



HARGROVE
WHOLESALE LLC



BUSINESS GROWTH PLAN

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TABLE OF CONTENTS

I. EXECUTIVE SUMMARY.....	1-2
II. INTRODUCTION.....	3-4
III. SWOT ANALYSIS.....	5-8
IV. FIVE YEAR PLAN TO GROW AND EXPAND THE BUSINESS.....	9-10
V. FINANCING PLAN.....	11-13
VI. CONCLUSION.....	13
VII. BIBLIOGRAPHY.....	14
VIII. APPENDIX.....	14-17

I. EXECUTIVE SUMMARY

Business Operations

- Sole-proprietorship
- Owned & operated by a high school student

Products Sold

- Hardware
- Tools
- Exercise Equipment
- Appliances

Unique Characteristics

- Broad target market
- Variety of products
- Spectrum of Sales
- Discounted name-brand items
- Low promotional costs



STRENGTHS

- High Profit Margins
- Product Availability
- Low Maintenance & Marketing Costs
- Fast Sales
- Multiple Sales Platforms

WEAKNESSES

- Storage Space
- Logistics

OPPORTUNITIES

- Expand Product Lines
- Relocation
- Weekly Contracts

THREATS

- Poor Reviews
- Rapid Expansion
- Product Shortages & Inflation

I. EXECUTIVE SUMMARY

Five-Year Plan to Grow & Expand

Expansion Opportunities

- We are moving into Atlanta within the next 2 years
- Moving into a warehouse to allow bigger loads to come in
- Making our warehouse space double down as a retail store where people can shop around

New Market Analysis

- By moving into Atlanta our potential customer base will increase by 6 times
- Word of mouth and google ads will drive up our new retail front warehouse concept

Marketing Plan

- Pricing- Maintain our pricing of 50% or less than retail on items
- Promotion - Double Down on Facebook Marketplace and Ebay Sales
- People - Hire employees to maintain and help manifest all New items coming in and also get an overseas customer sales rep to get new leads and talk to customers

Capital Needed

- Additional \$125,000 needed to achieve expansion plans



II. INTRODUCTION

A. Type Of Business

Hargrove Wholesale is a Sole Proprietorship LLC, and is a product based Liquidation business. Liquidation is the process of buying return pallets from other businesses and reselling those products at a discounted rate. Our current operations are known as B to C because we buy truckloads of assorted products and sell them to consumers. At the moment we have two types of income streams: online and in-person sales. Online takes up the majority of our sales with approximately 60 percent of our year-to-date revenue. The remaining 40 percent consists of in-person sales.



B. Type of Products Sold

It is the nature of the liquidation industry to receive a wide variety of products - the reason for this is product availability. For example, our business shifted from selling electronics to appliances due to a shortage of available electronic merchandise. Our three primary products, as of 2024, include appliances, tools and exercise equipment; however, this can change at any time due to demand and/or cost of merchandise.

Hargrove Wholesale is the only business in Georgia authorized to sell returned exercise equipment from Costco. We currently have a contract for guaranteed non-manifested truckloads from Costco. The contract ensures product supply is consistent but, non-contracted items may result in shortage issues.

Tools



Exercise Equipment



Appliances



II. INTRODUCTION

Product Line - 2023



Product Line - 2024



C. Unique Characteristics of Our Business

As a liquidator there are many unique characteristics that come with our business. One of the most valuable characteristics is the flexibility and variety of products we sell. We can switch from one product to another instantly and reach different target audiences.

Another advantage is there is no set business model with liquidation. There are businesses that decide to sell truckloads, some that sell pallets and even some that decide to sell individual items like us. Most people think of liquidation sales on a spectrum and each owner gets to pick what part of the spectrum to belong on.

Another unique part of Hargrove Wholesale is our target market. Our market segmentation is broad and changes based on our inventory and we reserve the ability to choose our market. For example, our business targets small businesses and industrial workers for tools and equipment. We focus on this audience because Hargrove Wholesale wants to give the opportunity for contractors to save money while also gaining the same quality as they would at a retail store.



SWOT ANALYSIS

A. STRENGTHS

High Profit Margins

Hargrove Wholesale has high profit margins. We are currently netting a 67% profit margin, (average taken via items per shelf/pallet space). The average profit margin in most businesses is 30% and we are more than double the national average (CFOhub.com).

Product Availability

Due to the nature of retail businesses and return policies, products are always available to buy from various stores. Even if a specific truckload is not available for purchase, there are always alternatives. In the liquidation business if you can sell it, you should buy it, even if it is not an item you normally like to purchase.

Low Maintenance & Marketing Costs

Our current overhead expenses are low and this helps with our high profit margins. For example, we are fortunate in that we do not need office space, traveling expenses are rare and we are able to conduct businesses with only two employees. Most everything can be done from a Storage Unit or small warehouse. Our only major costs are Storage, and Shipping but those are normal for any product based businesses.

Another major advantage of our business is there are very few marketing expenses. Unlike most other businesses, we do not have to market our brand or any of our products because we sell popular brands that promote themselves. For example, we sell established name brands like Nordic Track exercise equipment, Samsung electronics, and Milwaukee tools. Our primary form of promotion is using free listings on Facebook and Ebay.

Fast Sales

Because our products are priced affordably most of our items are very easy to sell. For instance, we consistently maintain a waiting list of 10 people ready to purchase treadmills as they become available. It is a seller's market for exercise equipment and we capitalize on this as much as possible. In addition, we are able to turn our items on a weekly basis with an average of an 8 day holding time. This time period includes when we receive items, sell them and replenish inventory.



SWOT ANALYSIS

A. STRENGTHS

Multiple Sales Platforms

Hargrove Wholesale utilizes three main sales platforms to conduct business. Using different platforms enables us to diversify our inventory, reach a larger audience and also helps with fast turns. Most of our smaller items are listed on eBay. We have found customers are willing to pay more shipping costs for smaller products instead of picking their order up in person. Our bigger items such as appliances and exercise equipment are sold on Facebook Marketplace and customers will travel to our warehouse for their orders. We prefer this type of transaction as it saves us both time and expenses, not to mention the challenges of prepping large items for shipping. In addition, the payment process is also simpler as most customers prefer to pay in cash instead of using electronic forms of payment.

B. WEAKNESSES

Storage Space

Our biggest overhead cost is our multiple storage units. We store inventory in 7 units and pay in excess of \$1,500 per month. Our operating space is small, crowded and hard to organize and can be cumbersome to locate items at times.

Logistics

We face unique logistical issues such as receiving a shipment without a liftgate. This makes deliveries cumbersome and challenging and costs us time. Delivery appointment times are also a big issue because many drivers fail to communicate their estimated time arrival, leading to us having to rearrange schedules to meet them at our storage units. We would like to find a more reliable carrier, such as Estes or RS Group, that can deliver our truckloads quickly and efficiently, but would require double or triple the cost we are currently paying. We also need to find a better way to track sales. We currently keep a paper record and need to switch over to an electronic method so we can increase efficiency.

SWOT ANALYSIS

C. OPPORTUNITIES

Expand Product Lines

We would like to increase our product offerings within the next 5 years. We have tested sales on pallets of both jewelry furniture and feel these would provide great opportunities for future Investments.

Relocation

We plan to move into the greater Atlanta area to expand our potential customer base. Our potential clients would increase by 6 times the amount we currently serve and this area would provide more warehouse storage opportunities.

Weekly Contracts

Weekly contracts are agreements with big box retailers where a flat price is paid for multiple truckloads of merchandise. Some of these contracts are very rigorous due to the need for ample storage space and capital; however, it is an amazing investment due to the low prices and guaranteed product restocks embedded into the contract. In addition, these contracts would provide the opportunity for us to begin selling in bulk to other companies in addition to our B2C model. While not as profitable as B2C, we can charge 10-30 percent more on each truckload while also saving precious inventory space that is always hard to find in this market. Hargrove Wholesale has intent to invest in these contracts to guarantee product availability and long-term ROI.

D. THREATS

Poor Reviews

Hargrove Wholesale is a relatively new business and is working hard to establish a strong reputation. As our business continues to develop and grow, daily operations will become more challenging to monitor and control due to the lack of time available to our owner. Our quality of service may decrease as a result and could be a huge issue. Poor reviews are one of the worst things a business can receive because so many consumers rely on reviews before they make buying decisions.

SWOT ANALYSIS

D. THREATS

Rapid Expansion

While expansion is a strong opportunity for Hargrove Wholesale, moving too quickly can also present challenges. Finding the right pace is crucial for a successful business. If we expand too quickly, we may miss opportunities to add new products, or opportunities to maximize our profits. Also, if we move into a space that we cannot maximize, that can lead to less profits and can even cause our business to move into a smaller space which is a huge loss after breaking a lease agreement.

Product Shortages/Inflation

The liquidation industry is similar to others in that the larger companies often times monopolize the market. Larger liquidation businesses use their resources and capital to purchase contracts with retailers, leaving fewer opportunities for smaller companies to capitalize on them. Liquidation is a money ladder and prices increase for companies further down on the ladder. Higher costs are then passed down to the consumer, resulting in lower profit margins for middle men such as ourselves. Many small liquidation businesses shut down due to the difficulties with product shortages, rising costs and lack of opportunities.

IV. 5 YEAR PLAN TO GROW AND EXPAND

A. Expansion Opportunities

Within the next five years we plan to expand into many new markets. Currently we plan to move our location into the city of Atlanta in order to gain a bigger customer base for our in person sales. We plan to go forward with this expansion once our owner graduates high school in 2026. Along with this growth we plan to expand our product inventory by moving into a warehouse. Right now we currently pay \$15 per square foot at our storage units, and we plan to move into a warehouse to lessen the cost of storage once we surpass 2,000 square feet of storage space rented. The ongoing rate in Atlanta is around 8 dollars per square foot meaning we will be paying right around half in storage costs as we do currently in flowery branch Georgia. This expansion into a warehouse will also make shipping costs go down significantly due to the addition of a loading dock in the majority of warehouses in Atlanta meaning we will be able to take on bigger loads without the use of a liftgate. We are also looking into full time employees that would help us keep up with and manifest inventory saving more time for us to market and sell all of the items we get in.

B. New Market Analysis

As we move into Atlanta our market population will increase from 1 million people to around 6 million people. We have the chance to dramatically increase our current in-person leads while keeping the same marketing strategy. Another big advantage about our new market is that we have an opportunity to get in cheaper products because a lot of our major suppliers have warehouses in Atlanta meaning we get our products from literally next door to where we sell them at. Many major businesses such as Costco, Home Depot and even Amazon have liquidation hubs in Atlanta. With the massive expansion into Atlanta, we also plan to take over full markets of these retail stores like Costco by buying up as many pallets as possible and load availability in certain categories to limit competition.

IV.5 YEAR PLAN TO GROW AND EXPAND

C. Marketing Plan

As we move forward with our business we plan to mainly focus on Facebook and eBay sales. Reviews are key with both of these platforms and we plan to focus on customer satisfaction over sales to ensure we receive the highest ratings possible. The first step we will take is to develop a team of fast responding customer service reps to make sure all of our potential and existing customers are satisfied with contacting/purchasing from us. Right now our owner spends over 2 hours a day messaging with customers and we plan to move on with our business in the same sort of fashion of putting our customers first over anything. We also want to incorporate our warehouse as a sort of retail space and we will use word of mouth and Google ads to inform customers. Doing this will allow customers to shop in our warehouse for everyday needs instead of by appointment only as we currently are. This change should increase our market share outside eBay and Facebook.

Facebook Reviews



Current Storage Challenges



V. FINANCING PLAN

A. Current Financial Situation



At This moment Hargrove Wholesale has a 68% Net profit margin meaning we are very profitable as of the last quarter. We average getting most items around 9 percent retail, but it becomes around 14 percent retail post shipping pallets to our facility. When it comes to money in the bank, we keep our profits in many assets from Index funds to crypto currencies, but at this moment we have about \$50,000 dollars to spend on overhead costs, \$150,000 dollars in saved assets with \$25,000 allocated for inventory and the remaining \$125,000 goes towards savings.

B. Fixed Overhead and Cost of Operations

We have two streams of fixed overhead. Our biggest expenses include inventory, labor and storage costs. In addition, we incur shipping costs, selling fees, taxes, insurance and customer relations management subscription.

V. FINANCING PLAN

C. Capital Needed for Expansion

In order to expand into a warehouse in the greater Atlanta are, we will need approximately \$250,000 - \$300,000 to cover the following costs:

- **Greater Atlanta warehouse space**
 - Annual lease of \$66,000 (5,000 square foot warehouse x \$13 per square foot)
- **Inventory**
 - \$75,000 of inventory costs to maximize warehouse space
 - 10 full truckloads at \$7,500 each
- **Labor**
 - Full-time warehouse manager annual salary = \$50,000 - 60,000 dollars
 - Online customer service/lead response representatives = \$15 dollars an hour
- **Emergency Fund**
 - \$50,000 to offset unforeseen costs and expenses



V. FINANCING PLAN

D. Time to Achieve Profitability

Hargrove Wholesale has been profitable since April 2024 due to our low overhead costs and high sales volume. In order to achieve profitability with our expansion we estimate an additional time frame of 6-12 months once we relocate to a warehouse. We project annual gross sales of \$400,000 by 2026 based on our current sales projections.

VI. CONCLUSION

Hargrove Wholesale is a brand new promising business that has already earned \$127,000 in sales in its first official year. In order to effectively grow this business over the next 5 years, we plan to move into the heart of Atlanta to expand our customer base and our inventory turnover. We also plan to use word of mouth to our advantage by making our warehouse not only for storage but also use it as a retail space so people can come in and shop all of our new in coming inventory. We will also hire full-time employees to manage our inventory, warehouse and customer service.



VII. BIBLIOGRAPHY

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<https://ecorp.sos.ga.gov/businesssearch/BusinessInformation?businessId=4339826&businessType=Domestic%20Limited%20Liability%20Company&fromSearch=True>

<https://www.instagram.com/hargroveholdingsllc/>

VIII. APPENDIX

A. FACEBOOK SALES AS OF DECEMBER 2024

Automotive Part 49	95	Suspension Base	Dorman	12/1/24	zelle
Automotive part 24	120	Fuel Tank	SPORTR	12/1/24	zelle
AUTOMOTIVE PART 183	34	COOLANT	Dorman	12/1/24	zelle
Automotive Lot 1-244	5500	AUTOMOTIVE LOT	NA	12/2/24	cash
Furniture Lot 2	2000	Office Alera	Essendant lot B STOCK	12/2/24	cash
GOURMIA FRY	100	3 lot gourmia 8qt	Costco	12/1/24	zelle
Gourmia fry sales week cap	245	WEEK CAP	costco	12/7/24	zelle/cashapp/cash/venmo
Proform Tread 1000	350	Proform	Costco	12/3/24	
Cusinart pallet used	850	Cusinart used 1 door convection	Costco	12/3/24	
Alera 60x30	200	alera	Essendant lot B STOCK	12/3/24	
Exersize cap 4 items	650	costco gen	costco	12/4/24	
Generac	1200	Genrac generators	costco	12/6/24	
NEW LOT COSTCO exercises	1230	TIP ON	costco	12/6/24	
proform chanel	250	proform	costco	12/9/24	
DIDNT DOC	3249	NA	NA	12/9-12/22	
USG DIAMOND 150 VENEER	1500	fr8	usg	12/24/24	