

CHOCTA



## ROOTS IN FASHION

Name: Robbi Parrish

Name: Dana Miller

Address: 12345 63<sup>rd</sup> Street

Address: 12345 63<sup>rd</sup> Street

City: Kansas City State MO Zip 64113

City: Kansas City State MO Zip 64113

Phone: (816)555-5555

Phone: (816)555-5555

Email: www.choctawclothing.com

Email: www.choctawclothing.com

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# Table of Contents

1.0 Executive Summary.....	4
2.0 Mission, Vision, & Culture.....	7
3.0 Company Description.....	8
4.0 Opportunity Analysis & Research.....	9
4.1 Industry Analysis	
4.2 Environmental Analysis	
4.3 Competitive Analysis	
5.0 Marketing Strategy & Plan.....	15
5.1 Products/Services	
5.2 Pricing	
5.3 Promotion	
5.4 Place	
6.0 Management & Operations.....	22
6.1 Management Team	
6.2 Research & Development	
6.3 Physical Location	
6.4 Facilities	
6.5 Inventory, Production, & Quality Assurance	
7.0 Financial Analysis & Projections.....	28
7.1 Sources & Uses of Capital	
7.2 Cash Flow Projections	
7.3 Balance Sheet Projections	
7.4 Income Statement Projections	
7.5 Breakeven Analysis	
7.6 Ratio Analysis	
7.7 Risks & Assumptions	
8.0 Funding Request & Exit Strategy.....	37
8.1 Amount & Type of Funds Requested	
8.2 Exit Plan	
8.3 Milestones	

## 1.0 Executive Summary

A. Name: Choctaw

B. Business idea: Sustainable clothing boutique in the Kansas City area for men and women.

C. Target market (Answer who, what, when, where, and why)

**Who:** Men and women, ages 25-45

**What:** Sustainable fashion apparel for women and men, home goods, accessories, novelty items

**Where:** Brookside Are in Kansas City, MO

**When:** TBA

**Why:** Buying products with a purpose of being safe for the environment

D. Type of organization (*Manufacturing, Wholesale, Retail? For-profit or not-for-profit?*)

Retail Organization for-profit

- ❖ Sustainable fashion apparel for men and women
- ❖ Home goods
- ❖ Accessories
- ❖ Novelty items
- ❖ Vintage clothing repair
- ❖ Personal styling
- ❖ Private shopping appointments

E. Products and/or services:

- ❖ Women's sustainable clothing
- ❖ Men's sustainable clothing
- ❖ Home goods
- ❖ Accessories
- ❖ Novelty items
- ❖ Vintage clothing repair
- ❖ Personal styling
- ❖ Private shopping appointments

F. Marketing and sales strategy (How the business idea will satisfy a customer need)

These products and services will meet our consumer's needs by providing individuals with unique, fashion forward, sustainable clothing that represent their core values. Clothing for both

men and women will be very high quality and innovative. Our home goods, accessories, and novelty items will also be unique and provide our consumer's with choices other than apparel. Choctaw will provide vintage clothing repair and personal styling. This will provide our consumer's with excellent customer service. Private shopping appointments will provide our consumer's with one on one time with an educated employee for a satisfying shopping experience.

**Geographic:** Brookside Boulevard- close to pedestrian shopping facilities that catches customers  
**Demographic:** M/F 25-40-Word of Mouth marketing, being present in fashion events and NFP events, social networking,

**Psychographics:** Independent style, fashion forward thinking-doing exclusive fashion shows and trunk shows, limited runs of merchandise

**Behavioral:** Buying Quality over Quantity: meeting consumer's expectations with fashionable and eco-friendly merchandise, demonstrate product knowledge to consumer through employees and owners.

G. Key success factors:

- ❖ Keeping sustainability at the forefront of our business practices and merchandise
- ❖ Providing great quality merchandise
- ❖ Provide fashion forward design and apparel
- ❖ Delegation of management responsibilities and employee responsibilities
- ❖ Exceeding customer service goals

H. Economics of one unit:

One Unit= One transaction	
Selling Price Per Unit	\$200.00
COGS per Unit	-\$100.00
Other Variable Cost	-\$3.50
Total Variable Costs	
Contribution Margin per Unit	\$96.50

I. Short- and long-term business goals:

Short Term

1. To have one retail outlet that serves the Brookside neighborhood
2. Gross Margin on 45% within 3 years
3. Net after tax profit above 15% of sales after 3 years

Long Term

1. To open 2 more retail outlets within 10 years
2. To operate cash only within 10 years
3. Net after tax profit above 30% after 5 years

J. Management skills and resources – present and required:

<u>Resource/Skill</u>	<u>Possess?</u>	<u>Who?</u>	<u>How Obtained?</u>
Buying and allocation	Y	D & R	Work Experience
Accounting/Quick Books	Y	D	Small Biz Experience
Visual Merch/Floor Plan	Y	R	Work Experience
Merchandising	Y	R	Work Experience
Inventory Control	N	D & R	Learn System OTB
Human Resources	N	D & R	Learn how to hire

K. Ownership – owners and shares and legal structure:

<u>Owner</u>	<u>Percentage of Ownership</u>
Dana Miller	51%
Robbi Parrish	49%

L. Sources and uses of funds:

Some cash will be used as well as private investors, and small business loans. These funds will be used to cover store operating costs, stock inventory, set up sales floor, store operating equipment (computer, quick books, copy/scan/fax, POS system), hiring sales staff, advertising, and rent.

M. Summary of the financial projections:

<u>Topic</u>	<u>Key Measure</u>	<u>Growth/Rate</u>	<u>Time Frame</u>
Revenue	Sales Growth	double	first 3 years
Profitability	ROI or ROS		
Industry			
Position	Market Share	50%	First 3 years
Value	Net Worth	\$1 million	by year 5

N. Growth and exit strategy:

Self-generated: In order to grow our business Choctaw will add new, sustainable lines to the store. After two years of business we will consider expanding our square footage, depending on our profit margin. We will also expand our website, where consumers can purchase our merchandise.

## 2.0 Mission, Vision, & Culture

### A. Mission statement:

A Clothing Boutique that provides eco-friendly yet fashion forward apparel choices in a niche retail market, which allows us to be competitive in press and gain market share.

### B. Vision statement

A Clothing Boutique will be the purveyor of the finest quality and fashion forward sustainable clothing while sustaining our uncompromising and sustainable business practices and contributions to the environment.

### C. Core beliefs and culture:

**Sustainability:** from merchandise to administration, we will put this factor first and foremost at all times.

**Open-mindedness/Freedom of expression:** Customers, employees, and owners affiliated with Choctaw are encouraged to be themselves and have an open mind of other values and beliefs. One should also be able to express these values or beliefs freely (when appropriate).

**Providing the highest quality product:** take pride and initiative in offering an honest product that will satisfy our customer for their personal end use.

**Health and Happiness:** Choctaw supports a healthy and positive lifestyle, which is reflected in our daily moods and communications.

**Staying Locally Connected:** Supporting the local community, businesses, and non-for-profit organizations that support our environmental and business values.

### D. Social responsibility commitment:

1. By supporting and promoting environmental awareness: recycling, re-using, and reducing.
2. Providing customers with knowledge about the product and the purpose of their purchase.
3. By sponsoring events in the community in support of local organizations

### 3.0 Company Description

- A. Industry: Fashion and Retail Industry
- B. Type of organization (*manufacturing, wholesale, service*): Retail and Service
- C. Needs this business will satisfy:
  - ❖ Fashion forward, yet environmentally friendly merchandise
  - ❖ Providing high quality apparel and merchandise
  - ❖ Offering a taste and style that meets a niche market
- D. Strategic advantage: Providing high quality, fashion forward, sustainable merchandise to a niche Brookside market in a relaxed retail setting.
- E. Legal structure (*sole proprietorship, partnership, LLC, C Corp, etc.*) Why this structure was chosen: LLC- because it is limited liability for both partners, we are not taking a personal financial risk.
- F. State in which registered or will register: Missouri registration
- G. Location of physical operation: Kansas City, MO
- H. Geographic reach: Brookside Neighborhood
- I. Ownership – owners and shares: LLC, 51% Dana Miller 49% Robbi Parrish

## 4.0 Opportunity Analysis & Research

### A. Research methods (*surveys, focus groups, general research, and statistical research*)

and rationale for each:

#### 1. “Street” Survey-

- I. How much do you spend on clothing monthly? Online or Retail?
- II. Do you think of fashion being eco-friendly?
- III. Would you purchase an organic cotton shirt for \$20 more than a non-organic cotton shirt that had the aesthetics and performance?
- IV. When do you purchase clothing? Weekends? Sales? Special occasions?
- V. Would you choose to shop locally over shopping online or driving to a mall?
- VI. What do you put first while purchasing clothing? Quality or Price?

#### 2. Focus Groups-

- I. How much do you spend on clothing monthly? Online or Retail?
- II. Do you think of fashion being eco-friendly?
- III. Would you purchase an organic cotton shirt for \$20 more than a non-organic cotton shirt that had the aesthetics and performance?
- IV. When do you purchase clothing? Weekends? Sales? Special occasions?
- V. Would you choose to shop locally over shopping online or driving to a mall?
- VI. What do you put first while purchasing clothing? Quality or Price?

1. Observation- Both owners will spend time observing local competitors and shopping behaviors of local customers. We will observe peak times of purchase, current fashion trends and local style for our niche market.
2. Benchmarking- We will compare our companies performance against that of other companies in our industry or against best practices, standards, or certification criteria. We will use this for marketing purpose and to compare our projected financial ratios to industry values.
3. Online Searches- Obtaining demographic, psychographic, and behavioral data of our target market. Staying abreast of current events attended by our target market. Researching our competition and merchandise.
4. Trade Associations- Subscribing to Women’s Wear Daily, VMSSD, and other industry specific printed press. Attending trade shows, conferences, and fashion shows.
5. Competitor Websites- Researching our competitors market share, profitability, return on investment, and other performance measures. Researching brands, pricing strategies, and inventory on competitor websites.

B. Description of target customer (i.e., *demographic, geographic, psychographic, and behavioral*):

- ❖ Demographic- 25 to 40, male & female, single family homes, high school graduates and college graduates, young professionals, dual income, no kids
- ❖ Geographic- Brookside neighborhood and other surrounding areas in the Kansas City Metro
- ❖ Needs- Fashion forward apparel and accessories that is eco-friendly
- ❖ Trends- Sustainability, healthy lifestyles, locally supported retail, individualistic
- ❖ Lifestyles- active, outdoor activities, community events, working men and women, enjoys nightlife, travel
- ❖ Psychographics- Free-spirited men and women, extroverted, aware of global issues, appreciates quality and purchases with a purpose, independent, trendy

#### **4.1 Industry Analysis**

A. Industry or set of industries in which the organization operates (including the NAICS codes): Retail industry- NAICS: 448120

B. Factors that influence the demand for its product or service and why:

- ❖ Sustainable products- influenced by going green and the environmentalist movement
- ❖ Quality- eco-friendly fashion forward merchandise
- ❖ Lack of Competition- no other market in the Brookside neighborhood

C. Factors that influence the supply for its product or service and why:

- ❖ Season- buying merchandise for the correct weather
- ❖ Designer look- buying fashion forward merchandise that is sustainable
- ❖ Quality over Quantity- purchasing the right fit and color as oppose to the cheapest product

D. Industry size (*historic, current, projected*): Eco-friendly Retail (Apparel)

Historic Size

- ❖ Time Frame: 2007 organic apparel retail hit mass market price points, appeared in mass retailers such as Wal-Mart.
- ❖ Dates Included: organic retail sales in US has grown between 20-24% each year since 1990

- ❖ Size (\$ or Units): \$\$1 billion in 1990, \$12.2 billion in 1994
- ❖ Data Source: Organic Trade Association

Current Size

- ❖ Time Frame: 2009
- ❖ Dates Included: 2009
- ❖ Size (\$ or Units): \$14.6 billion 2009
- ❖ Data Source: Organic Trade Association

Projected Size

- ❖ Time Frame: 2011
- ❖ Dates Included: 2011
- ❖ Size (\$ or Units): \$17.7 billion

Data Source: Organic Exchange 2007: Organic Cotton Market Report [www.organicexchange.org](http://www.organicexchange.org)

E. Current and anticipated industry characteristics and trends:

- a. Mass retailers such as TopShop picking up organic brands, meeting consumer demand.
- b. New products made from waste materials on runways this past season.
- c. More home interiors going green and using eco-friendly and efficient appliances and décor.

F. The major customer groups for the industry (*consumers, governments, businesses*):

Consumers

G. Size of the target market (*number of customers, size of purchases, frequency of purchases, trends*):

- ❖ Number of Customers: 11,371 [www.uscensus.gov](http://www.uscensus.gov)
- ❖ Size of Purchases: varies
- ❖ Frequency of Purchases: \$1,000 monthly
- ❖ Trends: More sustainable lifestyles

## 4.2 Environmental Analysis

A. SWOT analysis for the organization

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>❖ Sustainable fashion</li> <li>❖ Trendy brands</li> <li>❖ Quality</li> <li>❖ Customer service</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>❖ Market Presence</li> <li>❖ Beginning growth of store</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>❖ Expansion</li> <li>❖ Store Website</li> <li>❖ Continued growth with sustainable brands</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>❖ Competition</li> <li>❖ Economy</li> </ul>

B. External/environmental factors are likely to impact the business:

- ❖ Economy
- ❖ Competition
- ❖ Weather
- ❖ War

C. Presence of customers for the business in other countries and plans to reach them

### **4.3 Competitive Analysis**

A. Definition and description of competition, both direct and indirect:

Choctaw’s competition includes other organic retailers in the Kansas City metro area. Other indirect competition includes online shopping resources and mass market or specialty retail shops in the metro area.

B. Competitive advantage: Choctaw’s competitive advantage is our location, quality of merchandise, brand that appeal to our target market, customer service, and our inventory.

C. Analysis of three main competitors or categories of competitors

		<i>CHOCTAW</i>		<b>Competitor #1</b> <b>ITS ONLY</b> <b>NATURE</b>		<b>Competitor #2</b> <b>NATURAL</b> <b>WAY</b>		<b>Competitor #3</b> <b>BUNKER</b>	
		Wt.	Rating	Wtd. Rating	Rating	Wtd. Rating	Rating	Wtd. Rating	Rating
<b>Quality</b>	25%	10	2.5	7	1.75	4	1	5	1.25
<b>Price</b>	3%	5	0.15	5	0.15	7	0.21	8	0.25
<b>Location</b>	10%	7	0.7	4	0.4	10	1	9	0.9
<b>Selection</b>	25%	8	2	6	1.5	9	2.25	10	2.5
<b>Service</b>	15%	9	1.35	10	1.5	6	0.9	4	0.6
<b>Speed or Turnaround</b>	2%	3	0.06	3	0.06	5	0.1	7	0.14
<b>Specialization</b>	10%	4	0.4	8	0.8	8	0.8	6	0.6
<b>Personalization</b>	10%	6	0.6	9	0.9	3	0.3	3	0.3

<b>Total</b>	1.00	xxxxxx		xxxxxx		xxxxxx		xxxxxx	
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D. International competitors and anticipated method of addressing competition: **none**

E. Strategy for outperforming the competition

<b>Competitive Advantage Aspect</b>	<b>Competitive Difference (USP)</b>
<i>The Offer</i>	We will carry more color selection and fashion forward merchandise. We will carry exclusive brands and categories of merchandise.
<i>Target Market</i>	Male and female, 25 to 40 that are young professionals living in the Brookside area.
<i>Production and Delivery Capability</i>	We will educate consumers on aesthetic and performance attributes verbally and physically. We will buy locally produced and sustainable merchandise.

F. Tactics to carry out the strategy

<b>Tactical Question</b>	<b>Issues</b>	<b>Solutions</b>
<i>Sales Plan</i>	How to identify prospects and convert them to sales	In-store, personal sales, product knowledge
<i>Market Communications</i>	How to make customers aware of your offer; how to attract them to the business	Promoting with other local businesses and sponsoring local fashion shows as well as community events.
<i>Operating Plan</i>	How to make the business go, and determine who will perform the tasks	Dana Miller- Back of house operations Robbi Parrish- Front of house operations
<i>Budget</i>	Possible sources of revenue; possible items that have to be purchased	Sale of merchandise, customer loyalty, travel expenses for buying trips and sponsoring events

G. Barriers to entry to support the organization

## 5.0 Marketing Strategy & Plan

A. How the marketing plan targets the market segment:

**Geographic:** Brookside Boulevard- close to pedestrian shopping facilities that catches customers

**Demographic:** M/F 25-40-Word of Mouth marketing, being present in fashion events and NFP events, social networking,

**Psychographics:** Independent style, fashion forward thinking-doing exclusive fashion shows and trunk shows, limited runs of merchandise

**Behavioral:** Buying Quality over Quantity: meeting consumers expectations with fashionable and eco-friendly merchandise, demonstrate product knowledge to consumer through employees and owners.

B. Positioning Statement: Choctaw is trendy boutique that provides fashion forward sustainable clothing to men and women between 25 to 40 years of age.

C. Plan for organizational growth (*self-generated, franchising, acquisition*):

Self-generated: In order to grow our business Choctaw will add new, sustainable lines to the store. After two years of business we will consider expanding our square footage, depending on our profit margin. We will also expand our website, where consumers can purchase our merchandise.

## 5.1 Products/Services

A. Products/services to be sold:

- ❖ Women's sustainable clothing
- ❖ Men's sustainable clothing
- ❖ Home goods
- ❖ Accessories

- ❖ Novelty items
- ❖ Vintage clothing repair
- ❖ Personal styling
- ❖ Private shopping appointments

B. How products/services will meet customer needs:

These products and services will meet our consumer's needs by providing individuals with unique, fashion forward, sustainable clothing that represent their core values. Clothing for both men and women will be very high quality and innovative. Our home goods, accessories, and novelty items will also be unique and provide our consumer's with choices other than apparel. Choctaw will provide vintage clothing repair and personal styling. This will provide our consumer's with excellent customer service. Private shopping appointments will provide our consumer's with one on one time with an educated employee for a satisfying shopping experience.

C. Where product/service is in the product life cycle (introduction, growth, maturity, decline)

Sustainable fashion is in the growth stage of the product life cycle. This type of product has not been around for too long, and is now just catching the eye of a wide consumer base

D. Features and benefits of the product/service

<b>Product/Service</b>	<b>Feature</b>	<b>Benefit</b>
Women's Clothing	High quality & fashion forward	Sustainable
Men's Clothing	High quality & fashion forward	Sustainable
Home Goods	Unique Items & high quality	Great gifts for others or yourself
Accessories	Innovative & high quality	Sustainable & long-lasting
Novelty Items	Unique, fun readings	Learning something new
Vintage Clothing Repair	Repairing damaged clothing	Will be able to wear clothing

		again
Personal Styling	Finding merchandise that suits consumer	Consumer feeling great about merchandise and having one on one time with employee
Private Shopping Parties	Having the store to yourself	Purchasing quality merchandise and having the store and employees to yourself

D. Copyrights or patents owned or expected

E. Philanthropic plan (list intent, organizations, and type of contribution):

**I. Local fashion events:**

- ❖ **Organization:** Rock n Fashion Show, The Garment District Fashion Shows, etc.
- ❖ **Constituency:** The Rock n Fashion Show and The Garment District fashion shows promote local Kansas City fashion.
- ❖ **Contribution:** Choctaw will provide clothing and accessories to local fashion shows and also participate in local events.
- ❖ **Rationale:** Local fashion events will be a great way for Choctaw to expand our consumer market, meet other fashion individuals, and help get the fashion scene in Kansas City noticed

**II. Local Artists:**

- ❖ **Organization:** Artists Helping Artists
- ❖ **Constituency:** Artists Helping Artists is a Kansas City group that helps local, progressing artists of all kinds get there work out there and known.
- ❖ **Contribution:** Choctaw will provide clothing, accessories and time to this locally ran organization
- ❖ **Rationale:** Choctaw will a part of local events that Artists Helping Artists will be putting together. We will be able to meet other fashion individuals and artists al around.

**III. Going Green:**

- ❖ **Organization:** Bridging the Gap

- ❖ **Constituency:** Bridging the Gap is an organization that works to make the Kansas City region sustainable by connecting environment, economy and community. This group educates citizens, businesses and government on the impact of decisions and behavior on our present and future community and world.
- ❖ **Contribution:** Choctaw will provide time and merchandise to this eco-friendly organization.
- ❖ **Rationale:** Choctaw will get connected with a going green organization and learn more about what we can do locally to live a sustainable lifestyle.

#### IV. Animal Control:

- ❖ **Organization:** No More Homeless Pets in KC
- ❖ **Constituency:** No More Homeless Pets in KC is an organization that promotes and creates awareness of animals that need a caring home.
- ❖ **Contribution:** Choctaw will provide time to this organization to help other be aware of Kansas City's pet overpopulation.
- ❖ **Rationale:** Choctaw will be able to help the local community and animals that do not have a good home. We will also be educated on the effect that pet overpopulation is having in the Kansas City area.

- F. Intent to publicize philanthropy: If Choctaw does publicize philanthropy it would only be at the fashion show events, where we would either be participating or giving away merchandise.

## 5.2 Pricing

- A. Pricing strategy and structure and the gross margins anticipated:

Choctaw will be using keystone pricing for our pricing strategy. This will allow us to double our price of merchandise after purchasing the merchandise at wholesale price. This type of pricing will cover our cost expenses and provide us with an acceptable profit. Our expected gross margin will be less than 50%.

- B. Discount structure:

Choctaw will discount merchandise during holiday seasons and when the merchandise isn't moving fast. We will also provide our top consumers with a discount during their birthday month.

- C. Payment policy (forms of payment and extension of credit):

- ❖ **Cash:** Choctaw will accept cash due to the small items that could be purchased at a low price.
- ❖ **Personal Checks:** Choctaw will accept personal checks due to the type of consumer we will be serving. Our location in Brookside is a small, old time Kansas City neighborhood. After researching other retailers in the area, personal checks are accepted by them, so we will also accept checks.

- ❖ Credit Cards: Choctaw will accept credit cards if they are VISA, MasterCard, and American Express. These types of credit cards are reliable and our target consumer likes to purchase merchandise with credit.

### 5.3 Promotion

#### A. Promotion Plan:

- ❖ Blogs: Our message for the Choctaw blog would be promote our fashion forward, sustainable clothing to men and women. We would also promote our unique accessories, gifts, and services we provide. This will be done on the Internet at [www.blogger.com](http://www.blogger.com). Choctaw's consumers partake in blogs and enjoy seeing different fashion blogs.
- ❖ Business Cards: Our message for the Choctaw business cards will include on the front side our boutique name (Choctaw), owner names (Robbi Parrish and Dana Miller), website ([www.choctawclothing.com](http://www.choctawclothing.com)), address (12345 63<sup>rd</sup> Street Kansas City, MO 64113) and our number (816-555-5555). On the backside of the card it will say "Choctaw: providing you with trendy, sustainable apparel & accessories." This will work for us because we can hand out our cards to any potential customers and to other fashion business individuals in the Kansas City area. This will be a way for others to know who, what, and where we are located.
- ❖ Flyers: Our message will include our grand opening day for Choctaw boutique. We will hand them out to all of Brookside neighborhood retailers, to set on their counters. This will help others know when we are opening and what type of store we are.
- ❖ Networking: Choctaw owners will participate in all local fashion events. This will allow us to meet other fashion individuals in the Kansa City area. We will be able to get our name out more and hand out our business cards during these events.
- ❖ Website: Choctaw will have a website providing information on what type of boutique we are, where we are located, and the different brands we carry. We will also include the different services we provide. Customers can email us on the website with any questions. Choctaw will also send emails out to our consumers letting them know updates and events we are doing for the store.

#### B. Refer to examples of marketing materials in the appendices

#### C. Business slogan:

- ❖ Product, Planet, Choctaw
- ❖ Bringing together sustainable fashion and trendy individuals

#### D. Logo: See appendices

E. Advertising plan

<b>Publication/Media (name specific print publications or broadcast channels)</b>	<b>Size/Length of Advertisement</b>	<b>Frequency of Advertising</b>	<b>Reach</b>	<b>(Cost for Budget)</b>
INK	3.6" x 2.75" Print Ad	30 Days (3 INK issues)	-21-34 year old  -1,400 locations in Kansas City  -50,000 copies	
The Pitch	1/8 H Print Ad	1 Month	-45,000 copies per week  -Young professionals in KC area  -1,450 high traffic locations	

F. Publicity plan:

We plan do get publicity for Choctaw by participating in local fashion shows. This way potential customers will see our merchandise. We also will be publicized by word of mouth. With being involved in local events and networking our boutique will be spread around by fashion individuals.

G. Outrageous customer service plan:

- ❖ Employees will be educated about Choctaw's merchandise
- ❖ Vintage clothing repair
- ❖ Personal styling
- ❖ Private shopping appointments
- ❖ Top consumer discounts

H. Sales pitch:

Choctaw is a trendy clothing boutique, providing sustainable fashion to men and women. Our target customer has a need for fashion items that represent their core beliefs. Choctaw will not only have apparel but accessories and home décor to fit our consumer's eco-friendly lifestyle. If consumers need their vintage clothes repaired, a personal stylist, or private shopping experience, Choctaw will do just that. We are bringing together sustainable fashion and stylish individuals.

I. Customer database and critical customer questions:

**Customer database type= Excel Spreadsheets**

- ❖ What is your name?
- ❖ When is your birthday?
- ❖ What is your email address?
- ❖ Is this your first time into Choctaw? If not, how many times have you been in?
- ❖ What are some of your favorite purchase from Choctaw?

## 5.4 Place

A. Where intend to sell product and the advantages and disadvantages of the location(s).

Choctaw will be located in the Brookside neighborhood in Kansas City, MO. Advantages of this location are that we will be by other retail businesses, there is lots of foot traffic, and the consumer market of this area is very eco-conscious. Disadvantages of this location are that retail space is expensive, the crime rate is relevant and it is not a freestanding building.

B. Surrounding businesses and access routes:

Boutiques and stores in the Brookside area include Fiddly Fig Gifts & Flowers, Hallmark, CVS Pharmacy, Lauren Alexandra bebe Boutique & Nursery Design, Tuesday Morning, Shop Beautiful, and Addie Rose. Services in the Brookside area include American Family Insurance, Bank of America, Beauty Express, Bellezza Tan & Salon, Pure Pilates, Rydell Tailor, and The UPS Store. Restaurants in the Brookside area include Avenues Bistro, Charlie Hopper's Bar & Grille, Domo Japanese Restaurant, and Sharp's 63<sup>rd</sup> St. Grill. Access routes for the Brookside area include 63<sup>rd</sup> St., Brookside Blvd., and the closest highway is 71. These routes are the easiest way to get to Brookside.

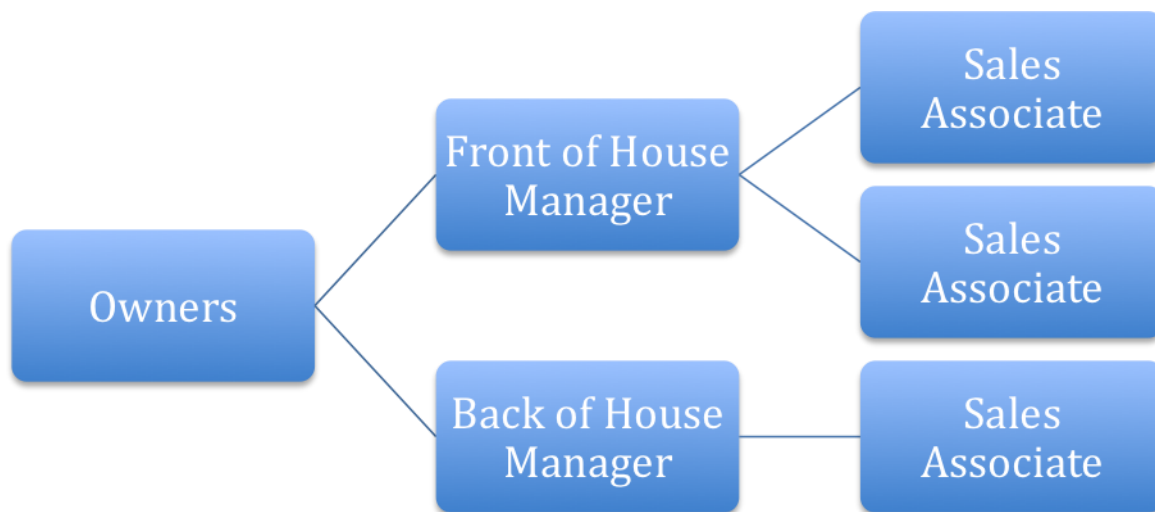
C. Traffic count (if applicable): Foot traffic is more important to Choctaw than vehicular traffic is. When in Brookside you park your car and walk to the stores and restaurants.

D. Local work force availability: The Jackson County population from July 2009 was 705,708. The average age for work force availability in this area was 35.2. (www.city-data.com)

## 6.0 Management & Operations

### 6.1 Management Team

A. Organizational chart:



B. Employee hiring plan

<b>Employee Role</b>	<b>Qualifications</b>	<b>Compensation</b>	<b>Contribution</b>	<b>When Hired</b>
Sales Associate	<ul style="list-style-type: none"> <li>-Fashion retail experience</li> <li>-High school diploma</li> <li>-Clean appearance</li> <li>-People-oriented</li> <li>-Fashion marketing or design education</li> <li>-Computer literate (Excel, Microsoft Word, etc.</li> <li>-Out going personality</li> <li>-Responsible</li> <li>-Knowledge of fashion industry</li> </ul>	<p>Associates will be paid an hourly wage of \$10 to \$15.</p>	<p>Sales associates of Choctaw are expected to perform all duties applied to their job structure.</p>	<p>Sales associates when hired at Choctaw will be required to work during the holiday seasons.</p>

C. Method of compensating owner(s) (salary, wage, dividend, or commission) and rationale:

Choctaw owners Dana Miller and Robbi Parrish will be paid salary, a fixed operating cost. This will happen once a month.

D. Key employees policies:

- ❖ Attendance and Punctuality Guidelines
- ❖ Confidentiality Policy
- ❖ Dress Code Policy
- ❖ E-mail, Internet, and Computer Use Policy
- ❖ Employee Time Off Policy

- ❖ Harassment and Discrimination Policy
- ❖ Safety and Accident Guidelines
- ❖ Time Cards Procedures
- ❖ Work Hours and Overtime Pay Policy
- ❖ Employee Acknowledgement Form
- ❖ Employment Classifications Statement
- ❖ Employee Performance and Hourly Wage Reviews
- ❖ Termination of Employee Procedure

E. Workplace environment

- a. People, Planet, Profit
- b. Encourage customer involvement by supporting sponsored organizations.
- c. Offering Incentives for sales employees

F. Corporate governance plan

- a. All major decisions must be agreed upon between all owners and management
- b. All policies and rules must be followed by all employees, owners, and management unless specifically instructed.
- c. Everything is confidential unless specified, including salaries.
- d. Be sustainable in all business and fashion actions.

G. Information on professional advisors:

- a. Accountant: Troy Renkenmeyer (Owner, CPA) 913-906-9810
  - Renkenmeyer, Campbell, And Weaver: Overland Park, KS
- b. Attorney: Wyatt Roberts (Partner) 816-322-4466

➤ Hensley Law Firm: Raymore, MO

c. Banker: Matt Donland (small business) 816-792-4410

➤ United Bank of Missouri: Kansas City, MO

d. Insurance Agent: Jim Vader (owner) 913-623-4771

➤ State Farm Insurance: Overlandpark, KS

## **6.2 Research & Development**

A. Description of current and proposed research:

➤ Research on local community and consumers and their buying behaviors by observation

➤ Research local statistical data on local business and households

B. State of the industry with respect to research:

➤ The state of the retail industry is strong in regards to new eco-friendly consumer products. Going green is what drives today's established consumer in the Kansas city area to which Choctaw will cater too.

## **6.3 Physical Location**

A. Location in reference to operations: as a retail boutique, all operations and sales will take place in the same store front in Brookside area.

B. Applicable zoning laws and compliance: when renting space in specific shopping district, must comply to signage and graphic regulations.

## 6.4 Facilities

A. Type of building and equipment: retail space 1300 square feet

B. Technological tools planned for the organization:

- POS system to track sales and inventory
- Quickbooks software and office computers for office use and accounting

C. Access to the technology: by managers

## 6.5 Inventory, Production, & Quality Assurance

A. Supply Chain: All vendors are local in the US

Product/Part	Source
Womens Apparel	Adventura Clothing, Hetty Rose, Rag Bag, Nixxi, Ryan, BloomField Clothing, Canopy Verde, Made, Truly Organic, Sweet skins
Mens Apparel	Deploy, Ecoist, Loomstate, Salts Organic, Rising Tide, Bella & Dean, Rain Tees, Junkie Styling

B. Manufacturing process : Sustainable

C. Production-distribution channel and mark-ups along the chain

Stage of Channel	Mark-up

Wholesale	50%
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D. Lead times: varies by vendor, more than 12 weeks is unexcitable unless exclusive merchandise

E. Method(s) to define and ensure the quality of the products/services: terms and conditions of shipping, payment, returns to vendor, no defects.

F. Insurance coverage: All damages to location, inventory, and assets

G. Methods for compliance with federal, state, and local tax laws: sales tax

H. Laws impacting the business

<b>Law</b>	<b>Effect on Business</b>
Tax Laws	How you do your tax returns and what expenses a small business can write off.
Environmental Laws	Going beyond the environmental standard with delivery of merchandise and sale of merchandise
Consumer Protection Laws	Providing safe location as well as merchandise for consumers

## **7.0 Financial Analysis & Projections**

A. Description of the record keeping system:

- Quickbooks Software backed up to accountant

B. Types of bank accounts

- Credit line, checking account, business account

## **7.1 Sources & Uses of Capital**

A. Capital requirements

- i. Small Business Loan
- ii. Private Investment Loans

iii. Cash

B. Use of capital:

<b>Type of Capital</b>	<b>Amount</b>	<b>When Needed?</b>	<b>Purpose</b>	<b>What Terms?</b>
SB Loan	\$291,308.00	Start up	Start-up/Inventory	7 years at 6% fixed
Private Investment	\$80,000	Startup	Start up and Inventory	7 years at 6% fixed
Cash	\$20,000	Start-up	Start up and inventory	Gift

C. Start-up requirements.

<b>Item</b>	<b>Cost</b>	<b>Estimate/Actual</b>
<i>Start-Up Expenses</i>		
Accountant Fees	5,000	5,000
Expensed Equipment	850	1,000
Financial Institution Fees	8,000	8,000
Identity Set/Stationary	500	500
Insurance	10,000	10,000
Legal Fees	7,000	7,000
Licenses/Certificates/Permits	2,000	2,000
Marketing Materials	3,000	3,000
Payroll (with taxes)	80,000	80,000
Professional Fees – Other	1,000	1,000
Rent	32,808	32,808
Research and Development	1,000	1,000

Travel	2,000	2,000
Utilities	3,500	3,500
Web Fees	1,200	1,200
Other	<u>1,000</u>	1,000
<b><i>Total Start-Up Expenses</i></b>	<b>For 1 Year</b>	<b>\$159,008.00</b>
<b><i>Start-Up Assets</i></b>		
Cash Balance for Starting Date	10,000	10,000
Equipment	6,498	7,000
Furniture & Fixtures	15,875	16,000
Leasehold Improvements	5,000	5,000
Machinery	n/a	n/a
Rent Deposit	3,000	3,000
Signage	1,000	1,000
Utility Deposit	300	300
Inventory	<u>60,000</u>	60,000
<b><i>Total Start-Up Assets</i></b>		<b>\$102,300.00</b>
<b><i>Total Start-Up Requirements</i></b>		
<b>Item</b>	<b>Quantity</b>	<b>Cost</b>
<b>Equipment</b>		
POS System	1	2,799
Office Computer	1	1,399
Software	1	500
Fax/Copy Machien	1	500
Alarm System	1	850
Start-Up Investment—TOTAL		\$261,308.00
Cash Reserve		\$130,000.00

Total Start-Up Investment + Capital Reserve	<b>\$391,308.00</b>
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D. Sources of financing

<b>Funding Source</b>	<b>Equity</b>	<b>Debt</b>	<b>Gift</b>
Small Biz Loan		\$291,308.00	
Private Investment		\$80,000.00	
Cash	\$20,000.00		
<b>TOTAL START-UP INVESTMENT</b>	<b>\$391,308.00</b>		

E. Payback period = 19.6

## 7.2 Cash Flow Projections

A. Fixed costs and cash reserve

<b>Fixed Cost</b>	<b>Amount</b>	<b>Description</b>
Utilities	145.00	
Salaries	6,666.66	
Advertising	100.00	
Insurance	416.66	
Interest	300.00	
Rent	1367.00	
Depreciation	n/a	
Unexpected	_____	
<b>TOTAL</b>	<b>\$8,995.33</b>	

B. Projected cash flow statement with reference to details in appendices

		1Q	2Q	3Q	4Q	YR1	YR2	YR3
Starting Cash	(+)	10,000	402,108	302,778	83,788	10,000	464,500	497,508
Cash in from Operations [Sales]	(+)	120,000	120,000	120,000	120,000	480,000	510,000	525,000
Cash out from Operations [Cost of Goods Sold, Expenses, Taxes]	(-)	60,000 27,000 12,200	60,000 27,000 12,200	60,000 27,000 12,200	60,000 27,000 12,200	240,000 108,000 48,800	250,000 123,000 51,000	260,000 163,000 52,500
Cash in from Investing [Equity Infusions, Earnings on Investments]	(+)	-	-	-	-	-	-	-
Cash out from Investing [Equipment Purchases, Repaying Investors]	(-)	-	-	-	-	-	-	-
Cash in from	(+)	371,308	-	-	-	371,308	-	-

Financing [Loans]								
Cash out for Financing [Repayment of Debt]	(-)	-	-	-	-	=	<u>53,044</u>	<u>53,044</u>
Ending Cash Balance [Starting Balance for Next Period]	(=)	<u>402,108</u>	<u>302,788</u>	<u>83,788</u>	<u>104,788</u>	<u>464,508</u>	<u>497,508</u>	<u>503,920</u>

Burn rate = 4.99

### 7.3 Balance Sheet Projections

#### Balance Sheet for Choctaw

As of December 2010

	1Q	2Q	3Q	4Q	YR1	YR2	YR3
<b>Assets</b>							
Cash	10,000	402,108	302,778	83,778	104,788	464,508	497,508
Inventory	60,000	60,000	60,000	60,000	240,000	250,000	260,000
Capital Equipment	23,000				23,000	5,000	5,000

Other Assets	_____	_____	_____	_____	_____	_____	_____
<b>Total Assets</b>	<b>\$93,000</b>	<b>\$462,108</b>	<b>\$362,778</b>	<b>\$143,778</b>	<b>\$367,778</b>	<b>\$719,508</b>	<b>\$762,508</b>
<b>Liabilities</b>							
Short-Term							
Long-Term	<b>371,000</b>	<b>371,000</b>	<b>371,000</b>	<b>371,000</b>	<b>371,000</b>	<b>317,956</b>	<b>264,192</b>
<b>Total</b>	<b>\$371,000_</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$ _____</b>	<b>\$371,000</b>	<b>\$317,956_</b>	<b>\$264,192__</b>
<b>Owner's Equity</b>	<b>-\$278,000_</b>	<b>\$91,108</b>	<b>-\$8,222</b>	<b>-\$227,212</b>	<b>-\$3,222</b>	<b>\$401,552</b>	<b>\$498,396_</b>
<b>Total Liabilities &amp; Owner's Equity</b>	<b>\$93,000</b>	<b>\$462,108</b>	<b>\$362,778</b>	<b>\$143,778</b>	<b>\$367,778</b>	<b>\$719,508</b>	<b>\$762,508</b>

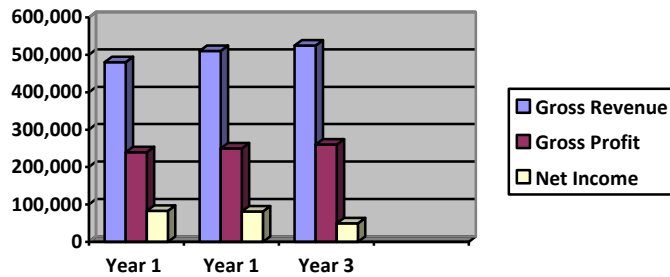
## 7.4 Income Statement Projections

### Income Statement for Choctaw

	1Q	2Q	3Q	4Q	YR1	YR2	YR3
Net Sales Revenue	120,000	120,000	120,000	120,000	480,000	510,000	525,000
(+)							
Cost of Goods Sold	60,000	60,000	60,000	60,000	240,000	250,000	265,000

(-)							
	_____	_____	_____	_____	_____	_____	_____
Gross Profit	60,000	60,000	60,000	60,000	240,000	250,000	265,000
(=)							
Operating Expenses	27,000	27,000	27,000	27,000	108,000	123,000	163,000
(-)							
	_____	_____	_____	_____	_____	_____	_____
Net Income Before Taxes	33,000	33,000	33,000	33,000	132,000	132,000	102,000
Taxes	12,200	12,200	12,200	12,200	48,800	51,000	52,500
	_____	_____	_____	_____	_____	_____	_____
<b>Net Income</b>	<b><u>20,800</u></b>	<b><u>20,800</u></b>	<b><u>20,800</u></b>	<b><u>20,800</u></b>	<b><u>83,200</u></b>	<b><u>81,000</u></b>	<b><u>49,500</u></b>

**For the Year Ending December 31, 2011**



B.

## 7.5 Breakeven Analysis

Breakeven Units = 44.97

## 7.7 Risks & Assumptions

Category of Risk or Assumption	Assumption	Significance
General economy	Slow growth economy	Plan on building sales slowly every year
Interest rates	Stabilized for period of loan	Plan on a fixed interest loan
Inflation	Steady with dollar getting stronger	Price increase for products, but also increase in cost of living
Economic health	Slowly gaining back consumer confidence	Consumer spending again
Tax rates	Small business taxes may increase	Capital gains tax laws
Industry growth/decline	Growth in sustainable fashion options	Population growth means higher discretionary income
Customer preferences	Increase in healthy lifestyle living	Care more about their purchasing and what it effects
Competitive entrants/changes	More retail shops going green	Build up loyal customer base and participate in communtiy
Prices	Can be marked up to match overhead and make profit	With loan, SU and overhead can be spread out
Costs of goods sold	Will never increase in	Demand will only increase,

	price, will only decrease	therefore price of goods will decrease over time
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**8.0 Funding Request & Exit Strategy**

**8.1 Amount & Type of Funds Requested**

- A. Choctaw requests \$291,000 in the form of a 7 year fixed 6% small business loan.
- B. Small business loan will be used for start-up

## 8.2 Exit Plan

<b>Form of Payment/Payout</b>	<b>Planned (yes/no)</b>	<b>Anticipated Time Frame</b>
Repayment of debt	yes	7 years at 6%
Public offering	-	-
Employee buyout	-	-
Merger/acquisition	yes	5-10 years
Liquidation	-	-
Stock buyback	-	-

## 8.3 Milestones

**Choctaw PERT Chart**

<b>Task</b>	<b>Month 1</b>	<b>Month 2</b>	<b>Month 3</b>	<b>Month 4</b>	<b>Month 5</b>	<b>Month 6</b>
Obtain Personal Banker	x	x	x	x	x	X
Obtain CPA	x	x	x	x	x	X
Select Retail Location	x					
Register Business	X					
Ad Agency consultation		X	x			
Lawyer	x	x	X			
Vendor statements			x	X		
Pay Utility Deposits						X
Marketing Material				X		
Phones/Alarm						x
website				x		
Server/database					x	x
Inventory/Shop				x	x	x