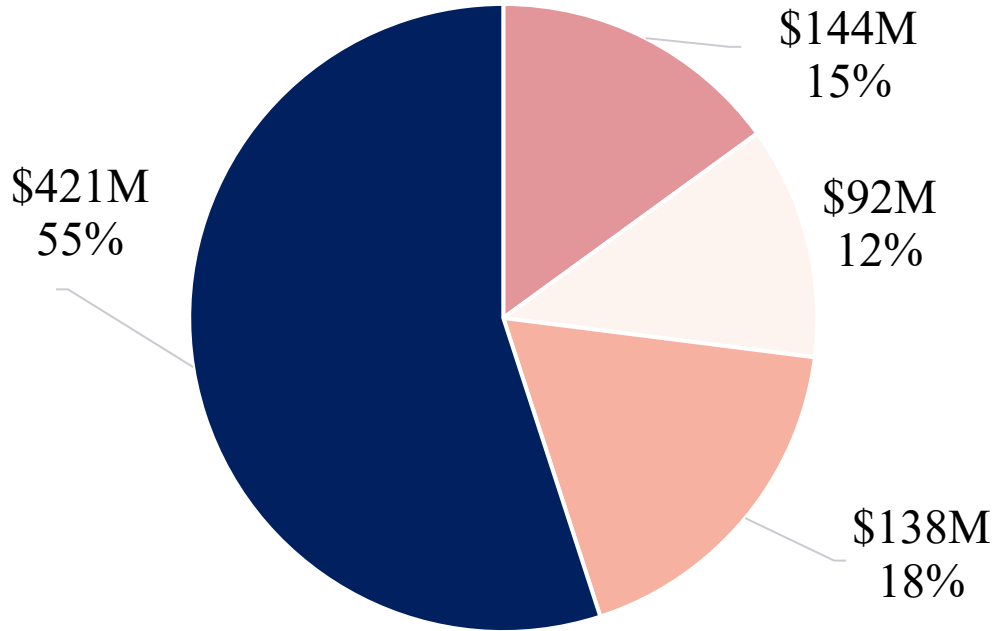
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**Strong Risk Mitigation
Strategies**

Additional Information



Educational Doll Retail Environment



■ Independent ■ Online ■ Chains ■ Mass Merchants

Total Market Value Y1: \$765M

Total Market Value Y5: \$910M

**My First Aid Friend
Market Share Y1**

.14%

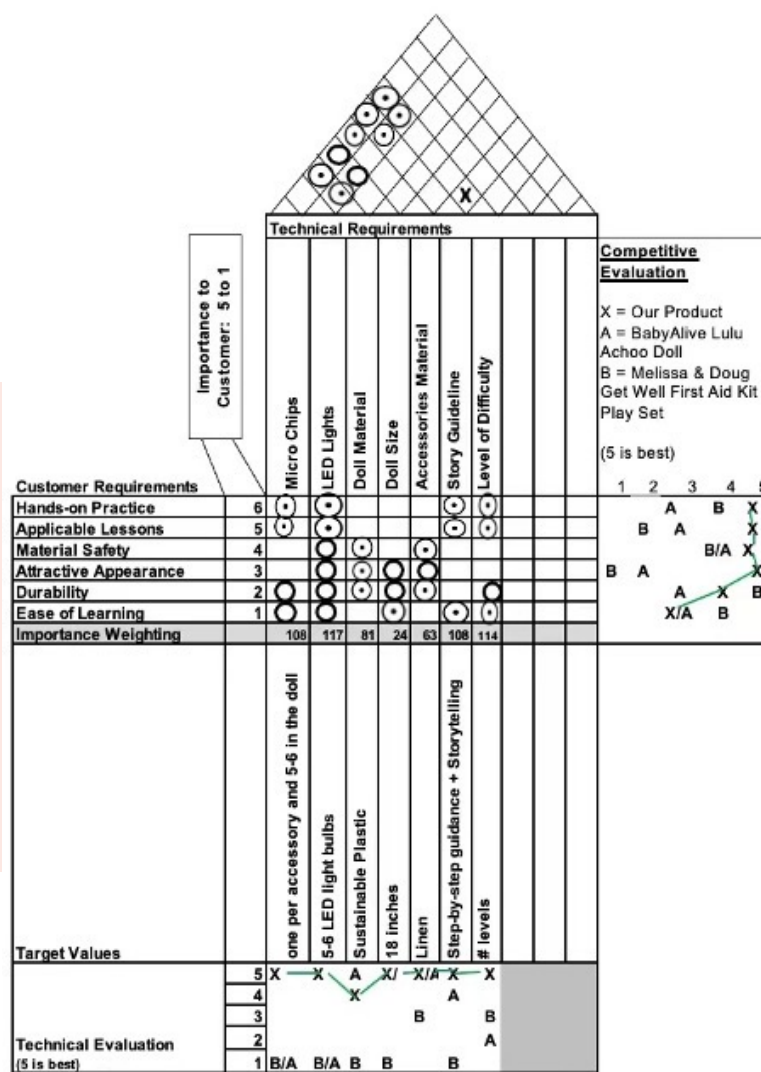
**My First Aid Friend
Market Share Y5**

1.4%

Marketing Bases Model

	Y1	Y2	Y3	Y4	Y5
Target Market Size	8.4M	8.6M	8.8M	8.9M	9.1M
Segment Growth Rate		2.16%	2.16%	2.16%	2.16%
Adjusted PI	16.4%	16.0%	16.3%	17.9%	18.2%
Awareness	8.9%	14.5%	14.52%	28.40%	35.40%
ACV	14%	17.00%	22.00%	27.00%	33.00%
Units at Trial	1	1	1	1	1
Total Units	17.1K	33.9K	89.2K	153.1K	213.1K
Avg. Weighted Manf. Price	\$49.50	\$49.19	\$46.38	\$45.15	\$44.45
Total Manf. Sales	\$847K	\$1.7M	\$4.2M	\$6.9M	\$9.5M

House of Quality



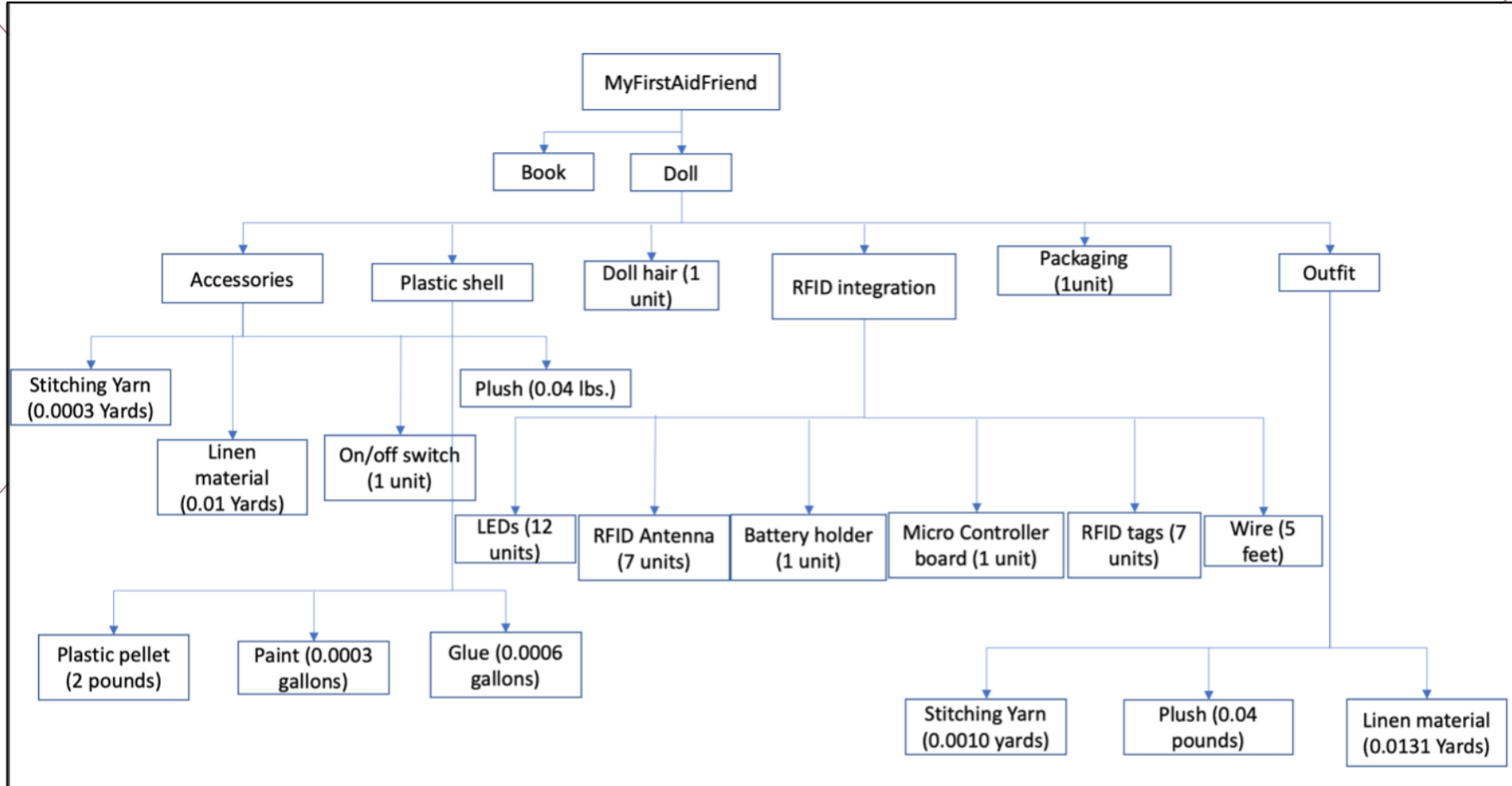
Correlation Matrix:

- Strong Positive
- Positive
- X Negative
- * Strong Negative

Relationship Matrix:

- Strong = 9
- Medium = 3
- △ Small = 1

Bill of Materials



Location Analysis								
State	County	Region	# Of Amazon Fulfillment Centers	Latitude	Longitude	Weighted Latitude	Weighted Longitude	Distance From Average
TX	Dallas	South	7	32.8	96.84	229.6	677.88	5.08
CA	Riverside	West	4	34.37	119.14	137.48	476.56	20.79
VA	Chesterfield	East	1	37.37	77.61	37.37	77.61	20.99
FL	Duval	South	3	27.99	82.3	83.97	246.9	18.9
Total			15	Average		37.57	98.6	

Factor Rating				
Factor	Weight	4329 Interstate Way (San Antonio, TX)	4653 Leston Street (Dallas, TX)	5391 Bay Oaks Dr. (Houston, TX)
Light Manufacturing				
Facility	0.5	100	0	100
Facility Costs	0.4	90	50	70
Distribution Costs	0.3	60	70	70
Proximity to Houston				
Ports	0.2	60	50	100
Room for Future				
Expansion	0.2	80	50	50
Total		138	69	136

Comparable Financial Ratios

	Mattel, INC.	Funko, INC.	My First-Aid Friend	Industry
EBIT/Revenue	8.31%	3.61%	24.86%	10.80%
EBITDA/Revenue	12.67%	10.25%	24.97%	15.30%
Cash % of Current Assets	30.70%	20.15%	16.48%	10.20%
A/R % of Current Assets	41.64%	50.83%	34.55%	35.20%
Inventory % of Current Assets	20.73%	23.05%	48.97%	23.64%
PP&E % of Total Assets	8.58%	7.35%	0.37%	30.50%
A/P % of Current Liabilities	36.55%	21.05%	100.00%	48.90%
Operating Cycle	162.61	127.83	119.98	180.3
Cash Conversion Cycle	85.35	101.41	118.28	80.4

Income Statement

(In US Dollars)	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue		673,694	1,325,515	3,292,777	5,500,175	7,536,348
Less: Cost of Goods Sold		(425,630)	(727,379)	(1,564,013)	(2,549,603)	(3,534,286)
GROSS PROFIT		248,064	598,136	1,728,764	2,950,572	4,002,061
One-time Start Up Expenses	(516,533)					
Selling, General, and Administrative Expense	(95,185)	(690,016)	(746,353)	(1,262,855)	(1,703,503)	(2,120,287)
Depreciation	0	(7,338)	(6,130)	(6,914)	(8,482)	(7,902)
Total	(611,718)	(697,355)	(752,483)	(1,269,769)	(1,711,985)	(2,128,189)
Earnings Before Tax	(611,718)	(449,291)	(154,348)	458,995	1,238,587	1,873,872
Taxes	165,164	121,309	41,674	(123,929)	(334,418)	(505,946)
NET INCOME	(446,554)	(327,983)	(112,674)	335,066	904,168	1,367,927

Balance Sheet

(In US Dollars)	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
Current Assets						
Cash reserves	-	33,685	66,276	164,639	275,009	300,000
Accounts Receivable		19,776	60,882	209,130	410,211	628,811
Inventory	5,149	93,770	173,839	398,444	653,477	891,243
Current Assets	5,149	147,230	300,997	772,213	1,338,696	1,820,054
Long-Term Assets						
Deferred Tax Assets	165,164	286,472	328,146	204,218	-	-
PP&E, net	27,711	28,572	22,831	17,018	14,461	6,689
TOTAL ASSETS	198,024	462,274	651,975	993,449	1,353,157	1,826,744
Current Liabilities						
Accounts Payable	-	3,457	4,964	8,559	12,559	16,433
Equity						
Paid in Capital (Cumulative)	644,578	1,233,354	1,534,221	1,537,034	1,537,034	1,537,034
Retained Earnings (cumulative)	(446,554)	(774,537)	(887,211)	(552,144)	(196,435)	273,277
Total Equity	198,024	458,817	647,010	984,890	1,340,598	1,810,311
TOTAL LIABILITIES AND EQUITY	198,024	462,274	651,975	993,449	1,353,157	1,826,744

Cash Flow Statement

(In US Dollars)	Start-up	Year 1	Year 2	Year 3	Year 4	Year 5
Initial Investment in Fixed Assets	(27,711)					
Net Income	(446,554)	(327,983)	(112,674)	335,066	904,168	1,367,927
+ Depreciation		7,338	6,130	6,914	8,482	7,902
+/-Deferred Income Taxes	(165,164)	(121,309)	(41,674)	123,929	204,218	-
+/- Cash Change in Net Working Capital	(5,149)	(138,624)	(152,260)	(467,621)	(562,484)	(477,484)
- Change in Fixed Assets		(8199)	(390)	(1101)	(5924)	(130)
Net Cash Flow	(644,578)	(588,776)	(300,867)	(2,813)	548,460	898,215

Annual Breakeven Points

Breakeven Unit Analysis

(In US Dollars)	Year 1	Year 2	Year 3	Year 4	Year 5
Total Operating Expenses	697,355	752,483	1,269,769	1,711,985	2,128,189
Average Manufacturing Selling Price	49.50	49.19	46.38	45.15	44.45
Less: COGS	30.37	26.58	21.31	20.12	19.71
Contribution Margin	19.13	22.61	25.07	25.03	24.74
Breakeven Unit Analysis	36,447	33,281	50,639	68,395	86,011
Units Sold	13,609	26,947	70,988	121,818	169,529
Breakeven Surplus (Deficit)	(22,838)	(6,334)	20,349	53,423	83,518

Conjoint Analysis: Ideal Profile

Intercept		4.44	Ideal Profile
	\$80	0	
Price	\$100	0.24	\$100
	\$120	-0.60	
Feedback	Visual	0	Visual
	Auditory	-0.18	
Size	12-inches	0	18-inches
	18-inches	0.25	
Material	Soft	0	Firm
	Firm	0.11	

Sensitivities: Part One

	Year 1 Value	Year 5 Value	Breakeven % Change (NPV)	Breakeven % Change (IRR)	Elasticities % Change	Absolute Value of Elasticity	Impact	Probability
Purchase Intent	16.37%	18.15%	-8.96%	-27%	11.5%	11.5%	High	Low
ACV	14%	33%	-8.96%	-27%	11.5%	11.5%	High	High
Awareness	7.08%	30.99%	-8.96%	-27%	11.5%	11.5%	High	High
Segment Size	8384992	9133268	-9.66%	-29%	10.7%	10.7%	High	Low
Direct Material	\$16.73	\$16.73	10.21%	29%	9.8%	9.8%	High	High
Discount Rate	19%	19%	17.03%	651%	6.9%	6.9%	High	High
Hourly Wage Labor	\$17.96	\$20.21	38.59%	120%	2.6%	2.6%	High	High
Terminal Value	\$0	\$2,915,634	44.01%	-97%	2.3%	2.3%	Low	High
Manufacturer's Rep commission	\$9,279	\$644,355	52.28%	124%	1.9%	1.9%	Low	High

Sensitivities: Part Two

	Year 1 Value	Year 5 Value	Breakeven % Change (NPV)	Breakeven % Change (IRR)	Elasticities (% Change)	Absolute Value of Elasticity	Impact	Probability
Marketing Expenses	\$182,272	\$383,750	58.27%	194%	1.8%	1.8%	Low	High
Tax Rate	27%	27%	55.73%	124%	1.8%	1.8%	Low	Low
Service Level (z-score)	1.28	1.28	79.80%	204%	1.3%	1.3%	Low	Low
Outbound Transportation Cost, Gross amount per unit	0.54	1.12	171.76%	428%	0.6%	0.6%	Low	Low
Raw Material Lead Time	1.27	1.27	350.31%	1386%	0.5%	0.5%	Low	Low
Internal Scrap Rate	1.17%	0.10%	5985.35%	22191%	0.02%	0.02%	Low	Low

Simulation Summary Statistics

Awareness		DM Per Unit	
Average	\$ 1.58M	Average	\$463K
Median	\$ 1.43M	Median	\$470K
Standard Deviation	\$ 1.26M	Standard Deviation	\$499K
25th percentile	\$ 559K	25th percentile	\$92K
75th percentile	\$ 2.46M	75th percentile	\$816K
95th Percentile	\$ 3.90M	95th Percentile	\$1.30M
VaR@5%	\$ (199K)	VaR@5%	\$(332K)
Minimum	\$ (604K)	Minimum	\$(618K)
Maximum	\$ 4.83M	Maximum	\$1.54M
%NPV < 0	11.40%	%NPV < 0	21.30%