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Happy Horn Business Plan

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Business Plan for Happy Horn

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Business Plan

Business Description

As an E-commerce business, Happy Horn will be a sole proprietorship owned by Joseph Schwarz.

Happy Horn sells a product that attaches to all types of scooters and bikes. This attachment allows the vehicle operator to have multiple working horns at all times. Firstly, we will begin with scooters and bikes and eventually make our way into the boat and car horn industry. The product itself is a housing unit with a soundboard connected to a horn speaker inside. This sound board will be able to connect to an app allowing the user to choose 1 of 10 different happy tunes to use as a horn.

One group we will be targeting is young adults aged 18-24. This will be a large group of about 3000 college students in the Southwest Michigan area. This is one of our targeted groups because these will be the customers that bike to class and often ride past fellow students that they know. This large amount of interaction is the perfect time to use the happy horn to quickly communicate with peers and friends.

Another group we will be targeting is adults aged 28-35. This will be the customers that spend their free time visiting different bike trails around the Southwest Michigan area. Michigan is rated as one of the most bike-friendly states in the country. Michigan generates about \$224 million annually from the biking industry, including spending, events, and tourism. So, this is a good market to target because it is already established and is large enough for a new product to enter and grow.

Customers will be able to purchase the Happy Horn through the website www.HappyHorn.com. The website provides the opportunity for customers to purchase when convenient to them. The website will have videos for step-by-step installation instructions, pricing, Q & A, reviews, etc. Once Happy Horn becomes more popular, we plan to start selling it in brick-and-mortar stores, mainly bike shops.

The website will be open 24/7. Once we begin distribution to brick-and-mortar stores, the hours will depend on the store owner.

Mission and Purpose

The main purpose of Happy Horn is to allow easy means of communication between the rider and pedestrians. The secondary purpose is to make people happy. A lot of people are sad nowadays whether it be due to economic, political, or personal reasons. Everyone deserves to be cheered up every once in a while, and using or hearing the Happy Horn is an excellent way to get a little extra joy in your everyday life.

Goals to be achieved over the next 5 years (vision):

- Change prototype into a final product

- Begin marketing and establish the brand on TikTok, Instagram, and Facebook
- Sell 1,000 units
- Contact scooter companies like Lime and Spin in regard to selling to them
- Redevelop a second product tailored to the wants and needs of the customers.

Market Analysis – Marketing & Sales

The bike, E-bike, and E-scooter industries have been consistently growing in the U.S. since around 2014 and projections from Statista predict this rise will continue until at least 2030. There are about 3,000 students in the Southwest Michigan area that ride bikes to class every day. As well as more than 100 bike trails in the Southwest Michigan area that get used almost every day during the summer season. The mountain bike industry generates around \$600 million dollars in the U.S., while the road bike is a close second at around \$500 million. These are the two types of bikes we plan on targeting since students will ride road bikes to class and most dedicated trail bikers ride mountain bikes. Also, 35% of bikers stated that they plan on buying a new bike in the upcoming year. This is perfect for when the Happy Horn gets put into bike stores. Overall, the bike industry is a good industry to enter due to the large number of new bikes being sold each year as well as the technology that bikers are beginning to add to their bikes. Most potential customers that we talked to already had at least one add on attachment to their bike. This being either a mile counter, flashlight, or other item. So, there is an established market that will spend the money to improve their bike and their biking experience.

SWOT—Strengths, Weaknesses, Opportunities, Threats

External

The electric scooter and bike markets are continuously growing and there has yet to be a horn on any major scooter brand, let alone a horn with multiple different tones. Large area for business growth as we are easily able to make horns for different products, like boats and cars.

In order to make best use of the opportunities The Happy Horn has, we will be continuously updating and developing newer products that are made with the help of customer reviews and recommendations. This will allow us to keep up to date with the second to market companies and keep our product up to date. The Happy Horn will also have more sounds that the user can purchase in the app, these sounds will be dropped about every 6 months or once a year. We will also attempt to sell B2B with lime, spin, and bird allowing the Happy Horn to be installed on each scooter on campus and in cities. This would lead to a large amount of direct B2B sales as well as spread awareness of the product to those who normally would not interact with the Happy Horn.

Threats that could impact business success:

- There are a few different horn companies that sell aftermarket horns for electric scooters and bikes.
- The B2B plan is a reach and may not work out.
- Some riders do not see a need to communicate with pedestrians.

The competitive advantage The Happy Horn has over these other aftermarket horn companies is our ability to have multiple different tones. All the other horn companies sell horns that are either very loud or just regular horns. None of them sell horns with different jingles, tones, or sounds in general.

After so many sales, we will interview customers to prove that they are happier and more likely to ride on a scooter if it had a Happy Horn installed, this will show Spin, Bird, and Lime how useful the Happy Horn is to them.

Internal

Strengths of the business:

- Resources for planning, developing, testing
- Very enthusiastic founder
- Not exceptionally large startup costs

Weaknesses of the business:

- Little to no experience in running a business
- Not an engineer on the team making development tougher on the founder
- Not familiar with prototyping

Ways to manage weaknesses:

- Use the help of Starting Gate, mentors, WMU, professor, and anywhere else I can receive free advice/support/help
- Visit the engineering campus and other excited engineers in hopes of them helping with my product
- Research as much as possible to become more knowledgeable on the whole process

Market Analysis

I will be targeting two main types of people; people who commute to work via bike or scooter and those who ride their bikes on trails/in nature. These are my main targets because these people will be using their bikes most days and will encounter circumstances where having a happy horn is seen as useful to them. Whether it be someone standing in the bike lane or seeing your friend walking to class. There are about 3000 students in the south west Michigan area that ride their bike to school every day. This is a large enough market for our product to get started and begin making a name for itself. There are also more than 100 different bike trails in the south west Michigan area, and this does not include the larger number that are just north of this area. The biking industry has been steadily growing since around 2014 and there is not much sign of slowing down as E-bikes are beginning to grow quickly. There has also been talk of a tax incentive for individuals that choose to bike rather than drive to either work or school. So, this will without a doubt increase the usage of bikes in big cities

Customers riding electric scooters, bikes, and electric bikes around campus, to class, and to work will be able to energetically communicate with fellow pedestrians without the hassle of having to

slow down, take their headphones out, or even talk at all. Users will see a sense of joy in their everyday commute that they do not experience regularly. Aggression on the bike paths and sidewalks will decrease greatly due to riders being able to express themselves in a quick and efficient way.

The Happy Horn will be sold online throughout the whole United States. But I will begin by targeting the Southwest Michigan area because I know there is a market for our product, and I will be able to demonstrate the horn around different bike trails.

Once the Happy Horn becomes a known product, I will attempt to become friends with the local bike shops and sell them in person through their stores, giving them a % cut.

Competitors:

- Hornit sells aftermarket horns for electric bikes and scooters, but they only have one tone, the normal horn.
- NAPASA is very similar to Hornit.
- Lesovi is very similar to Hornit and NAPASA.
- All are sold online.

Marketing Strategies

The name will play a key role in establishing character for my business. The Happy Horn will be built around spreading joy and making people happy.

"Happier rides with the Happy Horn." Our tag line may change based on the direction our business goes in.

Potential promotions and ways to market:

- Bring inventory to different bike trails and ride around using/telling others about the product and pitching it to them quickly.
- Have a contest where customers send pictures/videos of them using the happy horn and the prize will be a new bike.
- Make TikTok videos of me and friends using the Happy Horn.

Sales Strategies

Online Sales-Email customers who left items in their cart, maybe offering a discount, to convince them to purchase.

In person sales- Demonstrate the product for them and use selling skills to get a sale.

The main horn unit will be sold for \$20.00. This will include the main horn, a normal horn tone, and three additional base tones. This does not include shipping if it is bought online. There is also an in-app tone package that is sold for \$3.00. This package includes three additional tones and is not customizable. There will be many different tone packages to choose from, making this a key component of sales.

Based on the current parts we use, supplied mainly from Ada Fruit, our horn will cost \$12.28 to produce. This will change when one of two things happens. The first being when we feel it is necessary to hire additional staff to help assemble the horns. The second is when we profit enough money to change where we are supplied our products. The first piece we will change is the soundboard since the one from Ada Fruit has more components than we need. So, we will get our own soundboard made for a cheaper cost, but at a higher quantity.

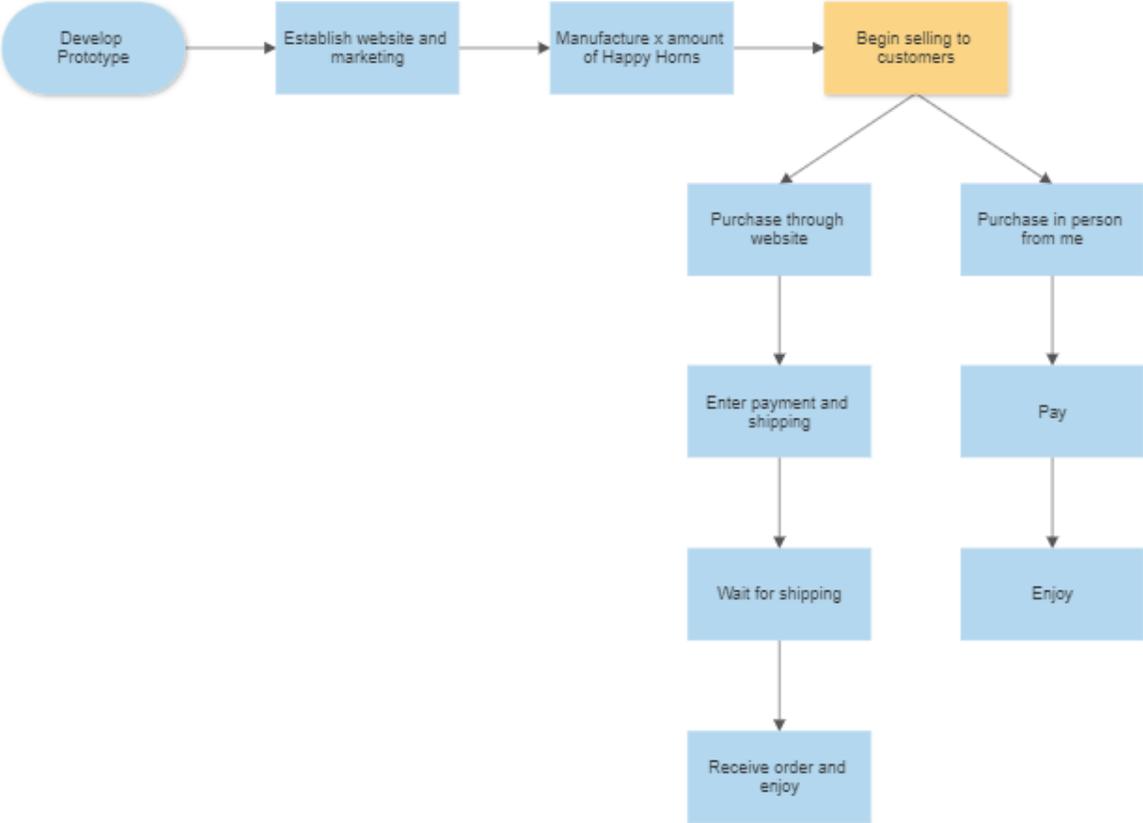
The selling of our horn units will make up the majority of our profits. Based on current productions components we will profit about \$7 per unit. But this number will only increase as we change our components and increase prices. Our next area of profits will come from the in-app sound packages. These are sold for \$3.00 and will be almost fully profitable since it will not take much money or effort to produce these sounds.

Management & Operations

Key Personnel

Joe Schwarz- Founder and developer. Responsible for ideas, production, assembly, marketing, financing, etc. Entrepreneurship major and finance minor and has experience from Starting Gate. He is very connected to WMU personnel that are willing and able to help with ideas, assembly, and finances.

Business Operations & Processes



The Financial Plan

Cash Needed Summary

All of these costs are initial costs and are prone to changes as production increases. For example, the current soundboard purchased from Ada Fruit has more capabilities than the Happy Horn needs, so we will be creating our own once we have enough funds.

Item	Cost	To Be Purchased From
Soundboard	\$8.49	Ada Fruit
Amplifier	\$0.79	Ada Fruit
Speaker	\$2.15	Ada Fruit
Wires	\$	Ada Fruit
Housing Unit	Free	3-D Printed
Battery	\$0.85	Ada Fruit
TOTAL Cost	\$12.28	

Monthly Income Projection

First Month:

Description of Item or Service	# Units/Hours	Price per Unit/Hours	Total Sales
Happy Horn	25	\$20.00	\$500.00
In-app Package (3 sounds)	15	\$3.00	\$45.00
TOTAL Monthly Sales	40	\$23.00	\$545.00

Second Month:

Description of Item or Service	# Units/Hours	Price per Unit/Hours	Total Sales
Happy Horn	30	\$20.00	\$600
In-app Package (3 sounds)	20	\$3.00	\$60.00
TOTAL Monthly Sales	40	\$23.00	\$660.00

By this projection of sales increase we will be making \$13,136.00 in our first year. This number is subject to change either up or down depending on a number of distinct factors. We assumed that our sales each month were increasing at a consistent rate, which is not always the case.

Monthly Expense Projection

Monthly Expense Item Description	Cost
Parts	\$12.28
Labor	\$50.00
Shipping	\$30.00
Storage	\$35.00
TOTAL Monthly Expense	\$127.28

By this projection of expenses, our yearly expense will be \$1,527.36. This is highly likely to change within the first couple of months due to changing where our parts are supplied from, hiring employees to help assemble horns, buying a warehouse, etc. But this is a rough estimate of the base expenses that will be incurred throughout the growing stage of this company.

Our first year’s projected gross profit is \$11,608.64.

5 Year Forecast



Year	Sales	Expenses	Gross Profit
1	13,136.00	1,527.36	11,608.64
2	28,155.64	2,549.61	25,606.03
3	36,846.49	3,152.64	33,693.85
4	55,496.86	3,349.82	52,147.04
5	79,146.25	3,846.49	75,299.76

We forecast that sales will continue to grow at a decent rate for the next 5 years. Whereas expenses will grow slightly and begin to plateau in the future due to us solidifying the parts used and manufacturing process. This will result in our gross profit increasing at a higher rate than both sales and expenses.

Although these numbers are not quite as high as we would like them to be, once our company expands into different markets, like the boat and rideshare markets, we will see a much steeper rise in each category. These projections are also not set in stone and are likely to change both up and down.

Future Plans

In the next couple of years, we will be focused on getting the Happy Horn to be a well-known name. We will do this by continuing to take advantage of social media as well as in person sales via either brick-and-mortar bike shops or bike trials.

While we continue to make a name for ourselves we will be working on securing a deal with ride share companies like Lyft, Lime, and Bird. This contract would put a Happy Horn on many of their E-scooters around both college campuses and large cities. This is far in the future, but with enough customer feedback and an excellent product we will be able to quantitatively and qualitatively show these companies that users prefer riding with a Happy Horn and that safety is increased while riding.

We would also love to expand to the car and boat market. A boat is another perfect example of a vehicle that the Happy Horn would thrive on. Most boat users have fun while on the water and with the addition of a Happy Horn their experience would be even more joyful. Whereas the car market might see a higher usage of angry horn sounds as road rage continues to rise in the U.S.