

Wow, that looks like FUN!
How do I start?



CONSIDERING OPENING A FIREWORKS STORE?

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Inc.

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Disclaimer

- This presentation is based solely on the experience of the presenter. Attendees are cautioned that they must form their own opinion as to the application of anything contained in this presentation. The presenter and Kellner's Fireworks Inc. assumes no liability for anyone's actions, injuries, property damage, or violation of law which may or may not be alleged to have occurred as a result of attending this seminar.
- This presentation is for people wishing to get in to the Consumer Fireworks Sales business. Accordingly, not all of the information presented here is applicable in every unique situation. This presentation is not designed for Display Fireworks or Fireworks Shows.

QUOTES

- “If one is contemplating entering in to the business side of fireworks, one should be prepared for government overregulation and the effects of mother nature. Once you have learned to cope with those and the everyday challenges of running a business, this great industry will reward and enrich our life multiple times over”. Tad Trout, President, TNT Fireworks-West.
- “If you plan to enter into retail sales of consumer fireworks in 2013, you must have a “CONSUMING PASSION” for pyrotechnics in order to endure the never ending flow of stifling regulations from the state and federal government”
Susan Skalinski, J&M Displays

QUOTES continued

- “My years in this business show that three things will determine your success at retail locations: Enthusiasm, Salesmanship and Patience. Many new vendors become discouraged because they are not doing huge numbers the day they open. In reality, they need to understand that the majority of sales occur as soon as the calendar changes to July 1st. If you can embark upon people to do these three suggested things, chances are, they will be successful at retail” Richard Shields, President , North Central Industries, Inc.
- “The consumer fireworks sales business is tough for sure, but it is rewarding and can provide a good income for the entire family. The people in the consumer fireworks sales business are solid, hard working and honest people who understand that to be successful in fireworks sales, you must understand the products, be willing to spend the necessary time with customers, and put in the long hours needed for a successful season”, Bruce J Zoldan, President, BJ Alan Co./Phantom Fireworks.

What are Consumer Fireworks?

- Consumer Fireworks are small fireworks devices in a finished state suitable for use by the public, containing restricted amounts of pyrotechnic composition. They are designed primarily to produce visible or audible effects by combustion. They must comply with the construction, performance, chemical composition and labeling requirements of the US Consumer Product Safety Commission (CPSC) and the US Department of Transportation (DOT).
- Consumer Fireworks are typically classified for transportation as UN0336 Fireworks, 1.4G.

Typical Consumer Fireworks



Federal Restrictions on Composition in Consumer Fireworks

○ Cylindrical Fountains	Not more than 75g
○ Cone Fountains	Not more than 50g
○ Firecrackers	Not more than 50mg
○ Ground Spinner	Not more than 20g
○ Helicopters	Not more than 20g
○ Illuminating Torch	Not more than 100g
○ Mine/Shell Device (1 Shot)	Not more than 60g
○ Mine/Shell Device (Multi Shot)	Not more than 200g
○ Rockets/Missiles	Not more than 20g
○ Roman Candles	Not more than 20g
○ Spinning Wheel	Not more than 60g

Combination Devices

- Consumer Fireworks Items that have tubes securely attached to a wood or plastic bases and are separated from each other by a distance of at least ½" shall be permitted to have up to a maximum of 500g of pyrotechnic composition.

Deregulated Items

(Federally not fireworks)

○ Black Snakes	less than 2g
○ Color Sparklers	less than 5g
○ Gold Sparklers	less than 100g
○ Party Poppers	less than 16mg
○ Smoke Devices	less than 5g
○ Snappers	less than 1mg



Over 90% of the world's supply come from the Hunan region of China.

What Can Be Done with Consumer Fireworks



*2010 PGI Show
Choreographed by Bill Turner*

SAFETY & COMPLIANCE

Your First Priorities

1.) The American Fireworks Standards Laboratory

www.afsl.org

Is an independent, non-profit corporation established to reduce the potential risk of injury associated with fireworks. Certifies that approved devices may be transported, stored and used safely.

Look for the AFSL seal on your fireworks.

2.) National Council on Fireworks Safety

www.fireworksafety.com

Their mission is to educate the public on the safe and responsible use of consumer fireworks so as to eliminate injuries.

3.) National Fire Protection Association

www.NFPA.org

NFPA 1124: Code for the Manufacture, Transportation, Storage, and Retail Sales of Fireworks and Pyrotechnic Articles

Required Code for many states. Required Code for many insurance carriers.

Compliance

Know The Law

1.) US Consumer Product Safety Commission

www.cpsc.gov

Sets performance requirements and regulates the Sale and Use of Consumer Products.

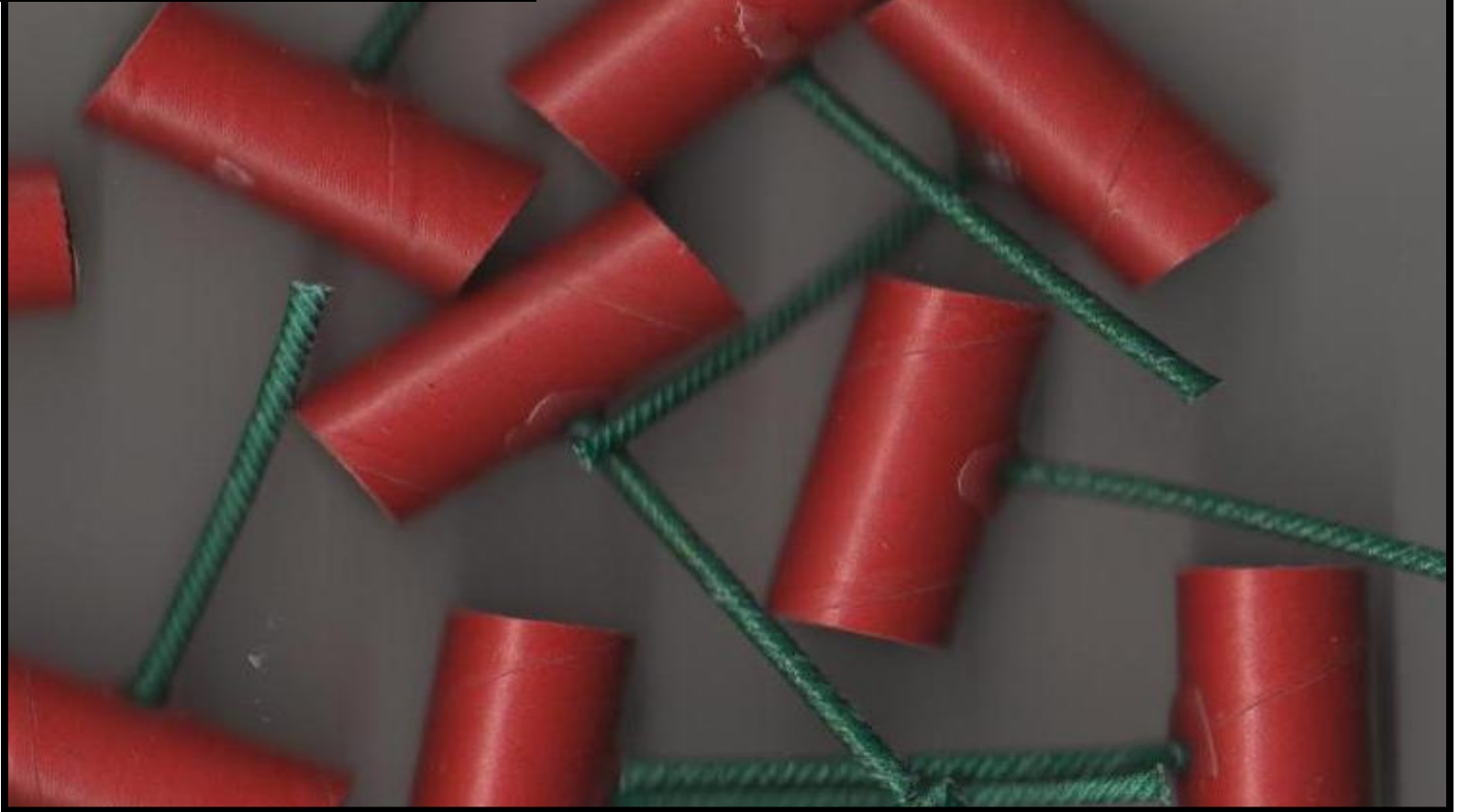
2.) US Dept of Transportation

www.HAZMAT.dot.gov

Regulates the Transportation of Hazardous Materials, including Consumer Fireworks.

- **ALSO, don't forget State, County and Local requirements**

M-80s



- Federally banned in 1966 under the “Child Protection Act”
Classified as forbidden explosives, not fireworks.

US DOT Requirements

DOT requires that all fireworks company employers conduct training of all employees whose duties are involved in any way with the transportation of fireworks, not only drivers, but warehouse, shipping and office personnel. Training materials can be purchased from companies such as JJ Keller www.jjkeller.com

All Fireworks truck drivers must have a Commercial Drivers License with a Hazardous Materials endorsement if they are hauling over 1,000 pounds of 1.4g Fireworks. Their vehicle must be marked with the name of the company, principal place of business, motor carrier identification number "US DOT #" and placarded correctly.

US DOT Requirements continued

- Their vehicles must be equipped with a mounted fire extinguisher, spare fuses and emergency warning devices (not flares).
- Any Consumer Fireworks company who offers or transports a shipment of over 5,000 pounds must register annually with the US DOT and pay a fee as a Hazardous Materials provider.
- All Fireworks drivers who operate over a 100 air-mile radius of their office are required to maintain a vehicle log book.
- Anyone who offers fireworks for transportation must develop and implement a security plan

U.S. DOT Requirements continued

- Anyone packaging or repackaging Consumer Fireworks must use boxes tested and certified to comply with DOT performance specifications.
- Vehicle inspection, repair and maintenance records must be kept by the fireworks hauler.
- Vehicles transporting over 1,000 pounds of Consumer Fireworks must be attended at all times and the driver must have a written route plan to their destination.
- All Consumer Fireworks must be approved for transportation by the US DOT prior to be transported. Approval is indicated by the item being assigned an E.X. number. This number must be listed on the shipping papers or the item carton.

US DOT Requirements continued

- Any Consumer Fireworks Shipment must be accompanied by emergency response information and must contain a telephone number monitored at all times that a shipment is in transportation.
- All Fireworks Haulers must be certain that each driver has undergone a medical examination within the past 24 months and has been certified as qualified to drive a motor vehicle.
- All Fireworks Haulers must implement a drug and alcohol testing program.
- All Fireworks Haulers must maintain a driver qualification file and accident reports for each driver.

Sample

UPS Freight shall have no liability or responsibility whatsoever in connection with this bill of lading if the shipper did not tender the shipment to UPS Freight or its agent.

Carrier: UPS Freight	Driver: <i>John Arnold</i>
Date Received: 10/25/11	UPS Freight Piece Count: 15/1

FLEET SAFETY COMPLIANCE MANUAL

A COMPLETED RECORD

DRIVER'S DAILY LOG

(24 HOURS)

4 / 1 / 04
(Month) (Day) (Year)

Original - File at home terminal
Duplicate - Driver retains in his/her possession for eight days

WASHINGTON TRANSPORTATION

Name of Carrier or Carriers

WASHINGTON, D.C.

Main Office Address

11

→ 270

Total Miles Driving Today

TT#12, TR#21

Truck/Tractor and Trailer Numbers or
License Plate(s) / State (show each unit)

I certify these entries are true and correct:

John E. Doe

Driver's Full Signature

W. R. Smith

Co-Driver's Name

12

	MID-NIGHT	1	2	3	4	5	6	7	8	9	10	11	NOON	1	2	3	4	5	6	7	8	9	10	11	TOTAL HOURS
1. OFF DUTY																									10.5
2. SLEEPER BERTH																									4.5
3. DRIVING																									5
4. ON DUTY (NOT DRIVING)																									4
REMARKS																									24

Richmond, VA.

Frederickeburg, VA

Baltimore, MD.

Newark, N.J.

Franklin, N.J.

SHIPPING DOCUMENTS:

1673, 1674

B/L or Manifest No.
or

Shipper & Commodity

Enter name of place you reported and where released from work and when and where each change of duty occurred.

USE TIME STANDARD AT HOME TERMINAL

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611-L

Building Codes

- Consumer Fireworks Stores are Classified As: H3 Buildings and structures that contain materials that readily support combustion or pose a physical hazard.
- For new construction, most states require H3 Buildings to:
 - Be Stand-Alone, not more than 1 story
 - Have Smoke Detection and Fire Alarms
 - Have An Automatic Fire Suppression System

Fireworks Insurance

- Almost all States require Consumer Fireworks Stores to have General Liability Insurance sufficient enough to cover any potential claims. Many states have minimum requirements for this coverage.
- Private haulers of 1.4g fireworks with a gross vehicle weight rating of 10,001 or more pounds or travelling interstate must have \$1,000,000 minimum public liability insurance.
- Private haulers of 1.4g fireworks with a gross vehicle weight rating of less than 10,000 pounds or using larger vehicles but not travelling out of their state, only their state's requirements for public liability insurance apply.
- All employees (office, warehouse and sales) must be covered by Workers Compensation Insurance. The coverage required is set by your state.

State & Local Requirements

- State and Local Fireworks regulations can be more restrictive than Federal regulations but cannot be more lenient.
- State and Local Regulations may require a Fireworks Store to:
 1. Pay a Business fee
 2. Register their products
 3. Pay a Per Location fee

Financing

- You have to have a good location.
- You have to buy product
- You have to store product
- You have to keep records of inventory
- You have to advertise
- You have to have staff
- You have to train staff
- You have to transport product
- You have to have equipment
- You have to have insurance
- You have to obtain licenses/permits
- WHAT IS THE #1 THING YOU'LL NEED TO DO THIS?

MONEY

What a bank is looking for:

1) A Business Plan:

- A) Shows that you have credibility and knowledge of your business.
- B) Explaining why your business will succeed when others have failed.
- C) Setting budget guidelines- showing how much money you'll need, what you'll spend it on and how much business you'd need to do to make a profit.
- Many Universities have Business Development Centers that can help you develop a Business Plan at no charge.

2) Equity:

Most of the cash required to start a business will need to be provided from the principals themselves. A bank will require hard collateral such as property over inventory to help finance a start-up business.

Pricing

- In a successful business, the price must be set to cover total cost plus some margin of profit. Two costs are associated with the product: the cost of acquiring the product “cost of goods” and the cost of operating the business to sell the product “operating expenses”.
- The cost of goods must include the price paid plus freight and handling.
- Operating expenses must include wages, advertising, rent, utilities and supplies.
- Many new businesses fail at this because they do not know how to effectively price their products or services. You must understand the market for your product, your expenses and your competition before establishing profit margin and prices.

References

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- "Pricing Your Products & Services Profitably" By Judy Nye
- Small Business Planning Guide, Clarion University of Pennsylvania.
- US Department of Transportation "Regulatory Guidelines for Shipping and Transporting Fireworks, 2012