



Maldere Effects

Business Strategy

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Overview

Maldere Effects is a Philadelphia-area boutique effects pedal company that designs and manufactures hand-made instrument effects pedals. We will create unique effects that result in a more organic user experience of a stompbox effect, and build in limited runs that focus on one or two designs at a time.

Our target market is musicians, guitarists and synthesists who are interested in experimenting, pushing boundaries, and innovating musical norms by exploring genre and form.

The operations of Maldere Effects will be handled entirely by its proprietor in the first phase of business, eventually bringing on two to three employees to assist with manufacturing, marketing, and order fulfillment as demand escalates the need.

Pricing Strategy

Main Product:

Maldere sells handmade instrument effects pedals.

Primary Unit of Revenue:

Per effects pedal.

Phase 1 Price Considerations

Combined personal and business expenses (monthly):

\$3,425.60

How many units sold per month:

20 pedals

Price per unit:

\$300

Phase 1 Rainy Day Fund

Total fund (6 months of personal and business expenses):

\$20,714.40

The number of months it will take to complete fund:

Just under 8 months

Phase 2 Price Considerations:

New combined personal and business expenses (monthly):

\$16,088.60

How many units will now need to be sold per month:

105 pedals

New price per unit:

Remains at \$300

Changes in Phase 2

Mainly, we will decide to take on employees to meet rising demand in Phase 2. Two of these employees will be assemblers, one full-time (40hrs/week) and one part-time (20hrs to 30hrs/week), and the third deals with order fulfillment. New employees at this stage are critical to increase production capacity and streamline order fulfillment. We estimate that a skilled full time (40hr/week) assembler can build 40-50 pedals per month, with a part time assembler capable of about half that. To accommodate rising demand and have a centralized location for the business we will also find new facilities from which Maldere can operate all manufacturing and fulfillment.

Phase 2 Rainy Day Fund

New total fund (6 months of personal and business expenses):

\$101,843.28

The number of months it will take to “top-off” the fund:

8 months

Personal expenses (monthly)	\$1,603.00
Business expenses (monthly)	\$1,849.40
Total expense (personal + business)	\$3,452.40

Business model that your plan is based on
Primary unit of income in the field you want to work in

Pedal Company
Pedal

Number of Pedals each month (max capacity)

20

Mark-up for savings or profit

75%

Price per unit

\$302

Gross income (monthly)	\$6,041.70
Personal gross income (monthly)	\$2,805.25
Personal reserve target (6 months living expenses)	\$9,618.00
Personal savings (monthly)	\$1,202.25
Business gross income (monthly)	\$3,236.45
Business reserve target (6 months business expenses)	\$11,096.40
Business profit (monthly)	\$1,387.05
Personal gross income (annually)	\$33,663.00
Personal profit (annually)	\$14,427.00
Business gross income (annually)	\$38,837.40
Business profit (annually)	\$16,644.60

Personal Expenses**(Example)**

Rent / Mortgage	\$400.00	\$455.00
Utilities (gas, elec, water)	\$133.34	\$50.00
Personal Phone	\$0.00	
Food	\$400.00	\$400.00
Student Loans	\$225.00	\$300.00
Health Insurance	\$150.00	\$100.00
Transportation (include auto insurance)	\$200.00	\$120.00
Entertainment	\$175.00	\$100.00
Credit Card payments	\$125.00	\$33.00
Other 1	Subscriptions	\$15.00
Other 2	Internet	\$30.00
Other 3	Fill in details here	
Other 4	Fill in details here	

months to save 8
% tot expenses 46%

Sum of all personal expenses		\$1,603.00
Mark up for savings or profit	75%	\$1,202.25
Expenses + mark-up		\$2,805.25

Work / Business Expenses**(Example)**

Business office space Rent	\$200.00	\$195.00
Business Utilities	\$66.66	\$25.00
Business Phone	\$125.00	\$125.00
Business Insurance	\$100.00	
Monthly License Fees (software, etc. - ProTools)	\$50.00	
Accountant's fees	\$100.00	\$200.00
Other 1	Material costs per 20 pedals	\$1,004.40
Other 2		
Other 3	Marketing & advertising costs	\$300.00
Other 4		

months to save 8
% tot expenses 54%

Sum of all business expenses		\$1,849.40
Mark up for savings or profit	75%	\$1,387.05
Expenses + mark-up		\$3,236.45

Personal expenses (monthly)	\$2,328.00
Business expenses (monthly)	\$14,645.88
Total expense (personal + business)	\$16,973.88

Business model that your plan is based on	Pedal Company
Primary unit of income in the field you want to work in	Pedal

Number of Pedals each month (max capacity)	104
Mark-up for savings or profit	85%

Price per unit	\$302
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Gross income (monthly)	\$31,401.68
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Personal gross income (monthly)	\$4,306.80
Personal reserve target (6 months living expenses)	\$13,968.00
Personal savings (monthly)	\$1,978.80

Business gross income (monthly)	\$27,094.88
Business reserve target (6 months business expenses)	\$87,875.28
Business profit (monthly)	\$12,449.00

Personal gross income (annually)	\$51,681.60
Personal profit (annually)	\$23,745.60
Business gross income (annually)	\$325,138.54
Business profit (annually)	\$149,387.98

Personal Expenses

		Phase 1	Amt Increase	Phase 3
Rent / Mortgage		\$455.00	\$195.00	\$650.00
Utilities (gas, elec, water)		\$50.00	\$50.00	\$100.00
Personal Phone		\$125.00		\$125.00
Food		\$400.00		\$400.00
Student Loans		\$300.00	\$150.00	\$450.00
Health Insurance		\$100.00		\$100.00
Transportation (include auto insurance)		\$120.00	\$40.00	\$160.00
Entertainment		\$100.00		\$100.00
Credit Card payments		\$33.00	\$100.00	\$133.00
Other 1	Subscriptions	\$15.00	\$5.00	\$20.00
Other 2	Internet	\$30.00	\$60.00	\$90.00
Other 3	Fill in details here			\$0.00
Other 4	Fill in details here			\$0.00
			\$600.00	

New Personal Expenses

New 1		
New 2		
New 3	fill in details here	
New 4	fill in details here	
New 5	fill in details here	
New 6	fill in details here	

Sum of all personal expenses	\$1,603.00	\$2,328.00
Mark-up for savings / profit		85%
Expenses + mark-up		\$4,306.80
% of total expenses		14%

Work / Business Expenses

		Phase 1	Amt Increase	Phase 3
Business office space Rent		\$195.00	\$355.00	\$550.00
Business Utilities		\$25.00	\$125.00	\$150.00
Business Phone		\$125.00		\$125.00
Business Insurance				\$0.00
Monthly License Fees (software, etc. - ProTools)				\$0.00
Accountant's fees		\$200.00	\$300.00	\$500.00
Other 1	Material costs per 20 pedals	\$1,004.40	\$4,218.48	\$5,222.88
Other 2				\$0.00
Other 3	Marketing & advertising costs	\$300.00	\$700.00	\$1,000.00
Other 4				\$0.00
			\$5,698.48	

* Material costs per pedal will decrease with bulk

New Business Expenses

			Capacity Increase (factor)
New Employee	FT Assembler (40h/wk): \$22/Hour, expected 50 pedals/month	\$3,520.00	250.00%
New Employee	Order fulfillment & Invoicing: \$15/Hour, 30 hours/week	\$1,800	20.00%
New 1	Standard VPS webhosting on Bluehost	\$18.00	
New 2	PT Assembler (20h/wk): \$22/Hour, expected 30 pedals/month	\$1,760.00	150.00%
New 3			
New 4			
New 5			
New 6	* Assembler quotas based on 1 pedal every 1h 20m		

percentage increase for how many additional pedals can be made with hire or equipment purchase. <<<

Sum of all business expenses	\$1,849.40	\$14,645.88	420.00%
Mark up for savings / profit	85%	\$12,449.00	
Expenses + mark-up		\$27,094.88	
% of total expenses		86%	

					Materials and Costs				
Manufacturer Price*	Cost Per Quantity	Quantity	Quantity Per Unit	Cost Per Piece	Shipping Cost*	Cost Per Unit	Item	Vendor	
PCB, Enclosure, Knobs									
\$0.74	\$14.72	20	1	\$1.74	\$20.00	\$1.74	85x110mm PCB, 1.6mm FR4 Tg130-140°C Lead-free HASL RoHS, 1oz Cu weight, Green	JLC PCB (China)	
\$5.99	\$119.80	20	1	\$5.99		\$5.99	Stock Aluminum Enclosures 125BB or 1590BB	Tayda Electronics	
\$1.00	\$20.00	20	1	\$1.00		\$1.00	Enclosure Powdercoating	Tayda Electronics	
\$0.45	\$90.00	200	10	\$0.45		\$4.50	Knobs	Tayda Electronics	
Integrated Circuits, Voltage Regulators									
\$0.23	\$4.60	20	1	\$0.23		\$0.23	LM7805 5v Regulator	Tayda Electronics	
\$2.99	\$119.60	40	2	\$3.09	\$3.80	\$6.17	Electric Druid StompLFO	Electric Druid	
\$0.79	\$15.80	20	1	\$0.79		\$0.79	PT 2399	Tayda Electronics	
\$0.35	\$7.00	20	1	\$0.35		\$0.35	RC4558 Dual Op Amp	Smallbear	
\$0.12	\$7.20	60	3	\$0.12		\$0.36	DIP-8 IC Socket	Tayda Electronics	
\$0.28	\$5.60	20	1	\$0.28		\$0.28	DIP-16 IC Socket	Tayda Electronics	
Electromechanical and Jacks									
\$1.15	\$46.00	40	2	\$1.15		\$2.30	Mono Audio Jacks (1/4") - Neutrik	Smallbear	
\$2.49	\$49.80	20	1	\$2.49		\$2.49	3PDT Foot Switches	Tayda Electronics	
\$0.47	\$18.80	40	2	\$0.47		\$0.94	SPDT On-On Switches	Tayda Electronics	
\$0.13	\$2.60	20	1	\$0.13		\$0.13	DC Jacks	Tayda Electronics	
\$0.17	\$10.20	60	3	\$0.17		\$0.51	5mm LED Bezels	Tayda Electronics	
Manufacturer Price*	Cost Per Quantity	Quantity	Quantity Per Unit	Cost Per Piece	Shipping Cost*	Cost Per Unit	Item	Vendor	
Diodes									
\$0.04	\$5.60	140	7	\$0.04		\$0.28	LEDs	Tayda Electronics	
\$0.01	\$0.20	20	1	\$0.01		\$0.01	1N4148	Tayda Electronics	
\$0.02	\$0.40	20	1	\$0.02		\$0.02	1N4001	Tayda Electronics	
Transistors									
\$0.47	\$9.40	20	1	\$0.47		\$0.47	J112/J113 JFET	Smallbear	
Resistors, LDRs, and Pots									
\$0.59	\$94.40	160	8	\$0.59		\$4.72	B 10k Potentiometers	Tayda Electronics	
\$0.59	\$11.80	20	1	\$0.59		\$0.59	A 10k Potentiometers	Tayda Electronics	
\$0.59	\$11.80	20	1	\$0.59		\$0.59	B 50k Potentiometers	Tayda Electronics	
\$0.78	\$62.40	80	4	\$0.78		\$3.12	Light Dependent Resistors	Smallbear	
\$0.01	\$0.26	40	2	\$0.01		\$0.01	100R 1/8watt metal film ±1% - Futaba	LCSC	
\$0.00	\$1.34	280	14	\$0.00		\$0.07	1k 1/8watt metal film ±1% - Futaba	LCSC	
\$0.01	\$0.17	20	1	\$0.01		\$0.01	4.7k 1/4watt metal film ±1% - Yageo	LCSC	
\$0.01	\$0.51	80	4	\$0.01		\$0.03	5k 1/8watt metal film ±1% - Futaba	LCSC	
\$0.00	\$1.25	260	13	\$0.00		\$0.06	10k 1/8watt metal film ±1% - Futaba	LCSC	
\$0.01	\$0.13	20	1	\$0.01		\$0.01	15k 1/8watt metal film ±1% - Uniroyal	LCSC	
\$0.01	\$0.13	20	1	\$0.01		\$0.01	100k 1/8watt metal film ±1% - Futaba	LCSC	
\$0.01	\$0.13	20	1	\$0.01		\$0.01	1M 1/8watt metal film ±1% - Futaba	LCSC	
\$0.01	\$0.18	20	1	\$0.01		\$0.01	10M 1/4watt metal film ±1% - Chian Chia	LCSC	
Manufacturer Price*	Cost Per Quantity	Quantity	Quantity Per Unit	Cost Per Piece	Shipping Cost*	Cost Per Unit	Item	Vendor	
Capacitors									
\$0.03	\$1.64	60	3	\$0.03		\$0.08	2.2n Film - Nistronics	LCSC	
\$0.03	\$1.23	40	2	\$0.03		\$0.06	10n Film - Nissei	LCSC	
\$0.03	\$1.09	40	2	\$0.03		\$0.05	47n Film - Nistronics	LCSC	
\$0.03	\$10.46	320	16	\$0.03		\$0.52	100n Film - Nissei	LCSC	
\$0.04	\$4.06	100	5	\$0.04		\$0.20	10u 50v 105°C Electrolytic - Panasonic	LCSC	
\$0.25	\$5.00	20	1	\$0.25		\$0.25	10u Tantalum	Smallbear	
\$0.05	\$0.91	20	1	\$0.05		\$0.05	47u 16v 105°C Electrolytic - Panasonic	LCSC	
\$0.05	\$1.06	20	1	\$0.05		\$0.05	100u 25v 105°C Electrolytic - Panasonic	LCSC	
Miscellaneous Costs									
\$0.00	\$0.00	20	1	\$1.25	\$25.00	\$1.25	Total Shipping for Parts from Bulk Suppliers		
\$21.36	\$17.09	0.8	0.04	\$21.36	\$0.00	\$0.85	Solder (1lb spools)	Mouser	
\$0.15	\$3.00	20	1	\$0.15	\$0.00	\$0.15	Wire (by foot)		
\$0.71	\$14.20	20	1	\$0.71	\$0.00	\$0.71	Packaging: boxes - 9"x8"x6" Standard Duty	ULINE	
\$20.00	\$4.00	0.2	0.01	\$20.00	\$0.00	\$0.20	Packaging: biodegradable peanuts - .01 cu. ft. per box	ULINE	
\$8.00	\$160.00	20	1	\$8.00		\$8.00	Shipping (combined parcel estimate and package costs)	USPS	
* Includes bulk pricing/other discounts for 50 pedals									
* Includes large order shipping discounts for 50 pedals									
						Cost for 20 units	\$1,004.36		
						Cost per unit	\$50.22		

Brand Description

Maldere Effects mission statement:

To leave behind the tried-and-tested in order to discover new potentials of stompbox effects, and push the boundaries of sonic exploration.

Our vision is to be a popular effects boutique that has earned its place in the hearts of many musicians as the company with pedals that always push boundaries, offering unique designs and always hand-made pedals, with a streamlined manufacturing facility that employs artists, designers, engineers, and assemblers. We want people who use our pedals to experience the learning curve of using a new piece of technology with a sense of wonder and discovery.

At Maldere Effects we value experimentation and oddity, exploration, noise, and excitement, variety and fresh ideas. Our goal is not to create pedals that fall into the normal paradigm of conventional effects; There's no need to make another fuzz or delay pedal, unless it offers something much more exciting; granular delay, in-depth modulation with extensive routing to different parameters, self-interacting parameters - a delay that can not only be a delay, but a chorus, vibrato, or something else totally off the map. We believe that creating effects pedals based on what will be popular leads to a homogenized suite of effects for musicians to choose from, and so Maldere Effects seeks to disrupt the wash of pedal clones and boring copies with a truly original take.

Competitive Strategy

Maldere Effects is pursuing a differentiation strategy among guitarists and synthesists in the boutique pedal industry. We seek to differentiate ourselves by offering designs that are not copies, clones, retro pastiche, or otherwise conventionally found elsewhere.

Our direct competitors include the likes of Malekko, Earthquaker Devices, Montreal Assembly, to name a few. Others in our locale include Champion Leccy, Fuzzrocious, and Adventure Audio. However, companies in competition with Maldere Effects also includes those selling instruments and other audio electronics, but in general anyone who targets the same demographic as us with luxury goods.

Maldere Effects will target the greater Philadelphia and NYC area, aiming to sell our effects to musicians and sonic artists ages 20 to 40 in the middle and upper middle class, implying that they have some expendable part of their income to spend on their hobby or craft. These people are most likely male and college educated, though not necessarily, nor do we deem those facets as a necessary part of our brand.

In terms of competitive advantages, we intend to take advantage of the various grants offered to start-ups by our proprietor's alma mater, The University of the Arts. These grants will enable Malder Effects to enter business with very low cost and, as it follows, lower financial risk.

Positioning Statement

For the divergent musician who seeks to sculpt their sound with effects that run the gamut from less-than-conventional to downright absurd, Maldere Effects is a boutique effects pedal company that transforms the familiar format of effects boxes into inspirational and organic designs apt for sonic exploration. Unlike the heaving droves of boutique pedal builders, Maldere Effects aims to leave behind the tried-and-tested in order to explore new potentials of stompbox effects.

Communication Strategy

Advertising

Stompbox effects are best sold through stellar demonstrations of the pedal, especially in the boutique world where musicians may be unable to find a retailer keeping stock of a boutique effect for potential customers to try themselves. Therefore, Maldere Effects will focus the bulk of its advertising on mediums which support video with sound.

Social media platforms like Instagram, Facebook, and Twitter are conducive to short video ads, and also allow targeted marketing with helpful analytics, and so we will focus ad campaigns targeting new customers on those platforms, as well as returning customers when new pedals are released. Furthermore, we find that YouTube is also an important medium for advertising through popular gear channels such as Knobs and ProGuitar, and that typically people who seek out these demos are potential buyers. Because of the

importance of video demos, much of Maldere Effects' advertising will be in a demo format.

Online ads via Google Ads will be placed to advertise on music tech news sites and forums (GearsLutz, TDPRI, ElectroSmash, etc) as well as retailers/online magazines (Reverb, Sweetwater, Zzounds, etc), however print ads in magazines and catalogs will be out of reach for some time, considering industry giants tends to reserve those ad spaces and therefore drive up the cost.

Social Media

As mentioned, social media plays a large part in spreading brand awareness for boutique pedal companies. The most successful boutiques have strong social media and help promote each other and musicians who use their gear for a return of the favor. Boutiques are very much rooted in online communities, and much of the word-of-mouth that helps their work become known is a result of community engagement.

Maldere Effects will attempt a social media campaign that alternates between social media platforms daily; each post per platform will more or less feature different content, except in the event of major news like new releases, etc.

Facebook will be more useful for announcing trade show appearances and promotion of events, as we believe events are largely Facebook's strong suit, as well as announcing sales, targeted ads, posting when pedals are back in stock. This means posts to Facebook will be a little more sparse, but we believe that most people are more interested in updates from their personal friends on Facebook and therefore it seems more appropriate for a brand to post only when it's relevant, brand-related news.

Instagram will be a good platform to post more frequently (about every other day), with short demos, product shots, and in-progress content, as well as major announcements (coinciding with all other platforms). As a visual/media-oriented form of social media, Instagram is a good opportunity to represent the brand in a way that comes across quickly when someone visits the Maldere Effects page. However, because it is media- and brand-based, posts will take more planning and coordination.

Twitter is a much more casual platform, and mostly excels in the area of engagement; retweeting music tech news, other pedal companies, direct interaction with my demographic/target market. Like the other two socials, major news will always be

posted, but the strongest features on Twitter are in the opportunity to engage followers in a personal/casual/more informal way.

Other forms of social media may include online communities on forums such as TDPRI, DIYstompboxes.com, as well as various subreddits like r/guitar or r/diypedals. Engaging these communities is important to generate a grassroots following for the brand and our work.

Public Relations (PR)

Public relations largely entails trade shows and contacting various gear reviewers to send them pedals for demonstrations. Trade shows are discussed further under “Interpersonal Sales.” We will target channels such as “Knobs” on YouTube that align with our brand for reviews. Additionally, we will attempt to submit content to social media pages whose following consists largely of our own target market, like PowAcademy, with short videos featuring our gear as a means of generating press on Maldere Effects.

Website

The Maldere Effects website will be a blend of ecommerce and brand/pedal information. Pedals will be sold primarily through the website, though in early start-up stages we will use a Reverb.com storefront until a robust ecommerce page is live. We will mainly sell our pedals online, reserving merchandise such as stickers or t-shirts for interpersonal meetings such as trade shows, or bundling them with large purchases. Metrics will be set up to track where people are coming from when they visit the website and then determine how far they get in the checkout process (do they add items to their cart, do they sign up for the newsletter, do they go to checkout but not buy, do they actually buy, etc). This way, we can then see which advertising methods get people the furthest, as far as ads on social media, as well as measure newsletter engagement and effectiveness.

Newsletter

The newsletter will be a monthly or bi-monthly highlight of things across Maldere’s social media accounts, as well as a quick preview of the new blog post with a link to read the rest in order to direct traffic to our website, which doubles as a storefront. Customers

will by default be subscribed to the newsletter when they make a purchase, though there will be a manual sign up option as well. To incentivize people to join the mailing list, we will offer free shipping at checkout for newsletter subscribers. As mentioned under the “Website” section of this plan, newsletter effectiveness can be measured using unique links from the newsletter to our website in order to track who visits the website via the newsletter, and if they add any items to their cart or check out (or early on, if they visit the Reverb.com store).

Interpersonal Sales

Trade shows are an expensive but important aspect of this industry, but larger ones will be more or less inaccessible to be in the beginning. Community meetups - synth groups in the Philadelphia area, as well as pedal and amp shows at Johnny Brendas, for instance - are another way. They will mostly be a way to generate brand awareness, but can also lead to sales. We also intend to drop off products at resale locations in person and at times when these stores have some traffic in their shop, not as a way to try and peddle pedals to people (seems unprofessional), but once again to try and raise brand awareness and give out some stickers, business cards, etc. We plan to print business cards on 3.5"x2" PCBs, with a simple LPB-1 pedal circuit that may be assembled by the recipient with their own parts.

The frequency of these meetings and amount of time spent on them is contingent on the number of events that are happening in a given month. For the first phase, we will likely stick to local (Philadelphia area) or semi-local (Delaware, New York, Massachusetts) events. As far as dealing with retailers, these meetings depend on how often they need to be restocked.