



# Front Porch Event

## Business Plan – Part 3 Return on Investment

with Christine Teeple  
Red Rock Lavender

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May 11, 2023



# Return on Investment

Presented by Christine Teeple  
Red Rock Lavender



Red Rock Lavender



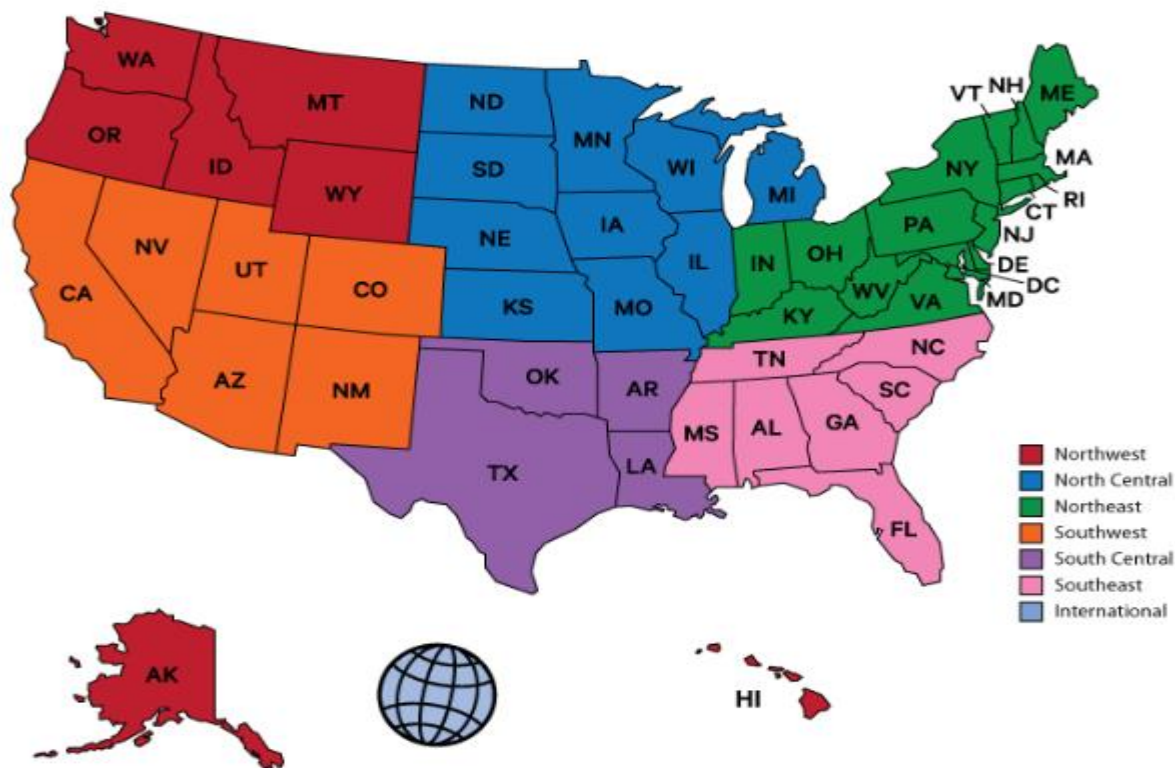
# Our Story

- ◆ 1998 - Started the business in northeastern Arizona with 200 plants, now have 40,000 lavender plants.
- ◆ 2000 - Started selling dried lavender products at farmers markets and local festivals.
- ◆ 2002 - Starting distilling Lavender EO to make a wide range products.
- ◆ 2003 - Created website with shopping cart.
- ◆ 2002 - 2005 - Vendor booth at trade shows to develop wholesale business.
- ◆ 2002 to 2004 – Offered lavender tours by invitation only.
- ◆ 2005 to 2022 – 8 day Lavender Festival open to the public.
- ◆ 2004 – Built farm store/workshop.
- ◆ 2015 – Planted a vineyard.
- ◆ 2017 – Built wine tasting room.
- ◆ 2023 – Lavender Bloom and Wine Event 18 day summer event.



# Pulse Poll #1

1. What region is your lavender farm/lavender business located?



2. How many years have you been operating a lavender farm/lavender business?

# + Know Your Audience



# + Revenue Opportunities – On Site

Farm Tours  
U-Pick Days  
Festivals  
Weddings  
Farm Lunches/Dinners  
Special Group Functions  
Concerts  
Wholesale Buyers Day  
Seasonal Sales  
Farm Stays/B&B  
Crafting Classes/Demos/Workshops



# Revenue Opportunities - Off Site

Street Fairs

Community Festivals

Chamber of Commerce

Sponsored Events

Farmers Markets

Holiday Events

Fund Raising Events

Crafting Classes

Speaking Engagements with  
a table to sell products.

Demo products at retail  
stores that carry your  
product.

Booth at relevant trade show  
– wholesale account  
development.



# Wholesale and Online Sales

## Wholesale

Gift Shops/Boutiques

Spas

Botanical Garden Gift Shops

Private Labeling

Hospital Gift Shops

## Online

Website with a Shopping Cart

Third Party Sites:

EBay

Amazon

Social Media:

Tik Tok

Instagram

Facebook

# + Benefits of On Site Events

## Farm Experience Sells Products



# + Events On Site – Profitability



## Lavender Festival

8 Days a Year  
3,000 Attendees  
Labor: 700+ Hrs.  
Sales: \$97,296  
D & I Expenses:  
\$60,286  
Profit Before  
Taxes: \$37,010  
ROI: 38%



## Fall Sale

5 Days a Year  
160 Visitors  
Labor: 80+ Hrs.  
Sales: \$4,900  
D & I Expenses:  
\$2,600  
Profit Before  
Taxes: \$2,300  
ROI: 47%



## Farm Store

Open 4 Days per  
Week per Year  
15 Visitors/Day –  
3120 per Year  
Labor: 1248+ Hrs.  
Sales: \$96,720  
D & I Expenses:  
\$64,327  
Profit Before  
Taxes: \$32,393  
ROI: 33%

# + Events On Site – Profitability



## U-Pick & Farm Store Open (Option 1)

50 Attendees/Day

Labor: 6+ Hrs.

Bundle: \$5.00/1

U-Pick Sales: \$250

Shop Sales: \$775

Total Sales: \$1,025

D & I Expenses: \$734

Profit Before

Taxes: \$291

ROI: 28%



## U-Pick & Farm Store Open (Option 2)

50 Attendees/Day

Labor: 6+ Hrs.

Bundles: \$7/1 (buy 20),  
\$18/3 (buy 20), \$25/5  
(buy 10)

U-Pick Sales: \$750

Shop Sales: \$775

Total Sales: \$1525

D & I Expenses: \$938

Profit Before

Taxes: \$587

ROI: 38%



## Tours & Farm Store Open

20 Attendees/Day

Labor: 6+ Hrs.

Tour: \$10.00/PP

Tour Sales: \$200

Shop Sales: \$310

Total Sales: \$510

D & I Expenses: \$260

Profit Before

Taxes: \$250

ROI: 49%

# + Events Off Site – Profitability



**Vendor at Rose Bowl Flea Market**  
 Monthly Event (7x)  
 20,000 Attendees  
 Labor: 220+ Hrs.  
 Sales: \$4,475  
 D & I Expenses w/space: \$3,122  
 Profit Before Taxes: \$1,353  
 ROI: 30%



**Christmas Boutique**  
 1 Day  
 20 Attendees  
 Labor: 20+ Hrs.  
 Sales: \$248 (10% donation)  
 D & I Expenses: \$170  
 Profit Before Taxes: \$78  
 ROI: 31%



**Master Gardeners Presentation**  
 1 Day  
 22 Attendees  
 Labor: 10+ Hrs.  
 Sales: \$750  
 D & I Expenses w/ travel: \$637  
 Profit Before Taxes: \$113  
 ROI: 15%



# Comparison

Event	People	Labor Hours	Days per Year	Sales	Expenses Direct & Indirect	Profit – Pre Tax	ROI
On Site							
Lavender Festival	3,000	700+	8	\$97,296	\$60,286	\$37,010	38%
Farm Store	3,120	3,120+	208	\$96,720	\$64,327	\$32,393	33%
Fall Sale	160	80+	5	\$4,900	\$2,600	\$2,300	47%
U-Pick & Store (1)	50	6+	1	\$1,025	\$734	\$291	28%
U-Pick & Store (2)	50	6+	1	\$1,525	\$938	\$587	38%
Tour & Store Open	20	6+	1	\$510	\$260	\$250	49%
Off Site							
Booth at an Event	20,000	220+	7	\$4,475	\$3,122	\$1,353	30%
Xmas Boutique	20	20+	1	\$248	\$170	\$78	31%
Presentation	22	10+	1	\$750	\$637	\$113	15%

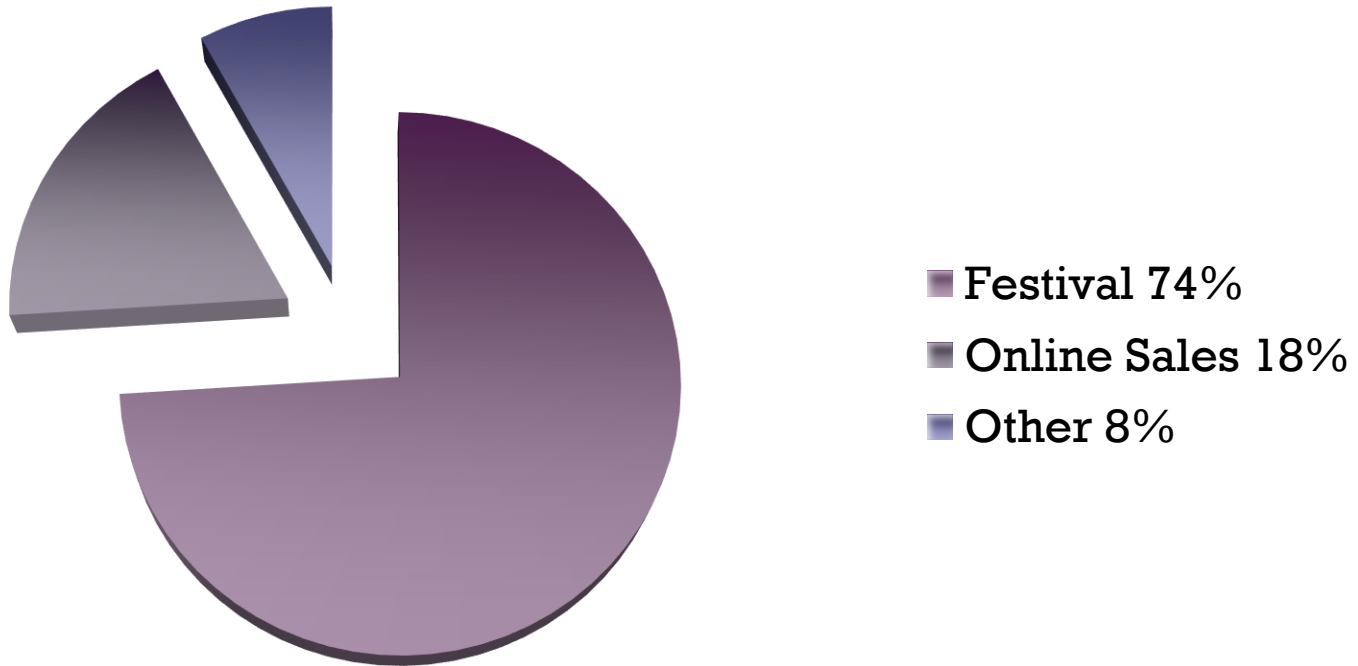
# + Events with Best Overall Results

Event	People	Labor Hours	Days per Year	Sales	Expenses Direct & Indirect	Profit – Pre Tax	ROI
On Site							
Lavender Festival	3,000	700+	8	\$97,296	\$60,286	\$37,010	38%
Farm Store	3,120	3,120+	208	\$96,720	\$64,327	\$32,393	33%
Fall Sale	160	80+	5	\$4,900	\$2,600	\$2,300	47%
Off Site							
Booth at an Event	20,000	220+	7	\$4,475	\$3,122	\$1,353	30%

# + Events with Best Results Compared to Efforts

Event	People	Labor Hours	Days per Year	Sales	Expenses Direct & Indirect	Profit – Pre Tax	ROI
On Site							
Lavender Festival	3,000	700+	8	\$97,296	\$60,286	\$37,010	38%
Fall Sale	160	80+	5	\$4,900	\$2,600	\$2,300	47%
U-Pick & Store (2)	50	6+	1	\$1,525	\$938	\$587	38%
Tour & Store Open	20	6+	1	\$510	\$260	\$250	49%
Off Site - None							

# + Percentage of Business



# + Am I Making Any Money?



# + Am I Making Any Money? – Step 1

- ◆ Make sure the effort you are putting in is paying off.
- ◆ In order to measure this you will need to do some calculations on your costs to determine your profitability.
- ◆ Determine your direct and indirect costs to determine your Return on Investment (ROI)

# + Am I Making Any Money? – Step 1

## ◆ Direct Costs

Defined as costs which can be accurately traced to a cost object such as a product. For example, the cost of the materials used to create a product is a direct cost. There are very few direct costs. The cost of any consumable supplies directly used to manufacture a product can be considered a direct cost. Most direct costs are variable.

## ◆ Indirect Costs or Overhead

Defined as costs which cannot be accurately attributed to specific cost objects (repairs, utilities, insurance, salaries, rent, etc.). Overhead at privately held retailers, for example, averaged **22 percent**.

# + Am I Making Any Money? – Step 1

<b>Direct Costs</b>	<b>Examples</b>
Products	\$13,421
Labor (Hourly)	\$7,560
	\$20,981

<b>Indirect Costs</b>	<b>Examples</b>
Utilities	\$6,026
Insurance	\$2,325
Supplies	\$2,021
	\$10,372

Gross Sales	\$50,000	Example
Direct Costs	-\$20,981	42%
Indirect Costs	-\$10,372	21%
Pre Tax Profit	\$18,647	37%

# + Am I Making Any Money? – Step 2

- ◆ Are my products priced correctly for profitability?
- ◆ Create a spreadsheet of your costs to make and package your products and establish the pricing.
- ◆ Update when the cost of materials increase or decrease.



# Am I Making Any Money? – Step 2

PRODUCT LIST	SIZE	PACKAGE	CONTAINER	PRODUCT	EO or Other	LABEL	LABOR	Sub TOTAL COST	Overhead 20% Indirect Costs	TOTAL COST	PRICE PER UNIT	
											Wholesale	Retail
											Lavender Spray Mist	8 oz
Lavender Spray Mist - Travel Size	2 oz	Alum Spray	\$ 0.93	\$ 0.25	\$ 0.05	\$ 0.28	\$ 0.35	\$ 1.86	\$ 0.37	\$ 2.23	\$ 5.50	\$ 8.50
Lavender Liquid Soap Pump \$ .36	8 oz	PET Pump	\$ 0.66	\$ 2.05	\$ 0.75	\$ 0.34	\$ 0.75	\$ 4.55	\$ 0.91	\$ 5.46	\$ 11.00	\$ 18.00
Lavender Lotion Pump \$ .36	8 oz	PET Pump	\$ 0.66	\$ 2.90	\$ 0.75	\$ 0.34	\$ 0.75	\$ 5.40	\$ 1.08	\$ 6.48	\$ 12.50	\$ 20.00
Lavender Lotion	2 oz	PET Pump	\$ 0.71	\$ 0.70	\$ 0.25	\$ 0.28	\$ 0.50	\$ 2.44	\$ 0.49	\$ 2.93	\$ 5.90	\$ 8.50
Lavender Shea Butter	4 oz	Jar	\$ 2.16	\$ 2.88	\$ 0.50	\$ 0.17	\$ 1.00	\$ 6.71	\$ 1.34	\$ 8.05	\$ 16.00	\$ 27.75
Lavender Shea Butter	1.35 oz	Jar	\$ 1.16	\$ 1.00	\$ 0.15	\$ 0.14	\$ 0.50	\$ 2.95	\$ 0.59	\$ 3.54	\$ 6.70	\$ 12.50

# + Am I Making Any Money? – Step 3

- ◆ Did my event make the profit that I wanted?
- ◆ How did it compare to other years? What are the trends?  
Helps to plan for future events.
- ◆ Create a comparative chart. Determine your Direct and Indirect Costs to calculate Pre Tax Profit.



## Pulse Poll #2

1. From Christine Teeple's definition of profitability, do you consider your business or farm profitable?
2. In what year of operation did you achieve profitability?



# + Test the Waters: Years 1-2

- ◆ Start small and stay within your means.
- ◆ Keep your day job until business is self supporting.
- ◆ Keep you events small to begin with - offer tours on your farm by invitation only with shop open.
- ◆ Offer tour dates for special groups (Red Hat Ladies, Garden Club Members, Wholesale Clients).
- ◆ Offer to speak at garden clubs, chamber of commerce meetings, etc. and get permission to sell your products afterwards.
- ◆ Try a booth at farmers markets and local festivals.
- ◆ Plan ahead and budget your anticipated sales and costs.
- ◆ Evaluate your product offerings and pricing regularly.

# + Focus: Years 3-6

- ◆ Once you have some experience under your belt, narrow down the events you would like to produce or participate in that are the most profitable and the least labor intensive.
- ◆ If you have been doing tours by invitation only, you may now want to offer a festival instead.
- ◆ Consider building a farm store that could be open year round or seasonally. (Are you easily accessible, close to a city or tourist area, do you want to operate a shop?).
- ◆ Create a shopping cart website to sell your products year round.
- ◆ Have a marketing plan to bring people to the event (ads, social media, press, email blasts using your mailing list, post info. on your website, hand out flyers, etc.)
- ◆ Re-evaluate your product offerings (too many? losing popularity?).
- ◆ Evaluate the success of your events and your ROI.

# + Refine: Years 7+

- ◆ Do the events that you enjoy and that make money.
- ◆ By now you have your direction solidified but be flexible.
- ◆ Events - create 1 or 2 new activities each year so people will want to return.
- ◆ Find out how people heard about you to see where your advertising dollars are paying off.
- ◆ Perfect the way you track and measure your costs and profitability.
- ◆ Listen to your customer's suggestions on improving an event, listen to your staff on what ideas they have.
- ◆ Keep in touch with past attendees via email to announce event dates, new product offerings, send loyal customer discounts, etc.
- ◆ Continually evaluate the success of your events and your ROI.

# + Take Aways

- ◆ Know your mission/vision and your audience.
- ◆ Plan ahead.
- ◆ Design events to match your products.
- ◆ Start small.
- ◆ Tell your story and get your products into the customer's hands. Know you are developing future sales.
- ◆ Staffing – treat your staff well.
- ◆ Get mileage – Take photos, invite the press, write about it, blogs, social media, etc.
- ◆ Do the numbers to see if you are making money.

**Thank you for attending!**

[uslavender.org/front-porch](https://uslavender.org/front-porch)

USLGA's Education and Research Committee hosts Front Porch webinars to share with and educate lavender lovers everywhere.

[education@uslavender.org](mailto:education@uslavender.org)



*Next Session:*

## **Lavender Personal Products**

Thursday, June 22, 2023

5 pm PT/8 pm ET

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**Speaker: Sarah Richards**

*Select resale products that are right for you and your business.*

