Fluffy fresh diaper service

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FLUFFY FRESH DIAPER SERVICE

by

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This committee has approved the Applied Management Decision Project of Catherine M. Gryniewicz

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Executive Summary

Wisconsin's new recycling law passed in 1990, will change the state's throw-away habits. The goal is to cut down on more than six million tons of trash going into Wisconsin landfills and incinerators each year. This environmental awareness has rekindled the use of cloth diaper services, sending revenues up 38.5% in the United States in 1989 to 250 million dollars for the diaper service industry (Mehta, 1990). As an alternative to disposable diapers, Fluffy Fresh Diaper Service has been conceived to part of this market share by offering a cloth diaper laundry service for infants in the Fox Valley area. This report served to guide a go/no-go decision on Fluffy Fresh Diaper Service. Objectives were identified and monitored to determined if the business should be pursued. The objectives encompassed market share, customer loyalty, target markets, additional market expansion, and profit. Fluffy Fresh Diaper Service is a viable business opportunity. Customer convenience will be the focus of the business with a expected 10% rate of net profit based on sales each year for three years with the ultimate possibility of franchising.
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Acknowledgements

Mom & Dad
who gave me the very best, themselves

Babka
who always understands me

Jay
who's constant love and support reinforces who I am

T.R. Burbey Tax & Associates
who provided financial guidance
Current Marketing Situation

Babies go through an estimated 7,800 diapers between birth and toilet training (approximately two years of age) (Miller, 1989) and according to Procter & Gamble, disposables account for ninety percent of those diapers (Samuelson, 1990). This number will greatly increase with the introduction of disposable training pants for older children (approximately four years of age). The 1990's disposable diaper market is being threatened by environmental concerns such as landfill capacity, water supply quality, extra usage taxes, and being known as a potential threat for bacterial contamination.

Disposable diapers accounted for 2% of municipal solid waste in 1988. The unfortunate factor is that disposable diapers take approximately 500 years to decompose (Gest, 1989). This means that every disposable diaper made since introduction in 1961, is still in a landfill. Carl Lehrburger who designs recycling programs in the Albany, New York based Energy Answers Corporation places a 300 million dollar annual cost to waste disposal for disposable diapers alone ("Environmental Costs of Keeping Baby Dry," 1989). Disposal costs are increasing dramatically because of tougher environmental controls and the threat of closing down one-third of United States landfills in five years. There is plenty of land to create new landfills, but the problem is that fewer communities want them. Thus, garbage will be tracked further and further out of city limits. This will add to the rising costs.
Not only is it critical to analyze the solid-waste impact of disposables, but also the waste output of the manufacturing process. The paper-making process used to make disposable diapers contains significant amounts of dioxin.

Another problem associated from used disposable diapers is that they can contain disease. Polio and AIDS from the feces of infected children have been discovered in the disposable diaper's plastic liners and can survive for extended periods of time ("U.S Faces Dirty Diaper Dilemma," 1989). This exposes sanitation workers to live viruses and has potential in older landfills to cause groundwater contamination. Newer methods of waste management have used plastics and impermeable clays to prevent this contamination.

At least 20 states are considering bans or special taxes on disposable diapers. California, Hawaii, Minnesota, Michigan, Vermont, Arkansas, Arizona, Massachusetts, New York, Ohio, Pennsylvania, Rhode Island, Tennessee and Washington are considering bans on non-degradable disposable diapers; a measure in Florida would prohibit the sale of any disposable diaper after October 1, 1993. Special taxes on disposable diapers are pending in Iowa, Illinois, New Jersey, New Hampshire and Texas. A special tax was defeated in Wisconsin, but is expected to be reintroduced. Nebraska has approved a ban on non-biodegradable disposable diapers with an effective date of January 1, 1993 (Freeman, 1990).
Timetables from the Wisconsin Act 335, The Recycling Law, of bans on landfill and incineration in Wisconsin are depicted in Figure 1.1. Political and legal issues will exert challenges for manufacturers of disposable diapers.

Environmental and legal factors are providing opportunities for viable alternatives to disposable diapers. Cloth diapers and biodegradable diapers are two alternatives. However, environmentalists insist that the new throwaways take up as much room in landfills as regular disposables and because of the lack of oxygen and sunlight, will degrade very slowly. The cloth diaper is a solution to the landfill problem and still provides the convenience by having the choice to have diapers professionally cleaned.

Cloth diapers use significant amounts of water however, the water that is used eventually rejoins the planet's supply of usable water. Thus, the water is not consumed, but treated and recycled. Sewer costs are paid for by the diaper services by paying for sewer taxes or charges.

Cloth diaper manufacturing companies are facing the challenge of supplying diaper services. Gerber Products is the largest cloth diaper manufacturing plant in the United States. Foreign competition from the People's Republic of China and Pakistan are a growing threat to Gerber Products because of the absorbency, softness, and lower price (Gest, 1989). With the growing demand for diaper services, the threat of shortages may cause prices to increase as well as diaper service competition.
According to the National Association of Diaper Services, in October of 1990, the number of households using diaper services nationally totaled 750,000. This is up 38.5% since 1989. General Health Care Corporation's DyDee Service, one of the nation's largest diaper services, experienced a 11% growth in sales in its first quarter of 1990 and a 43% increase for the year. General Health Care owns a group of 13 diaper services from New York's Long Island to Phoenix and they are adding 1,200 new customers a week (Mehta, 1990).

The Fox Valley has experienced the birth of two diaper services, April Fresh Diaper Service and Debbie's Diaper Service. This area includes: Appleton, Black Creek, Combined Locks, Dale, Freedom, Greenville, Hortonville, Kaukauna, Kimberly, Larsen, Little Chute, Medina, Menasha, Neenah, New London, Sherwood, Shiocton, and Wrightstown, all in the State of Wisconsin.

April Fresh Diaper Service is located in a business district in Appleton. April Fresh provides a deodorant hamper, 70-100% cotton children's diapers and three rubber pants per week for 10 dollars. The diapers are fastened with velcro and require no pins. Included in the 10 dollar fee is pick-up of dirty diapers and delivery of fresh diapers once per week. To encourage new customers, two types of gift certificates are available: a five week certificate for the price of four weeks and/or 11 week certificate for the price of 10 weeks. The business
utilizes computerized washing machines, is insured, and cleans 1200 diapers per week. In January of 1991, two hospitals employed April Fresh's Diaper Services. According to April Fresh's Diaper Service, a chemist verifies cleanliness, sanitation, and detergent residue weekly.

Debbie's Diaper Service is a small business operated in a woman's home in Appleton. The services provides 60 14" x 20" children's Purity prefolded diapers for 10.20 dollars per week or 70 diapers for 11.50 dollars per week. The diapers are styled with thicker middles and thinner on the sides. The price per week includes: twice a week pick-up and delivery, a pail, pail freshener, and two sets of pins. The competitive advantage that Debbie's Diaper Service offers is guaranteed no mixing of diapers so the same diapers are distributed to the respective client. According to Debbie, pre-soaking, soaking and washing each load separately in a single washer prevents cross contamination.

Advertising for each of these businesses is limited to the telephone book. Promotion emphasizes safety for the environment, no rinse needed, biodegradable detergents used, diaper hamper provided and delivery and pick-up service.

The opportunity exists for a new diaper service to develop because of the following macroenvironmental market demands:

1. Environmental concerns:
   a. Disposables are a one time use vs a cloth diaper that can be reused.
b. Disposables take 500 years to decompose vs a cloth diaper that can be used reused or biodegrades rapidly when disposed.

c. Disposable diapers consume 1,265,000 metric tons of wood and 75,000 metric tons of plastics (Earth Works Group, 1989).

d. Potentially disease infected diapers are thrown into landfills and have the potential to contaminate groundwater.

e. Biodegradable diapers take up the same space in landfills as disposables as previously stated.

2. It is considered fashionable to have a diaper service.

3. Competitive prices of cloth in comparison to disposable diapers.

4. Natural, breathable, 100% cotton vs plastic in disposables.

5. Since 1990, two small cloth diaper services have emerged in the Fox Valley. This indicates that there is potential market demand.

6. There is no tax on cloth diapers such as there is on disposable diapers.

The main opportunities for Fluffy Fresh Diaper Service are:

1-Consumers are showing increased interest in environmental issues, and Fluffy Fresh Diaper Service should consider growth strategies.
2-Wisconsin applying a special tax on disposable diapers, and Fluffy Fresh Diaper Service should consider various growth and promotional strategies to promote potential cost savings by using cloth diapers.

3-Wisconsin will likely approve a ban on non-biodegradable disposable diapers and Fluffy Fresh Diaper Service could consider franchising as demand elsewhere grows.
Opportunity and Issue Analysis

The threats facing Fluffy Fresh Diaper Service are:
1-The disposable diaper manufactures develop an effective diaper that is biodegradable.
2-The recycling law fails to include the ban of disposable diapers.
3-Expansion of DyDee Diaper Service (the largest service in the nation) to the Fox Valley area.
4-Increasing water and electric costs challenge profitability since a diaper service operates washers and driers to accomplish the job.
5-The customers are short term and always changing because children grow out of wearing diapers.

The main strengths of a new diaper service would be:
1-The diaper service's mission statement will focus on the changing needs of the customer, to include children's diapers and the potential to expand into the adult protection undergarment market.
2-Opportunity to have drop off or pick-up/delivery service.
3-Identification numbers on each diaper to verify respective customer garment.
4-One hundred percent cotton diaper with velcro.
5-Fluffy Fresh Diaper Service's image will project friendly, professional service, employees, and high quality product.
6-Community support by offering discounts to social service centers.

7-The population will always be regenerating itself.
**Business Purpose & Service Organization Description**

Fluffy Fresh Diaper Service is a customer responsive cloth diaper service that will react to environmental concerns and demonstrate profitability by encompassing customer service, marketing and quality with a decentralized management team.

Fluffy Fresh Diaper Service supplies parents with the use of clean 70-100% cotton diapers, a deodorized hamper, and two diaper covers. Diaper covers use velcro to eliminate pins and lock the cloth diaper in place. Fluffy Fresh Diaper Service picks up dirty diapers and delivers natural fresh and sanitized diapers on two prearranged days determined by Fluffy Fresh and the customer. A drive-up depot service will also be available if customers are interested in dropping the diapers off at their convenience. With either option, Fluffy Fresh Diaper Service offers a product and service that will help parents give the comfort of cotton to their child and save valuable time in the process.

As the name implies, cloth diapers will display their soft and white appearance after each washing. To maintain these qualities, the new diapers will be prewashed in a detergent designed to resist stains. Soiled diapers would have a different formula incorporating bleach to whiten. The final detergent would be designed to destroy any stubborn stains. According to Earth Works Group (1989), research has shown that a diaper would withstand one hundred
washings. Of each one hundred pounds washed, 10% of the diapers would need to be rewashed, due to stubborn stains.

Customers would be asked to follow guidelines to maintain the diaper for uses for the baby. Polishing shoes and washing or drying cars would be prohibited uses for the cloth diapers. Torn diapers would be billed to the customer.

Upon securing a customer, Fluffy Fresh Diaper Service will invite the parents to the service to explain how the service works. Friendly, personal spirited employees will deliver an agreed upon number of diapers. Within the first week, the delivery service will pick up the used diapers and leave washed diapers picked up on the last visit. The supply of diapers can be adjusted up or down as needed. Fluffy Fresh Diaper Service will provide a deodorized hamper that wet or soiled diapers can be placed directly in without rinsing. As the child grows, diaper sizes can be adjusted at any time.

Even though the City of Appleton does not police diaper services, Fluffy Fresh Diaper Service will prevent bacterial contamination between clients. Cloth diapers will be marked with the customer's name on an iron-on patch. Cloth diapers will be rinsed, washed and dried with bactericidal temperatures and detergents. To verify bacteriological control, a private laboratory will be employed monthly to test split samples for total plate count, coliform and E. coli bacteria. In-house control will be performed by
monitoring each batch temperature with chart recorders, pH of a diaper from each load, and daily microbial tests with aerobic and coliform/E. coli 3M Petri-film. If fecal bacteria are not present, the assumption will be made that pathogenic microorganisms will not be present. To confirm the absence of chlorine residue, chlorine test kits will be employed.

Fluffy Fresh Diaper Service will prevent cross contamination and promote safety by having separate doors and rooms for processing soiled diapers from clean sanitized diapers. Body fluids and blood are considered to be contaminated. Therefore, employees will be required to comply with Occupational Safety and Health Administration Standard 1910.132 and 1910.133 by wearing gloves, goggles, and gowns.

Fluffy Fresh Diaper Service eliminates the cost and inconvenience of purchasing diapers from stores. Financial benefits and environmental awareness will offer an incentive over disposable diapers. Refer to Figure 1.2 and 1.3 for cost comparison showing per diaper price of Fluffy Fresh Diaper Service and disposable diapers. This figure is based on actual prices at the Sentry store in Appleton. The cloth diaper prices were set slightly above April Fresh and Debbie's Diaper Services.

The identifiable weakness of Fluffy Fresh Diaper Service is that it is a new business. Fluffy Fresh Diaper Service would have no market share and no name recognition. The Small Business Administration reports that approximately
50% of all new businesses fail during the first year, and 80% close their doors within their first five years of operation. Business start up costs for advertising would need to be extensive to alert consumers of their need and how Fluffy Fresh Diaper Service could satisfy their wants.

The opportunities, threats, strengths, and weaknesses of Fluffy Fresh Diaper Service have been identified. To avoid business failure and not be one of the 80% of new business closing their door, the following objectives, strategies and tactics will be addressed:

1-Fluffy Fresh Diaper Service will concentrate on advertising and promotion to gain a larger market share and increase profitability as advertising increases business.

2-Fluffy Fresh Diaper Service will obtain loyalty of its customers by following through on promised service because customer responsiveness is the key to keeping business once it is captured.

3-Fluffy Fresh Diaper Service will also target hospitals/daycare centers/support centers for abused pregnant women and children to gain further market share.

4-Possible adjustments will be considered to decrease water and electricity costs i.e., washing and drying during the off peaks to increase profits.

6-The Baby Boom individuals progressing in age and facing bladder or bowel health problems, and Fluffy
Fresh Diaper Service should consider expanding market to encompass this older adult age group to gain further market share.

7-As more older individuals continue to live in their home, Fluffy Fresh Diaper Service could expand into general laundry care for these individuals to gain further dimension.

8-Fluffy Fresh Diaper Service will achieve a 10% rate of net profit and 17% return on investment, based on sales, over the next three years as suggested by T.R. Burbey Tax and Associates of Manitowoc, Wisconsin.

These marketing mix focus' are summarized in Figure 1.4.
Financial Analysis

Figure 1.5 depicts the birth rate in the Fox Valley in 1989 and 1990. Fluffy Fresh Diaper Service projects to capture 250 customers the first month of operation in respect to the birth rate. This would be 15% of the market for new borns. Expected growth would be an additional 50 customers per month. Each new customer would be required to pay a 25 dollar non-refundable installation fee. The installation fee would cover diapers, hamper, and set-up time. Prices thereafter would be 11.00 dollars per week. This price would include bi-weekly pick-up and delivery of clean and fresh diapers. This price is slightly above competitor prices. However, Fluffy Fresh Diaper Service would offer customer responsiveness, quality pick-up and delivery, and sanitized diapers.

A 30,000 dollars small business loan and 20,000 dollars would be needed to launch the business venture. Capital items that would need to be purchased initially would include: delivery truck, office furniture, copy machine, a computer, a washer, and a drier. Once the business is established, the cost of goods sold would include the purchase of additional diapers, hampers, and chemical cleaning compounds. Other expenses would include paying the owner/driver and an on-site cleaning professional. Advertising costs would be initiated with the yellow pages and the radio. As the business developed, radio advertising money would be spent on doctor office posters and coupons distributed through Lamase classes. Advertising and utility
costs were projected by Braun. Braun is a company that specializes in selling commercial washer and driers for laundry services.

Fluffy Fresh Diaper Service will achieve a 10% rate of net profit and 17% return on investment, based on sales, over the next three years. In order to achieve this, finances will be monitored by a computer program that will keep track of cash, accounts receivable, and accounts payable on a weekly basis. Monthly finance needs will be addressed with T.R Burbey Tax & Associates of Manitowoc, Wisconsin. See Figure 1.6.

Payment terms will be a one month monthly installment and the cost of seventy cloth diapers. Statements will be mailed on the first of every month. Terms net 10 days; service charge of 1.5% assessed on all accounts over 30 days.
Market Strategy/Plan

The target market is the Fox Valley mothers infants and young children. Another facet of the market would be environmentally concerned parents who recycle and yet are looking for convenience.

Fluffy Fresh Diaper Service's position in relation to its competitors would be an upscale diaper service that would target sixty five percent of the market share. This assumes competitor information can be obtained. If competitive information is limited, the focus will be based on volume of clients per month to substantiate the business. The price would be in the upper middle quartile in comparison to its competitors for the pick-up and delivery service.

A commercial washer and drier would be purchased and set in a rented existing zoned building. Ideally, the building would offer a depot for drive up service. One on-site laundry professional would be employed since the owner's duties would include laundry pick-up.

Fluffy Fresh Diaper Service's image would project quick service by professionals that display concern for the environment and the customer. After careful study, it has been determined that a minimum start up time requirement is 86 days as demonstrated by Chart 1.1.

To achieve the total picture, employees need to understand the goals and what their responsibilities entail. Developing the employee's potential will be the central focus to obtaining satisfied customers. Learning, striving
people are happy people and good workers who can provide a quality service.

Advertising would be on Green Bay's WQLH (according to WQLH, this is the most popular radio station for 20 to 35 year old men and women), in recycling bulletins, Appleton's Sunday newspapers, local obstetrics and gynecologist's office, and coupons for a trial basis given out at the maternity ward, lamase classes, and/or the Welcome Wagon in the Fox Valley. Direct mailing to women listed in the newspaper, under births, would be after most parents have made the decision to use cloth or disposable diapers. Therefore, this would not be the primary focus for advertising. Consumer focus groups will be encouraged to update services monthly to help identify changing customer needs.

The company will be guided and directed by the owner who is the Support Coordinator. The Support Coordinator's primary responsibility would be to assess the current and long term financial, quality, marketing, and customer directives by presenting the total future picture.
Monitoring Business Performance & Benchmarks

Fluffy Fresh Diaper Service is a viable business opportunity. Within one year Fluffy Fresh Diaper Service would expect to be on target with projected profits. Goals and budget will be analyzed for each month and each quarter to see the percent of variance. If the business plan is lagging, the problem needs to be defined and either more advertising would be necessary, the projected profits would need to be adjusted, the market would need to be expanded or the business may need to be diminished.

If the organization's growth becomes stagnant, a steering committee will be formed to re-direct the focus. The steering committee will be made up of the Support Coordinator, employee representative, an outside financial consultant, and three representative customers. The objective would be to continue to be dynamic service group offering and delivering what the consumer wants and needs at a profit.
Conclusion

Fluffy Fresh Diaper Service will be successful in its business venture because of environmental concerns with disposable diapers, the competitive prices of cloth diapers in comparison to disposable diapers, and the birth of two diaper services emerging in the Fox Valley in a period of one year indicates there is a growing market demand.
Bibliography


Miller, A. "A Pitched Battle for Baby's Bottom," Newsweek, March 6, 1989, p. 44.

Morgenson, G.M. "Profits are for Rape and Pillage." Forbes, March 5, 1990, p. 98.


Chart 1.1

**Implementation Time Table**

86 days needed to start up

A. Small business loan
B. Purchase truck
C. Insurance for truck
D. Logo design on truck
E. Purchase diapers, hampers, and plastic pants
F. Purchase washers and driers
G. Purchase chemicals
H. Rent a site
I. Purchase insurance
J. Sign painted
K. Purchase office furniture and counter tops
L. Materials printed, radio ad produced.
M. Hire a person
N. Move into business site
P. Phone connected
Q. Start advertising
Figure 1.1
Timetables of Bans on Landfill and Incineration

1991 Bans on landfilling or burning in a solid waste facility of:
   1. Lead acid (vehicle) batteries
   2. Major appliances (air conditioners, clothes washers and dryers, dishwashers, freezers, microwave ovens, ovens, refrigerators, and stoves).
   3. Waste oil (except for burning for energy recovery).

1993 Ban on landfilling or burning in a solid waste facility that does not recover energy from yard wastes.

1995 Bans of landfilling, or converting to fuel or burning in a solid waste facility of:
   1. Aluminum containers
   2. Corrugated paper and other container board.
   3. Foam polystyrene
   4. Glass containers
   5. Magazines and other material printed on similar paper.
   6. Newspaper and other material printed on similar paper.
   7. Office paper.
   9. Steel containers.
  10. Waste tires.
  11. Bi-metal steel/aluminium containers for carbonated and malt beverages.
COST COMPARISON
Disposable vs Cloth Diapers

![Bar chart showing costs of different brands of diapers](image-url)

Figure 1.2
MARKETING IMPLICATIONS
Consumer Savings - Cloth Diapers

![Graph showing savings comparison between disposable and cloth diapers over a period of years.]

- Disposable diapers:
  - First year: $3,500
  - Second year: $3,000
  - Third year: $2,500
  - Fourth year: $2,000
  - Fifth year: $1,500
  - Sixth year: $1,000
  - Seventh year: $500
  - Eighth year: $0

- Cloth diapers:
  - First year: $2,000
  - Second year: $1,500
  - Third year: $1,000
  - Fourth year: $500
  - Fifth year: $0

Figure 1.3
MARKETING MIX

Figure 1.4

Place—Fox Valley

Customer—mothers with kids in diapers who have concern for environment

Product—diaper service
Promotion—OBGYN classes
Price—upper quartile

Aging adults living at home

Limited landfill

Biodegradable diapers

Water cost

Ban on disposables

Electric cost
Figure 1.5

BIRTH RATES IN THE FOX VALLEY

<table>
<thead>
<tr>
<th>CITY &amp; TOWN</th>
<th>1989</th>
<th>1990</th>
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<tr>
<td>Appleton</td>
<td>273</td>
<td>235</td>
</tr>
<tr>
<td>Black Creek*</td>
<td>13</td>
<td>16</td>
</tr>
<tr>
<td>Combined Locks</td>
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<td>29</td>
</tr>
<tr>
<td>Dale</td>
<td>27</td>
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<td>218</td>
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<td>Wrightstown*</td>
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</table>

TOTAL: 1643, 1635

*Village and city figures
*1990 figures are provisional
### Fluffy Fresh Diaper Service, Inc.

**Projected Income Statement**

**For the Year Ended May 30, 1992**

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<tr>
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<td></td>
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<tr>
<td>Diaper revenue</td>
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<td>24900</td>
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<td>5425</td>
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|                  |      |      |      |      |       |       |       |      |      |      |      |      |
| **Operating Expenses:** |      |      |      |      |       |       |       |      |      |      |      |      |
| Wage             | 2560 | 2560 | 2560 | 2560 | 2560  | 2560  | 2560  | 2560 | 2560 | 2560 | 2560 | 2560 |
| Rent, building   | 400  | 400  | 400  | 400  | 400   | 400   | 400   | 400  | 400  | 400  | 400  | 400  |
| Utilities        | 75   | 75   | 75   | 75   | 75    | 75    | 75    | 75   | 75   | 75   | 75   | 75   |
| Insurance        | 30   | 30   | 30   | 30   | 30    | 30    | 30    | 30   | 30   | 30   | 30   | 30   |
| Supplies         | 50   | 50   | 50   | 50   | 50    | 50    | 50    | 50   | 50   | 50   | 50   | 50   |
| Truck insur.     | 44   | 44   | 44   | 44   | 44    | 44    | 44    | 44   | 44   | 44   | 44   | 44   |
| Gasoline/Oil     | 125  | 125  | 125  | 125  | 125   | 125   | 125   | 125  | 125  | 125  | 125  | 125  |
| Advertising      | 200  | 200  | 200  | 200  | 200   | 200   | 200   | 200  | 200  | 200  | 200  | 200  |
| Worker comp      | 113  | 113  | 113  | 113  | 113   | 113   | 113   | 113  | 113  | 113  | 113  | 113  |
| Tax (FICA/Unemp) | 256  | 256  | 256  | 256  | 256   | 256   | 256   | 256  | 256  | 256  | 256  | 256  |
| Accounting       | 100  | 100  | 100  | 100  | 100   | 100   | 100   | 100  | 100  | 100  | 100  | 100  |
| Telephone        | 100  | 50   | 50   | 50   | 50    | 50    | 50    | 50   | 50   | 50   | 50   | 50   |
| Interest expense | 290  | 290  | 290  | 290  | 290   | 290   | 290   | 290  | 290  | 290  | 290  | 290  |
| **TOTAL**        | 4628 | 4578 | 4578 | 4578 | 4578  | 4578  | 4578  | 4578 | 4578 | 4578 | 4578 | 4578 |

**NET INCOME**

|      | 8406 | 6848 | 9165 | 11482| 12724 | 16156 | 18433 | 20750| 21992| 25384| 27701| 30018|
Figure 1.7

Fluffy Fresh Diaper Service, Inc.
Balance Sheet
May 30, 1992

<table>
<thead>
<tr>
<th>ASSETS</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Prepaid rent</td>
<td>400</td>
</tr>
<tr>
<td>Prepaid insurance</td>
<td>74</td>
</tr>
<tr>
<td>Inventory (diapers)</td>
<td>15677</td>
</tr>
<tr>
<td>Inventory (hampers)</td>
<td>3600</td>
</tr>
<tr>
<td>Total current assets</td>
<td>19751</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, equipment</td>
<td></td>
</tr>
<tr>
<td>Counter top</td>
<td>564</td>
</tr>
<tr>
<td>Office equipment (desk, file, 3 chairs)</td>
<td>1500</td>
</tr>
<tr>
<td>Copy machine</td>
<td>1000</td>
</tr>
<tr>
<td>Computer</td>
<td>3000</td>
</tr>
<tr>
<td>Uni-wash 50</td>
<td>8160</td>
</tr>
<tr>
<td>Huebsch 75</td>
<td>3525</td>
</tr>
<tr>
<td>1990 Chevy van</td>
<td>15500</td>
</tr>
<tr>
<td>Total property &amp; equipment</td>
<td>33249</td>
</tr>
<tr>
<td>Total Assets</td>
<td>53000</td>
</tr>
</tbody>
</table>

| LIABILITIES            |        |
| Note payable (shareholder) | 3000  |
| SB loan                | 30000  |
| Total Liabilities      | 33000  |

| STOCKHOLDER'S EQUITY   |        |
| Capital stock          | 20000  |
| Total Equity           | 53000  |