



Pure Ambition
by
KCC, Inc.

Submitted To:
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EXECUTIVE SUMMARY

KCC, Inc. is a startup company dedicated to delivering premium quality fine fragrances to women. The company is comprised of three owners with equal shares and responsibilities in the company. KCC, Inc. has prepared this document with the intention of seeking out investors for a new business venture to form the fragrance Pure Ambition.

KCC, Inc. initially chooses to launch Pure Ambition in Oklahoma City and its surrounding metropolitan area. The perfume is aimed towards career oriented women between the ages of 25-44. The company intends to sell to approximately 130,000 women per year.

Once the target market was defined, KCC, Inc. surveyed potential buyers. Based on the findings, the company has designed a perfume formulation that evokes the target emotional appeal in its consumers; the first step in meeting the company's goal. This fragrance is a mixture of the following essential oils: peony, lemon, rose, hibiscus, honeysuckle, vanilla, sandalwood, amber, and musk. It also contains other ingredients, ethanol and water, that are ingredients used for the general makeup of the perfume. The perfume formulation created is the optimal formulation for the company based on the consumer satisfaction and investment opportunities.

An economic analysis was performed to investigate the feasibility of this business venture, and to predict the economic outcome for KCC, Inc. over a ten year period. Based on a profit/demand model, the company determined that the most profitable price for a 17.7 oz (50 mL) bottle of the fragrance is \$60 per bottle. Calculations of this model include manipulation of the perfume composition influencing customer preferences and consequently, the demand. Knowing the demand for the fragrance, the company was able to obtain the economic values. The total capital investment for this venture is \$286,000, with a fixed capital investment of \$243,000. These values correspond to a Net Present Worth of \$875,000, a total profit of \$1.63 million, and a ROI of 57%. Both risk and regret analyses were taken into consideration. Based on a 20% variability of the raw material costs, the business venture has 100% of making a profit.