

BUSINESS PLAN

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CADS 5700: Fall 2020  
Group 3

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# Business Concept



@**ease** is an online store specializing in organically-produced loungewear clothing including sets, hoodies, sweatpants, leggings, t-shirts, and masks

- Each product is its own category
- Offered in size XS-XL
- Fabrics include Cotton, Hemp, Linen, Silk, and Wool
- Offered in 3 colors that are dyed naturally

What sets @ease apart from its competitors is its focus on environmentalism

- Pays close attention to the effects that harmful manufacturing practices can have on the environment

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## Critical Success Factors

- One-of-a-kind customer service
- Environmentally-friendly, innovative, and unique designs
- High ethical and moral standards
- Exceptional training of employees
- Creative strategies that keep our target market interested and invested

# Overview of the Business





# Location Plan

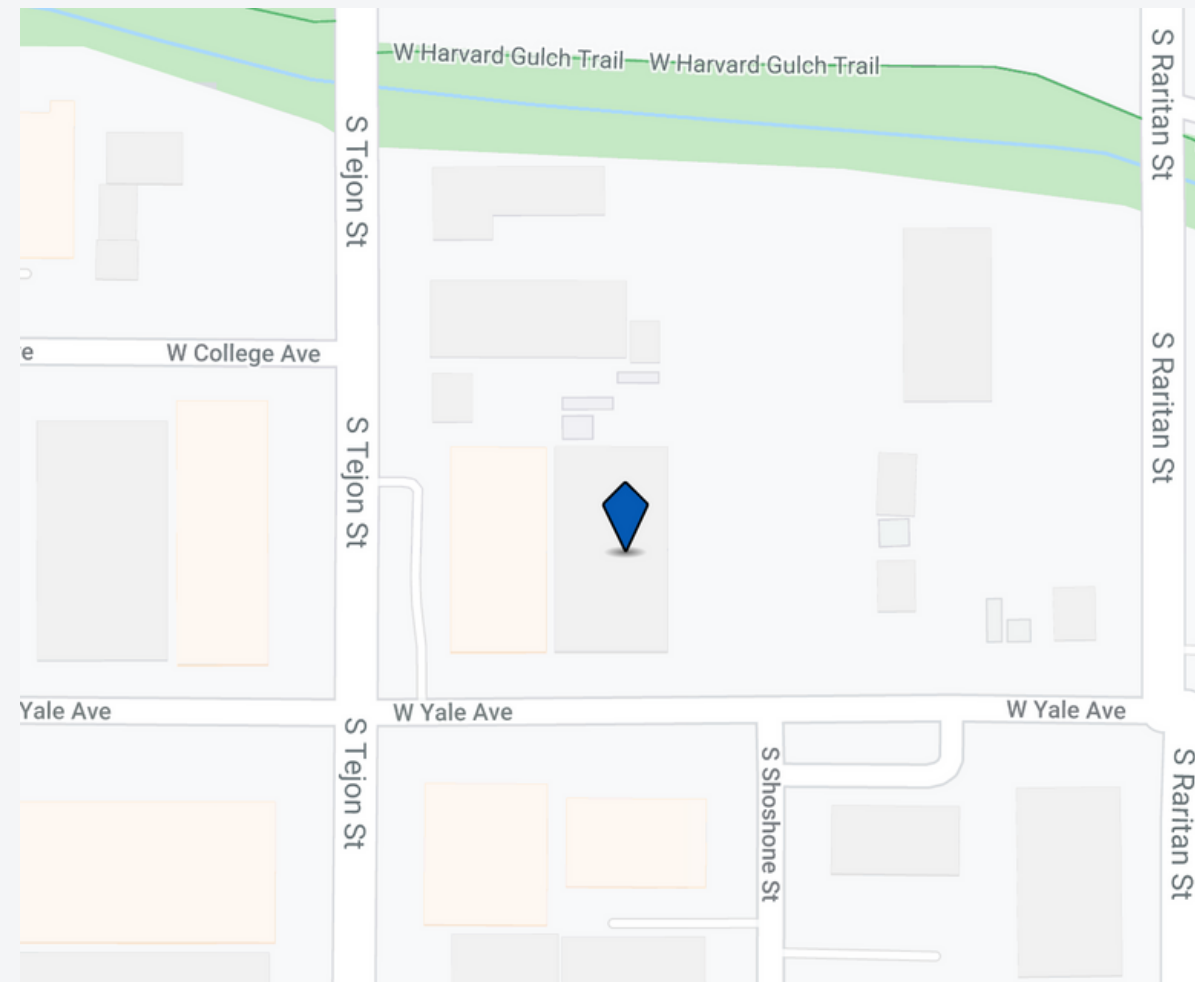
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Our warehouse is in the Western region of the U.S. in Denver, Colorado in a densely-populated area. We want to be in the first-ring suburbs because we do not have a designated place for people to shop in person, so we don't need to be located in a high-traffic area.

This will also help us cut the cost for our rent. This gives us the visibility of a store front, without actually having one. We will have less competitors because we have such a specific product and idea of merchandise. With our strong image of @ease and our neighborhood mix, we will be a very successful business. This warehouse will also be our headquarters. It must be large enough to hold our inventory, employee offices, and any optional in-person sales we might have. The corporate office hours of @ease will be from 10 a.m. to 5 p.m. MST.

# Physical Location

- The location of the warehouse space we have rented is at:
  - 1921 W Yale Ave, Englewood, CO 80110
- The space is 3,460 sqft for \$4,550 per month
- Features of this facility:
  - 1 large dock
  - 2 private offices
  - 1 conference room
  - 2 restrooms
  - Large storage space
- Only 35 miles away from the Denver International Airport



# Management Plan

- The four of us have delegated titles to each of us ensure smooth operations
  - Andi: Chief Executive Officer
  - Kelley: Chief Operation Officer
  - Alex: Chief Financial Officer
  - Antayvia: Chief Marketing Officer
- Our warehouse will have a manager who is in charge of our warehouse associates and managers day-to-day activities and shipments
- Because we are solely an online business, we do not need to worry about hiring sales associates to operate a store front

# Management Plan

- Payment of Employees
  - Until @ease becomes gains more traction and business, all 4 officers will have a salary of \$50,000
  - The warehouse manager will have a salary of \$40,000
  - All warehouse associates will be paid the hourly minimum wage in Colorado, which is \$12.00
- Job Responsibilities
  - CEO: make major corporate business decisions
  - COO: oversee daily operations & make adjustments
  - CFO: handles financial strategies & planning
  - CMO: oversee implementation & success of marketing strategies
  - Warehouse Manager: ensure smooth operation of incoming & and outgoing shipments, as well as manage associates
  - Warehouse Associates: update warehouse inventory, package outgoing shipments, and process incoming shipments from vendors



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- Our products are unique because all of the fabrics are 100% organic and dyed naturally
  - We will propose selective lines based on the season and climate
    - Launch of a wool collection in Fall/Winter
    - Launch of a linen collection in Spring/Summer
  - Our other fabrics will be available year round because they are more versatile and functional throughout the year

# Merchandising Plan

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- Assortment
  - Includes t-shirts, leggings, hoodies, sweatpants, sets, and masks
  - All products will be available in sizes XS-XL
  - 3 color options for each type of garment across all categories
    - Color 1: Natural fiber - no dye
    - Color 2: Sand - dyed with walnut shell
    - Color 3: Yellow - dyed with eucalyptus plants

# Merchandising Plan



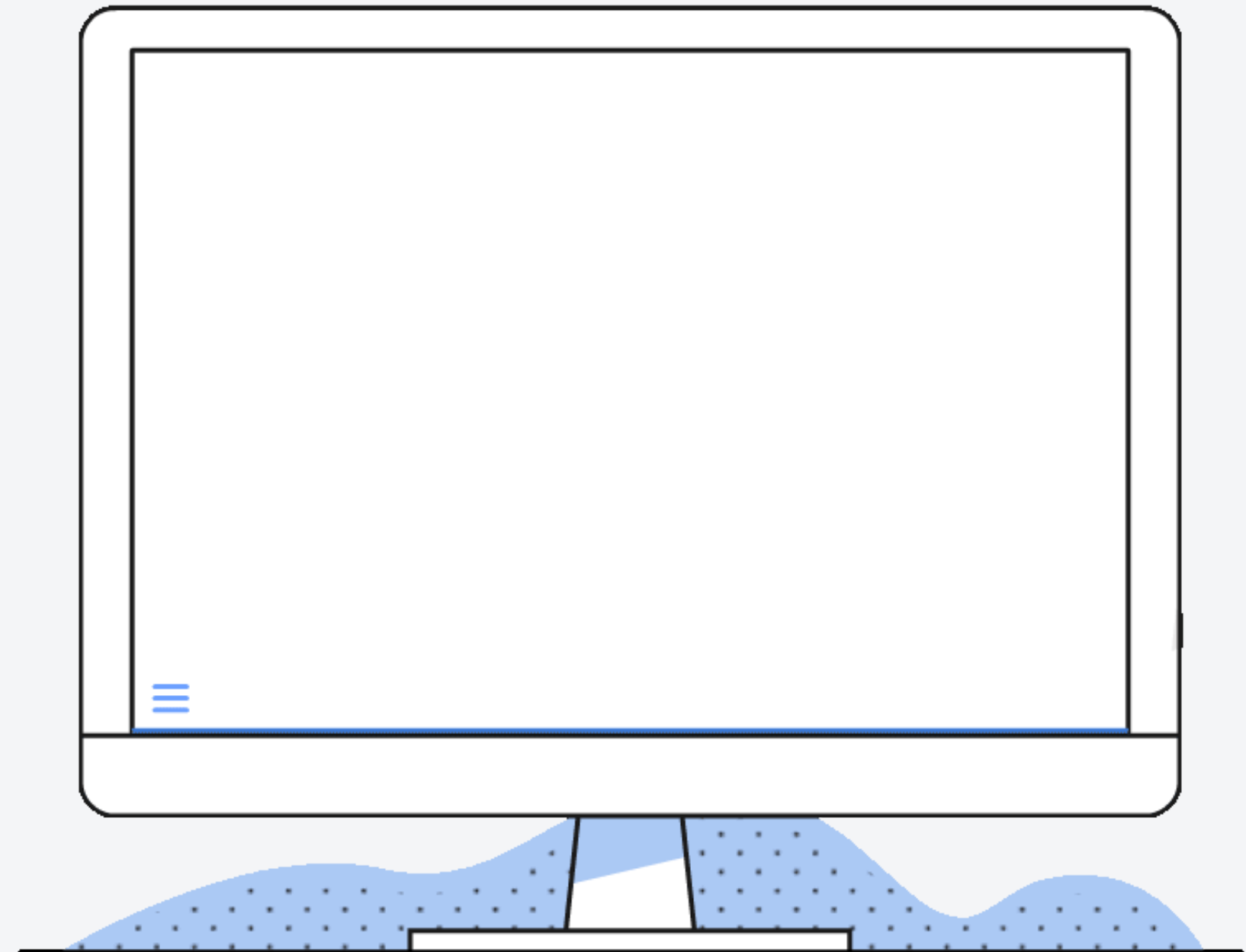
# Merchandising Plan

- Traveling to vendors
    - Instead of visiting market throughout the year, we have decided since we have such a niche product to visit our manufacturer around 5 times a year
    - We have set aside \$5,000 a year to cover travel expenses for 2 officers to visit their warehouse
      - The purpose of our visits will be to work through future orders and discuss business related details
      - This gives us the opportunity to be hands-on with our products before purchasing large orders
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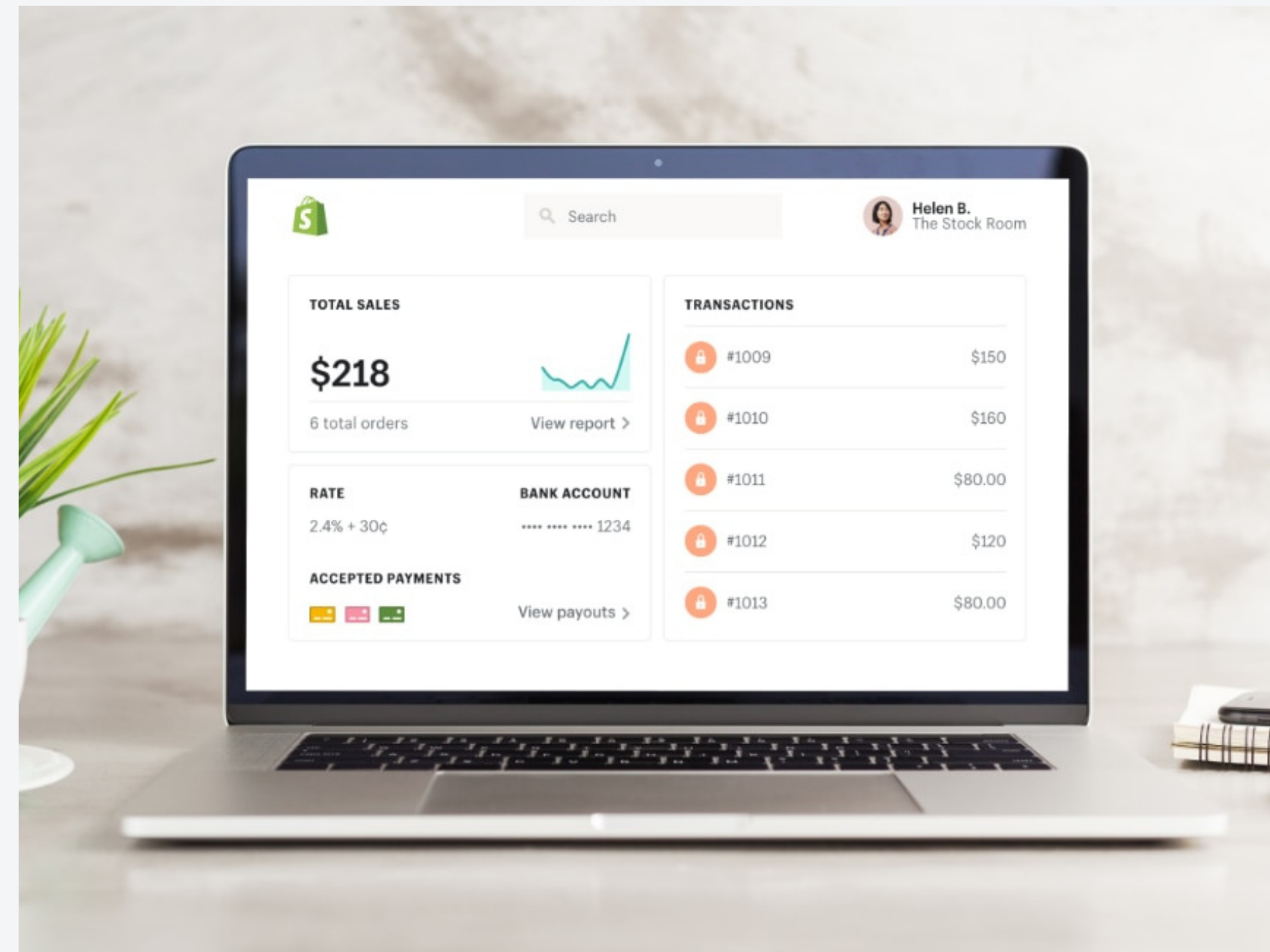
# Web Plan

- @ease will be solely an online store
  - This allows us the ability to reach customers not just in the Denver area, but across the U.S
- This increases the importance of having a put-together and professional website because this will be our main way for customers to place orders
- Customers will also be able to shop our products through Instagram
- Links to our website can be found across all of our social media platforms



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- For the initial creation of our website, we will hire a website developer to get us started
  - We will use Shopify, which simplifies the process of updating our selections & makes it easier to handle by ourselves
  - Payment options will include most credit and debit cards, and PayPal
  - For now, we will only be offering domestic shipping due to the smaller size of our business
  - Because our business is online-only, it is imperative that our website is updated and running at all times

# Web Plan

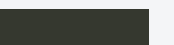
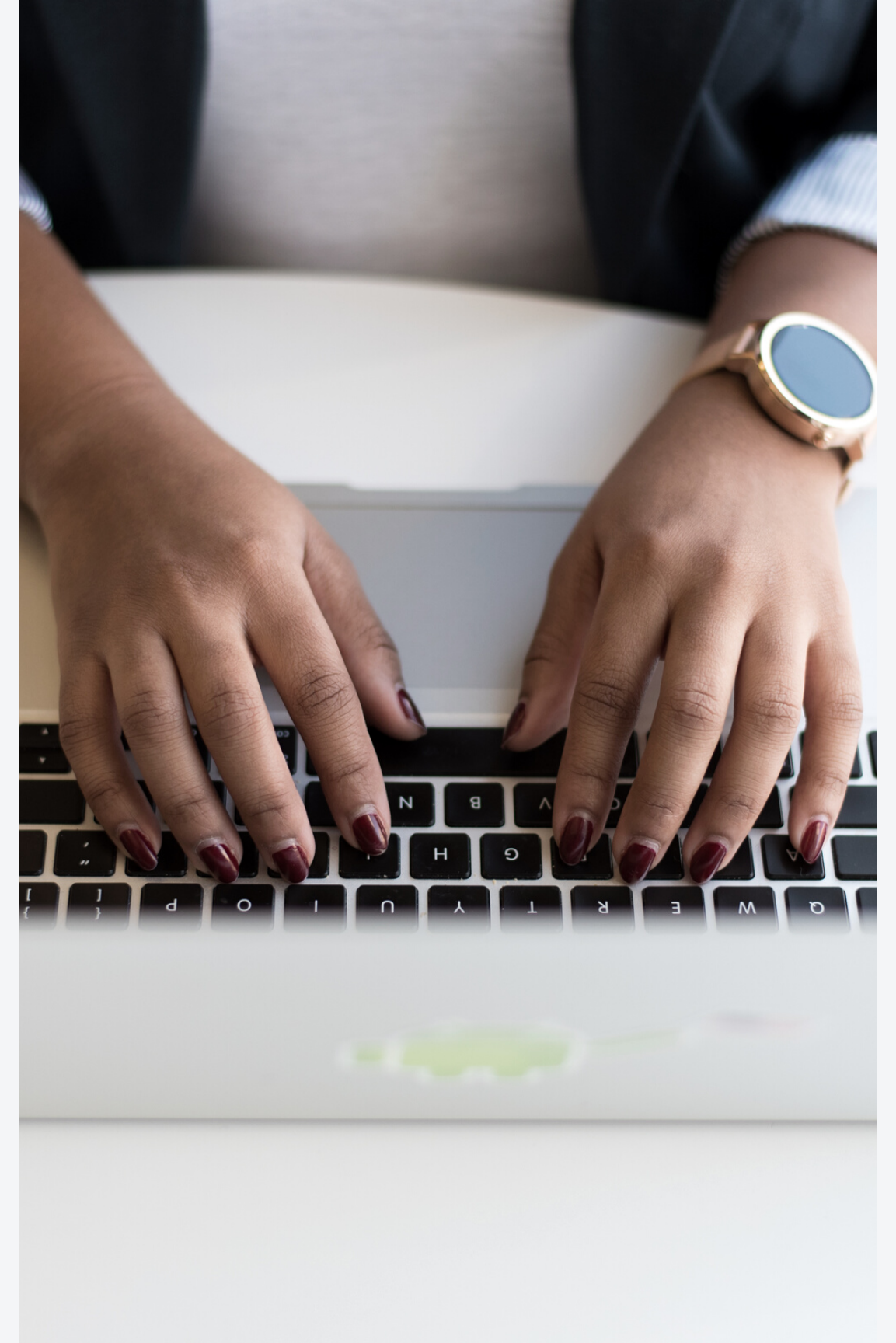


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# Marketing Plan

## Industry Profile

The loungewear industry mainly consists of fast fashion clothing brands, which sell similar products to @Ease at lower price points. However, sustainable clothing is becoming increasingly trendy, which could increase our profits. Being a majority online-based clothing brand, it is to our advantage that consumers are choosing to shop online, rather than in-person. Technology allows continuous exposure for @Ease through multiple social medias, such as Instagram, Facebook, and Tiktok, as well as our website.



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# Marketing Plan

## Market Analysis Summary

Our primary target market is women 18-35 years of age, who are conscious of the environment and want to create a better world for future generations. They stay up to date on the current trends around them and always want to be in the know. They tend to buy products that provide full disclosure about where it came from and how it was sourced. If it isn't environmentally-friendly or 100% organic, they tend not to purchase.



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# Marketing Plan

## Competitive Advantage

- We provide our customers with unique, sustainable loungewear that is made from high-quality, 100% organic materials
- There are very few trendy sustainable brands in Denver and few nationwide that attract our same target market
- Sustainability is becoming trendier with people becoming more aware of the effects that poor manufacturing practices can have on the environment
  - This would mean more interest in @ease because we pay special attention to where our products are sourced, how they are produced, and the ethical standards upheld at the manufacturer

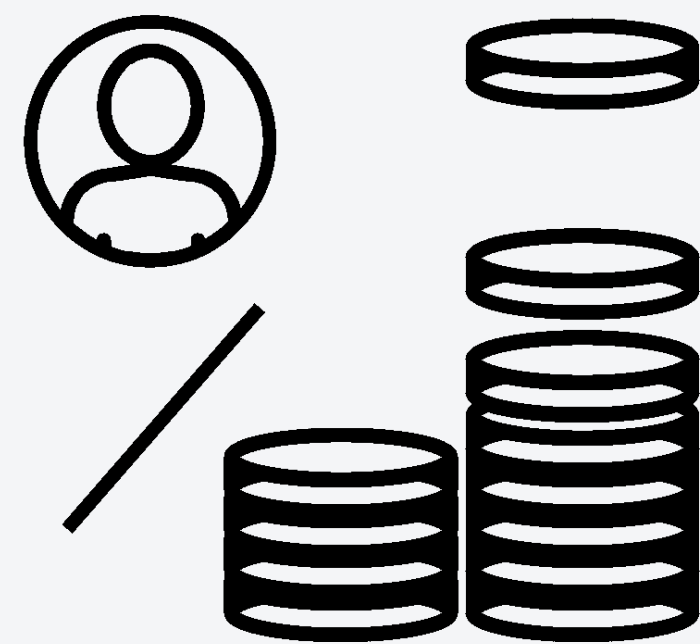
OPERATING EXPENSES - PROJECTED		
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Year 1		TOTAL
	Advertising	\$67,000
	Bank Charges	\$300
	Insurance	\$540
	Marketing and Promotion	\$100,000
	Meals and Entertainment	\$200
	Miscellaneous	\$600
	Office Supplies	\$1,000
	Payroll Expenses	
	Selling Salaries and Wages	\$33,378
	<u>Nonselling</u> Salaries and Wages	\$333,777
	<u>Payoll</u> Taxes	\$15,020
	Benefits	\$18,000
	Professional Fees	\$5,300
	Rent	\$54,600
	Security System	\$1,800
	Telephone	\$36,500
	Travel	\$5,000
	Utilities	\$1,800
	Web Hosting/Development Fees	\$18,430
TOTAL OPERATING EXPENSES		\$693,245



START-UP EXPENSES/EXPENDITURES					
Start-Up Cash					
	Equity Investments				\$100,000
	Loan Proceeds				\$200,000
Total Start-Up Cash					\$300,000
Initial Expenses					
Security Deposits					
	Rent Deposit				\$9,100
	Telephone Deposit				\$30
	Utilities Deposit				
	Other Deposits				
	Insurance Deposit				
Total Security Deposits					\$9,130
Professional Fees					
	Accounting Fees				\$100
Total Accounting/Legal					\$200
Marketing					
	Advertising ( <u>Preopening</u> )				\$1,000
	PR and Promotions ( <u>Preopening</u> )				\$2,000
	Printing (business cards, brochures, fliers)				
	Other Marketing Expenses				
Total Marketing Expenses					\$3,000
Other					
	Employee Training Expenses				
	Office Supplies				\$1,000
	Opening Stock				\$152,083
Total Other Expenses					\$153,083
Total Start-Up Expenses					\$165,413

# Financial Plan

Year-End Income Statement



INCOME STATEMENT - Year End Projected			
	\$	Yr 1	
Net Sales Less Merchandise Discounts and Returns		\$1,825,000	
Cost of Goods Sold		\$857,750	
Gross Income		\$967,250	
Total Operating Expenses	\$		\$684,060
			-
Income from Operations	\$		\$283,190
			-
Interest Expense			\$6,000
Other Income (interest, royalties, and so on)			-
			-
Income before Taxes	\$		\$277,190
Income Taxes (C corporation)			\$12,834
Net Income	\$		\$264,356

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# Financial Plan

## Sales Forecast

Product	2020-2021	2021-2022	2022-2023
Masks	\$5,000	\$4,300	\$3,500
T-shirts	\$10,500	\$15,050	\$18,200
Leggings	\$20,000	\$21,200	\$26,000
Sweatpants	\$25,000	\$35,000	\$44,000
Hoodies	\$30,550	\$37,375	\$47,125
Sets	\$28,000	\$29,610	\$38,500



# Retail Operations Plan

One of our reporting policies will be a daily sales report from our manager of the warehouse to our officers. The manager of the warehouse will send us reports on the shipments coming in and how much product we have at the given week. This will help us keep track of our inventory. We also will have weekly reports from the four of us, the founders, to the managers where we will discuss what needs improvement and what is working well in our company. This way our company will always be making improvements to best meet our customers wants and needs.

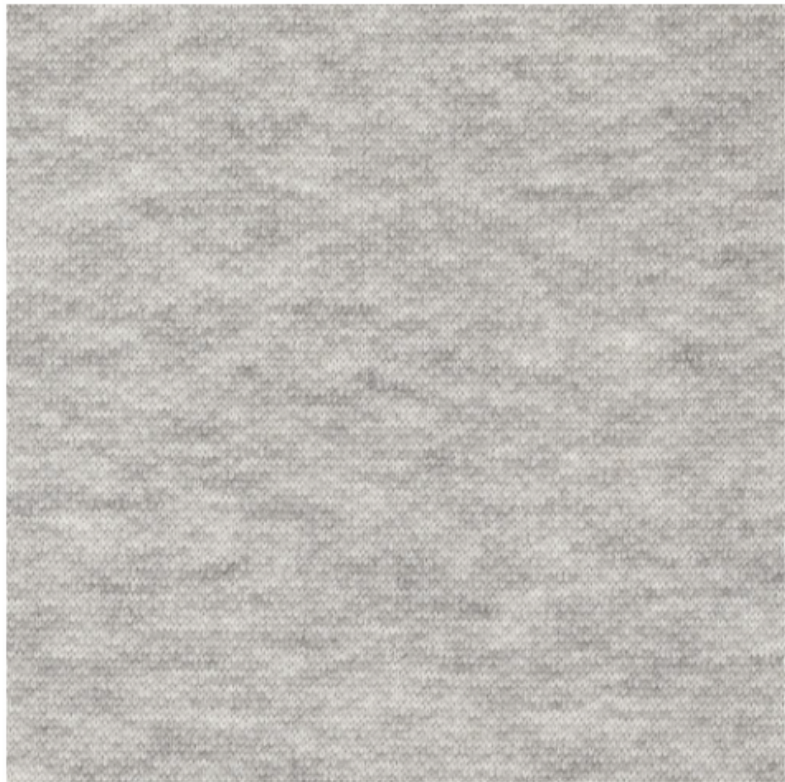
Our hours of operation are Monday through Friday from 10 a.m. to 5 p.m. MST.

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# Appendices

## Appendix A: Fabric Swatches

Swatch 1: Cotton



Swatch 2: Hemp



Swatch 3: Linen



Swatch 4: Silk



Swatch 5: Wool



# Appendices

## Appendix B: SWOT Analysis

<p><u>Strengths</u></p> <p>Sustainable</p> <p>Trendy designs</p> <p>Comfortable fabrics</p> <p>Excellent customer service</p>	<p><u>Weaknesses</u></p> <p>Fabrics are harder to make/come by</p> <p>More expensive than synthetic clothing</p> <p>New brand, not well known</p>
<p><u>Opportunities</u></p> <p>Sustainability is becoming more trendy</p> <p>Sustainable fabrics are becoming easier to</p> <p>gain access to</p>	<p><u>Threats</u></p> <p>Popularity of lounge wear is starting to flood the market</p> <p>Fast fashion is hard to keep up with and is becoming the desired fashion choice</p>

# Appendices

## Appendix C: Physical Location

*Exterior 1*



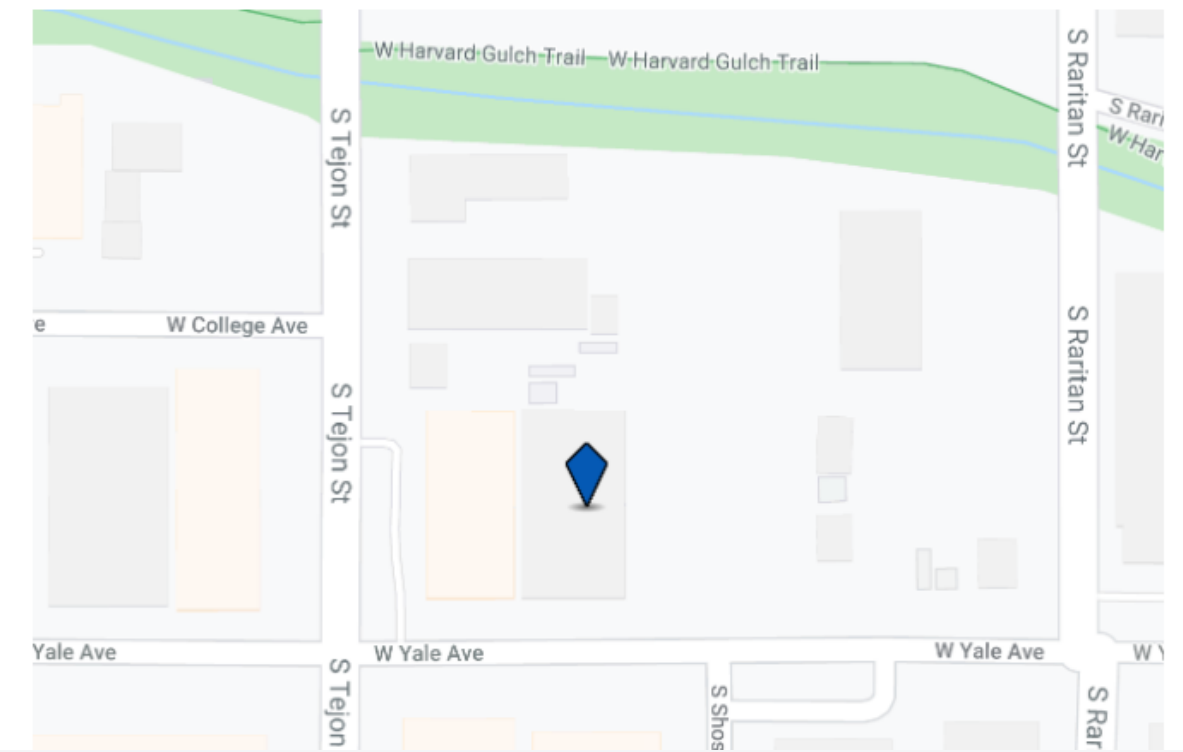
*Exterior 2*



*Warehouse Interior*



*Map Location*



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