RetroAttire Business Plan

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Executive Summary

While at Butler University in Indianapolis earning my bachelor’s degree in Merchandising Management, I was an assistant manager in the student store for two years. I was in charge of inventory management and noticed that the fastest sellers were the higher-quality clothing items with retro designs. They consistently flew out of the store, and we were always taking special orders for various school teams. On further research, I found there was no supplier in the Midwest offering custom clothing specifically with retro designs. RetroAttire was born after graduation when I found an old warehouse in New York City by accident. It was full of old iron-on designs from the 1970s and 1980s. The owner was willing to almost give the iron-ons away. The only catch was I had to remove them from the warehouse before it was demolished. I purchased them and started RetroAttire in my basement. It immediately took off. With Butler and six area high schools as my initial customers, I managed sales of $20,000 in the first quarter. My personal initial investment was $500. I am currently the only employee in a sole proprietorship.

Our initial target market includes the 52 area high schools and colleges—their student stores, teams, and individual students. An additional market includes area businesses that want to expand their brands through cool custom retro clothing. RetroAttire’s unique selling proposition (USP) is our position as the only provider of the highest-quality custom retro clothing at reasonable prices in the Midwest. We also distinguish ourselves as a socially conscious company that gives back to the community.

RetroAttire is taking advantage of the growing interest in all things retro by providing quality retro T-shirts at reasonable prices through our website at www.RetroAttire.com. Our current supply of retro iron-ons is vast. However, I want to expand the business to offer customers more clothing choices and infinite ways to customize their items. Therefore, I plan to purchase commercial silk-screening and embroidery equipment. We will then be able to provide complete customization services and proprietary retro designs created by RetroAttire’s yet-to-be-hired graphic designer.

RetroAttire’s pricing is reasonable and competitive. A single 100% cotton T-shirt is $19.95, and shipping/handling inside the continental United States is free. RetroAttire’s total cost for that single T‑shirt is currently $8.00, or a 161% profit. Quantity discounts occur at the 5, 10, 20, and 50+ levels. Our online competitors offer a similar pricing structure, though they are 5–10% higher when shipping/handling costs are included. Free shipping is a big competitive advantage for RetroAttire. The competitors’ quality is not as good as ours and their designs are not unique. While a handful of vintage clothing stores in Indianapolis sell actual clothing from the 1960s to 1980s, none offer new custom-designed, retro-look clothing.

I predict the first full year of sales to approach $80,000. In year two, I plan for a 20% sales growth and the need to add a full-time graphic designer/production assistant to begin producing our full line of custom retro clothing. In year three, we will have a storefront in the high-traffic Broad Ripple neighborhood of Indianapolis. Broad Ripple already has a strong retro image with older storefronts and bungalows available for businesses to rent.

RetroAttire’s initial expanded inventory will be purchased through our supplier, ClothesRacket. ClothesRacket is our current wholesaler of high-quality clothing in nearby Carmel, Indiana. ClothesRacket’s location saves on transportation costs, and they extend a generous 60-day trade credit. Customer orders are printed on demand. Inventory storage is minimal but will increase when the storefront opens and we have expanded product lines.

In addition to my personal selling efforts, several apparel agents will be hired on a commission basis. They will wear the RetroAttire clothing brand and hand out discount coupons at major area events. The keys to RetroAttire’s success will be:

* low overhead by purchasing discounted commercial silk-screening and embroidering equipment and operating the business from my home for the first two years;
* having a fun, retro, hip website and an eventual storefront in Broad Ripple to attract customers of any age, but particularly the 16–23 age demographic.
* adding a graphic designer/production assistant to create unique, exclusive retro designs;
* utilizing commissioned apparel agents to promote the line at high-profile events;
* creating an Advisory Council representing our primary individual target market to provide product input, promote products through social media, expand the brand directly into the schools, and help define our social consciousness efforts;
* establishing and maintaining good working relationships and lower-pricing contractual agreements with local vendors offering trade credit—to reduce materials and shipping costs, saves interest charges, and helps manage cash flow; and
* taking advantage of free social media: I have also started a blog about retro clothing and plan to use low-cost paid search engine optimization marketing tools, such Google AdWords and AdSense.

I plan to take advantage of the State of Indiana Incubators Program for new small businesses. This program helps small businesses grow during the start-up phase to reduce the risk of failure. The Incubator Program provides management assistance, marketing support, access to financing, networking opportunities, and technical support for the first three years.

Based on the initial budget, in year two, RetroAttire will need $50,000 to buy equipment and hire a graphic designer/production assistant. In year three, we will need an additional $75,000 to secure a storefront. We plan to have a revolving line of credit from my credit union at prime rate plus 1%. We anticipate any private investors would receive at least a 5% APR return on their investment after five years, which is much better than current bond yields. We plan to keep enough money in interest-bearing accounts to cover any economic swings. The money could also be used to repay investors who elect to exit before five years and forfeit their earned interest.

BUSINESS DESCRIPTION

# Goals

It has always been my goal to start a profitable business that also has socially conscious values. As a student in an Entrepreneurship class, I set a goal to have my first business up and running by the age of 24. I am currently 23 years old and have met that goal by opening RetroAttire, a custom retro clothing venture. My goal for sales growth is at least 20% for the first five years. My third goal is to open the brick-and-mortar store in year three.

# Vision Statement

RetroAttire will become the most sought-after provider of personalized, quality retro clothing in the Midwest and beyond.

# Mission Statement

RetroAttire is a socially conscious company providing personalized retro clothing printed on demand at reasonable prices. Our products are available through a fun, hip, and retro website and store for anyone who craves quality and style.

# Business Overview

RetroAttire is a retailer taking advantage of the growing interest in retro clothing. We provide quality retro-look T-shirts at reasonable prices through our website, www.RetroAttire.com. Our current supply of retro iron-ons is vast. However, we want to expand the business to offer customers more retro clothing choices and ways to customize their items. Therefore, we plan to purchase commercial silk-screening and embroidery equipment. In addition, I will start the process to acquire suitable storefront space in the retro Broad Ripple neighborhood. This unique space will reinforce our retro brand. It will also give us another distribution channel and provide more room to produce, store, and sell the new products.

RetroAttire’s USP is our position as the only provider of the highest quality customized retro clothing at reasonable prices in the Midwest. We are also a socially conscious company dedicated to giving back to the community. Eventually, our many proprietary retro designs and the ability for customers to create their own retro designs at no charge through the website will be an additional USP.

In addition to my personal sales efforts and electronic marketing strategies, I will hire apparel agents to wear and advertise RetroAttire clothing at major events. These can include back-to-school weeks; college freshman orientations; high school, college, and professional sporting events; concerts; restaurant openings; and other venues where our target demographics are gathered. These agents will be paid on a commission basis.

RetroAttire’s Advisory Council will be comprised of 10 to 15 area high school and college students who will provide great product and sales input, help promote the product line in their schools, and serve as our advisors to identify appropriate socially conscious sponsorships and activities.

# Products or Services

RetroAttire currently offers only high-quality, 100% cotton short- and long-sleeve T-shirts with a retro look on our website. Customers choose the iron-ons they want, shirt colors, quantity, and sizes. The shirts are created on demand and shipped within 48 hours. The product appeals to people comfortable buying through the Internet and who want to customize their clothing with unique retro designs.

After start-up funding is secured, we will expand the types of clothing items available and the customization options. Additional items to the RetroAttire product line will include fashion T-shirts, and baseball-style T-shirts. T-shirts made from recycled water bottles and clothing for our eco-conscious customers will also be available. We plan to add a new athletic product line of high-quality sweatshirts, sweatpants, and athletic shorts with a retro look.

In addition to the retro iron-ons, we plan to purchase professional-grade screen-printing and embroidery equipment. This will allow us to increase customer choices for personalization. After the graphic designer is hired, we will have over 50 proprietary retro designs available exclusively through RetroAttire. The graphic designer will also assemble hundreds of existing retro graphic elements for customers to create their own unique designs for free online and in the store when it opens.

# Business Location

The primary way customers currently find RetroAttire is through our website at www.RetroAttire.com. All the production is done in my home. I now use commercial pressing equipment, given to me by my uncle when he closed his tailoring business, for the T-shirt iron-ons. To expand the business, I am researching the purchase of low-cost commercial silk-screening and embroidery equipment for garments. This is a good time to buy this equipment because the inventory is high and vendors are cutting prices to move their products quickly. The vendors also supply free training for all the equipment. I plan to spend $25,000 for a commercial-grade screen printing equipment package, a digital garment printer, and one embroidery machine. This new equipment will initially fit in my basement for production.

In year three, I plan to open an 800 to 1,000 square foot storefront in the Broad Ripple area of Indianapolis. Broad Ripple is the perfect location for many reasons. It is close to our primary individual, school, and business target markets. It is also a well-known shopping and dining destination for our target customers. Broad Ripple has a retro look and feel with a number of vintage clothing shops, which is good for our brand. Parking is free and foot traffic is high.

The interior will reflect the 1970s and 1980s with posters, art, and fixtures either from that era, or they will look like they are from that time period. The space will have room for a dedicated private production area in the back and increased inventory storage. The new Broad Ripple storefront will also give RetroAttire a physical image and a place to hold Advisory Council meetings and social events.

Broad Ripple is zoned commercial and we will be looking for a location in one of the older buildings or bungalows to support the RetroAttire brand. We will lease the space; rents start at $15/square foot. It is typical in this area for the tenant improvement costs to remodel the interior for a new business to be provided by the building owner as part of the lease agreement. Utilities, maintenance and insurance costs will be determined when we finalize our site, but based on research, they should run between 5% and 7% of total business costs.

Market Evaluation

# Industry Conditions

Most major multi-store retail chains had sales declines in the first part of 20xx. However, they saw improvements toward the end of that year, and the upward trend has continued into this year. The retail industry continues to show weak, yet positive, signs of growth. Sales of retail clothing topped $75 billion nationwide in the past year. Custom and imprinted clothing accounted for just under 5%, or $375 million of these sales.

According to *Internet Retailer*, e-commerce retail sales were up by 15% over the previous year. In fact, any growth in the retail industry is attributed to online sales increases. Analysts at *eMarketer* forecast continued growth in American e-commerce sales of between 13% and 18% yearly, much of it spurred by social media.

# Economic Conditions

During the past few years, the U.S. economy has experienced the worst recession since the Great Depression in the 1930s. According to the U.S. Bureau of Labor Statistics, the average unemployment rate hovers around 8.3% (down from a high of 10.9%).Businesses that are hiring have decreased by over 30%. The U.S. Department of Housing and Urban Development (HUD) indicates that home foreclosures are dropping. However, the overall 20% foreclosure rate is still the highest the country has experienced in 75 years.

Using the same source, the state of Indiana’s unemployment rate is around 9%. This rate reflects the current overall rate for the Midwest. Compensation in Indiana rose 2%, with wages and salaries up 1.4% and benefits 3.2% over the previous year, 20xx. While the economic conditions are not optimal, they are certainly improved over 20xx, when the recession was at its worst. All economic indicators are moving in a positive direction.

According to the *Indiana Business Review*, the state of Indiana has experienced a 6.6% population growth over that last decade, far ahead of its neighboring states. The capital of Indianapolis is also one of the fastest growing cities in the country, experiencing a 15.9% growth over the past decade in spite of the economic conditions. The population of Indianapolis metro area is over 2 million, making it the 23rd largest metropolitan market in the country. Indiana's business climate was ranked 6th in the United States in 20xx by *Site Selection Magazine*, and Indianapolis was rated as one of the top 10 U.S. cities to start a business by Kiplinger's.

Because of the economic downturn, sales for reasonably priced clothing (between $20.00 and $50.00) are still strong especially through online sales. Reasonably priced clothing sales represent the largest portion of overall retail sales (50%). Indiana’s retail sales have remained flat for the past two years. However, recent indicators show the beginning of an increase (sales up 2% over previous year) mimicking the national improvement.

# Trade Area Analysis

Because RetroAttire is currently a web-based business located in Indianapolis, the physical trade area will not come into play until year three when our storefront opens. We plan to open in the high-traffic Broad Ripple neighborhood, which is the heart of the city’s unique and retro shopping district. Within a five-mile radius, there are five colleges (including Butler University) and seven high schools. The retail sales last year for the Broad Ripple trade area was over $20 million.

Broad Ripple draws people from all over the city due to its quality restaurants and shopping. According to the Indiana State Commerce Department, approximately 40,000 people live in the neighborhood. The demographic is young (50% are between 21 and 35), 70% are college educated, and 60% own their own homes. The average income for Broad Ripple residents is $72,000, as compared to Indianapolis as a whole, which is $45,000. A map of the Broad Ripple trade area is included in the Appendices.

# Target Market

RetroAttire has several distinct target markets: individuals, schools, and businesses. Our primary target market includes Indianapolis high schools and colleges—their student stores, teams, and individuals. This market is technologically savvy and utilizes the Internet for most information and many purchases. The secondary target market includes area businesses, such as restaurants and corporations that want to expand their brands through cool, retro clothing. The tertiary target market would include all high schools, colleges, and appropriate businesses throughout the Midwest region. This third market would be targeted after the first two are explored fully.

***The Primary School Market Profile***

There are 11 colleges in the Indianapolis market and 41 public and private high schools. These schools are educating over 300,000 students in our target demographic. This accounts for 52 school stores, more than 500 school teams, and over 1,200 coaches. In addition, there are several hundred intramural teams playing in leagues outside of schools. The number varies by sport and season.

*The Primary Individual Market Customer Profile*

Our products and website appeals to individuals of any age who appreciate high-quality custom retro clothing. The 16- to 23-year-old student demographic, however, is the initial primary individual market. Research shows a slightly more male-oriented demographic (60%) than female (40%). These are students with part-time jobs who have incomes of at least $3,000 per year and make regular online purchases. They tend to be actively involved in school sports or on intramural sports leagues. These customers also have a higher degree of social consciousness and are involved in community activities. They value individualism and creativity and enjoy wearing clothing reflecting their personal styles. Customized clothing options are important to this demographic.

***The Secondary Business Target Market Customer Profile***

The Greater Indianapolis Chamber of Commerce has a membership of 4,000 businesses representing 290,000 employees. This is a perfect arena for targeting those area businesses through joining the Chamber. After the storefront opens in year three, the surrounding Broad Ripple neighborhood will be an important market. Those demographics are presented in the Trade Area Analysis section.

# Competition

Because RetroAttire offers a very specific, customized product line, our competition is limited to other custom clothing retailers. Our current competitors are other online companies selling screen-printed and embroidered T-shirts and other custom clothing. Based on recent e-commerce research, there are 124 direct online competitors. No competitor has the specific personalized *retro* products and iron-on choices we sell, however. In addition, free shipping is a big competitive advantage for RetroAttire.

While there are certainly a handful of vintage clothing stores in Indianapolis selling 1960s to 80s clothing, none offer new custom-designed, retro-look clothing. Detailed competitive and SWOT (strengths, weaknesses, opportunities, and threats) analyses are included in the Appendices.

RetroAttire’s USP is our position as the only provider of the highest quality personalized retro clothing at reasonable prices in the Midwest. Eventually, the ability for customers to create their own retro designs through the website at no charge is another USP. We also distinguish ourselves as a socially conscious company that gives back to the community.

Our USPs provide us with the ideal new product model with which to compete. According to Plunkett Research, Ltd., RetroAttire meets all four of the keys to successful new retail clothing products:

*High Perceived Value*: The product must convincingly offer a high level of value and durability for the price, and give consumers confidence that their money is well and wisely spent.

*Quality and Utility As Well As Fashion:* Fashion remains important, but quality comes first in the minds of many consumers. Products that offer quality, utility, AND fashion have a tremendous competitive advantage over products that offer fashion alone.

*High Brand Reputation Above Style:* The brand must stand for a company that clearly puts customer satisfaction and value above all else. If the brand also stands for a firm with great styling, high social values, such as eco-consciousness, or other ancillary attributes, that is even better.

*Cheap Chic Still Has a Place:* If a company wants to win the hearts of fashion-conscious, budget-conscious consumers, it must provide unique styles at affordable prices.

OPERATIONS

# Organizational Structure

I started RetroAttire as a sole proprietorship. A sole proprietorship offers the following advantages for RetroAttire:

* a low entry cost (my DBA license costs less than $50);
* the business is not taxed, only my personal income;
* any losses are tax deductible; and
* I have complete control over how the business is run.

# Management Team

My experience as the assistant manager of the Butler University student store gives me management experience. I worked in the store for two years while earning a bachelor’s degree in Merchandising Management. I currently assume all functions within the business and make all decisions. My grandfather, Hector Jones, is a CPA with 30 years of experience and serves as RetroAttire’s accountant. I am also utilizing my college mentors for advice. In addition, I am also taking advantage of the State of Indiana Incubators Program, which gives new companies advice, mentoring, and management training during the start-up phase to reduce the risk of failure. Our résumés are included in the Appendices.

I am in the process of forming RetroAttire’s Advisory Council, to be composed of 10 to 15 area high school and college students and recent graduates representing the student target market. The Advisory Council will meet quarterly. The function of the Advisory Council is to provide product input and help promote RetroAttire and our special events through their own social media activities. They will also help us expand the brand directly into the schools and advise us on appropriate socially consciousness activities for the company to support.

I anticipate hiring my next key employee in year two at the latest. He or she will have a degree in Graphic Design or the equivalent of that in graphic design work experience. This person will serve as the company’s graphic designer and production assistant. The graphic designer will create our own unique, proprietary retro designs. The designer will also help expand the business into also offering customer-created retro designs through our website. The graphic designer will work closely with me and the Advisory Council members to determine the best designs to appeal to our target markets. After year three, I will hire more production and sales staff as needed.

# Marketing Strategies

***Product:***

RetroAttire is taking advantage of the growing interest in all things retro by providing quality, custom retro T-shirts at reasonable prices through our website at www.RetroAttire.com. We plan to add more items to the basic 100% cotton product line, such as fashion T-shirts, baseball-style T-shirts, and T‑shirts made from recycled water bottles and clothing for our eco-conscious customers. We will also offer a new athletic product line of high-quality sweatshirts, sweatpants, and athletic shorts with a retro look. T-shirts and custom clothing in general are in the stable, maturity phase of the product life cycle with steady sales.

In order to appeal to a wider market and grow the business, RetoAttire must move beyond iron-ons. To that end, we are looking to purchase professional-grade screen-printing and embroidery equipment. This will allow us to increase customer choices for personalization. After the graphic designer is hired, we will have over 50 proprietary retro designs available exclusively through RetroAttire. There will also be hundreds of retro graphic elements available for customers to create their own unique designs for free online and in the store when it opens.

The benefit of these new product and graphic choices is the ability to tap into the user’s creativity and desire to express their individuality through custom clothing options. There will literally be an infinite number of ways to customize clothing items through RetroAttire.

***Price:***

RetroAttire’s pricing objectives are twofold. Based on our mission statement, pricing must remain reasonable and, therefore, competitive. So we will focus on maximizing sales through volume pricing and continue to maximize our return on sales (ROS). We currently have a high ROS of 50%.

RetroAttire’s uses a cost-based pricing strategy. A single 100% cotton T-shirt is $19.95, and shipping/handling inside the continental United States is free. RetroAttire’s highest total cost for that single T-shirt is currently $8.00, which yields a 161% highly desirable profit. Our costs go down when we purchase in bulk because our vendor offers us volume discounts.

RetroAttire’s pricing techniques include odd pricing and bundling some groups of items to convey value. We may consider putting slow-moving items on sale, but that has not happened yet. Our quantity discounts start at the 5, 10, 20, and 50-plus levels. Our online competitors offer a similar pricing structure, however their pricing is 10 to 15% higher when shipping/handling costs are included. The only additional cost to our customers is the state-required tax. We anticipate increased sales due to volume pricing and the fact that we offer a 30-day trade credit to businesses who purchase more than 50 units on one PO. Our initial sales forecast and break-even analysis are included in the Appendices.

RetroAttire’s value proposition is to provide the highest-quality retro clothing for the best prices both online and eventually through a hip storefront. With competitive pricing and free shipping, our value proposition is clear to the target market.

***Place:***

ClothesRacket is our current preferred vendor of high-quality clothing in nearby Carmel, Indiana. We order as we need products, so ClothesRacket also functions as our no-cost storage warehouse. We also take full advantage of the 60-day trade credit they offer. The expanded product lines will also be purchased through ClothesRacket on the same basis. ClothesRacket’s close location helps us to keep product costs low and shipping time to a minimum. We have established and continue to maintain good working relationships with other local suppliers as well. Any new iron-on designs will be secured through a private seller in New York City. This supplier offers thousands of retro iron-ons at deeply discounted prices.

We have a direct channel of distribution to the end-users of the products. The supply chain starts at the wholesale clothing vendor, moves to RetroAttire for customization, then to FedEx, and finally to customer. When the storefront opens, end-users purchasing product there may receive some products directly and bypass FedEx.

Currently, the distribution process is as follows.

1. Customers place their orders, including size, style, color, imprint design, and quantity through our website’s secure shopping cart.
2. The orders are fulfilled and shipped, or if possible, delivered to schools by me within 48 hours. We have a corporate FedEx account to save on shipping costs.
3. After the sale, we provide uncompromising customer service to quickly handle any issues with delivery or product.

Quality control is extremely important. Any items that are not perfect are being saved to sell as seconds for 50% of the individual retail price in the storefront. As an online retailer, it is critical to build customer trust with quality products and exceed order expectations through excellent customer service. A “contact us” e-mail and an 800 number are available for customers with questions prior to ordering or for customer service after receiving the orders. RetroAttire has a 100% customer satisfaction guarantee, and we will take our merchandise back for any reason. If the order was received, the customer must pay for return shipping, but will never be charged a restocking fee.

***Promotions:***

I continue to make sales calls and distribute marketing brochures with discount coupons to all the area schools and local intramural teams. I am also offering a limited-time 10% discount incentive for the first order placed that is over $500. A current brochure is included in the Appendices. In addition to my direct sales efforts, five apparel agents will be hired on a commission basis to wear and promote RetroAttire by handing out discount coupons while wearing the RetroAttire-branded shirts at major events in the area to promote business. Such events can include back-to-school weeks; college freshman orientations; high school, college, and professional sporting events; concerts; restaurant openings; and other venues where our target demographics are gathered.

As referenced earlier, RetroAttire’s Advisory Council is a critical component of our indirect sales and promotional efforts. It will be composed of 10 to 15 area high school and college students and recent graduates representing the target demographic. They will provide product input and promote products through their own social media activities. They will also help us expand the brand directly into their schools and intramural teams as well as help define the social consciousness of our company. All Advisory Council members will receive several different RetroAttire-branded shirts to test and wear and a 25% discount on any other purchases as compensation for their time and effort. The logo and other RetroAttire branding designs are included in the Appendices.

We have a limited marketing budget; therefore, initial promotional activities will take advantage of free social media, including Facebook, Twitter, LinkedIn, Foursquare, Yelp, etc., to drive customers to the website through messages and special offers. I have also started a blog about retro clothing called *WearingRetro* through the RetroAttire.com website*.* Information about our social networking activities, offers, and event sponsorships appear both on the website home page and on blog. Our socially conscious efforts and projects are perfect messages to relay via electronic media. I am also planning e‑mail campaigns to school administrators, coaches, and the Chamber of Commerce member list.

RetroAttire’s logo and tagline, Cool RetroWear, are the foundation of our website design and the *WearingRetro* blog. The brand is further defined through the quality/value relationship and the products, which are shown to their best advantage. The website will also explain the company’s commitment to social responsibility and highlight environmental reasons to wear RetroAttire’s line.

The next step will be using paid search engine optimization marketing tools, such as Google AdWords and AdSense. Locally, I am offering initial discounts to all area high schools and colleges as well as targeting all intramural sports teams and appropriate businesses. In addition, we will purchase banner ads on Indiana and other Midwestern college websites. We will utilize free Google Analytics to track the effectiveness of our promotional efforts and expenditures.

Finally, we will be looking to our Advisory Council to give us good socially conscious projects to sponsor that are relevant to area students. These projects will be the basis of ongoing PR and publicity campaigns. When the storefront opens, we will hold a month-long Grand Opening event and party to raise funds for our charitable projects. The promotional plan including a budget, metrics, and time line for the first year is included in the Appendices.

# Human Resources

As the sole proprietor, I will manage all human resources functions. My first contract employees will be five rotating part-time apparel agents who will work on a commission basis to wear and promote RetroAttire-branded clothing. They will talk up our products and hand out discount coupons at area major events to promote business and increase sales. They will earn 12% of any sales generated—their coupons will have discount codes tied directly to them for tracking purposes. Commission checks will be cut on a monthly basis. Each agent will also receive a free T-shirt and (when available) a sweatshirt and athletic shorts. I will use a temporary staffing agency to find young people willing to do this work on an as-needed basis. My CPA will help me manage payroll, taxes, and all necessary government reporting.

I anticipate hiring my first full-time employee in year two at the latest. This employee will serve as the company’s graphic designer and production assistant. He or she will have a degree in Graphic Design or the equivalent of that in graphic design work experience. The graphic designer will create our own unique, proprietary retro designs. He or she will also assemble several hundred digital retro graphic elements for customers to choose from when creating their own designs on our website. This person will also help with producing the products to fulfill orders. The average salary in Indianapolis for this type of position is $31,000. I will post an ad on CareerBuilder.com. I will also use my networking connections to find the best person to fill the position. This position will be considered contract and not eligible for benefits until it becomes a full-time position. However, the standard three-week paid time off will be given. A yearly merit raise and possible bonus, depending on performance and sales, will be available.

After year three, I will hire more production and sales staff to manage the store’s sales and increase production output to meet increased sales. At this point, I will research what types of health insurance and other benefits RetroAttire will offer. My involvement with the State of Indiana Incubators Program will help me make those decisions and provide me with the appropriate resources. I would like to be able to offer employees a benefits package by year four at the latest.

# Risk Management Evaluation

Avoiding, reducing, and transferring risk is important to the success of the business and the basis of our risk management plan. RetroAttire will not be assuming any risk directly. There are several laws that apply to RetroAttire, for which I already comply—or plan to comply with when employees are hired. These include the following.

* Online security laws: all customer information is fully protected by our secure shopping cart for purchases. No information will be gathered from children under the age of 13.
* Labor relations laws, compensation and equal opportunity employment laws: we will follow all laws when hiring contract and full-time employees.
* Consumer protection and environmental safety laws: RetroAttire offers no products that will in any way harm consumers or create a harmful environment.

We are dedicated to the protection of our intellectual property. When RetroAttire creates our own proprietary designs, we will register the artwork with the U.S. Patent and Trademark Office to protect the designs from unauthorized use. Our logo is also trademarked for protection.

Insurance is necessary to protect the business from unforeseen events that could cost the business money. The following insurances will be purchased upon receipt of funding:

* commercial general liability insurance to protect the business against lawsuits due to tort allegations and unforeseen property damage;
* auto insurance to cover any accidents while conducting business; and
* life insurance to cover any expenses incurred by the business in the event of the death of the owner.

I currently provide my own personal medical insurance, but as the business grows and additional employees and equipment are added, it will be necessary to add:

* worker’s compensation insurance;
* group health insurance;
* renters insurance; and
* product liability insurance.

RetroAttire accepts bank and credit cards through our secure online shopping cart that automatically verifies all card information. We will also offer a 30-day trade credit to businesses that purchase more than 50 units. If they do not pay in full by 30 days after receipt of invoicing, the going rate of interest will be charged and compounded daily. If our accounts receivable aging report shows any accounts past due by 90 days, we will use a collection agency to collect the debt.

RetroAttire does take full advantage of receiving trade credit, with our primary vendor offering a 60-day trade credit. We consistently pay the vendor in full before the 60-days to avoid interest charges. Our accountant monitors our cash flow daily to alert me about any adjustments that need to be made. Should we need any cash to cover bills on a short-term basis, we will access our revolving line of credit and repay it as soon as possible to minimize interest charges.

Financial Plans

# Introduction

My grandfather is a CPA and serves as RetroAttire’s accountant. He uses the accrual basis of accounting for the business’ accounting method. The business has a quarterly fiscal period, and the fiscal year is the calendar year. To manage cash flow, I plan to create a quarterly budget that is compared to actual income and expenses for that fiscal period. RetroAttire’s financial statements and other financial documents include the following, which are in the Appendices:

# Capital

Sources of funds document

# Financial Statements

Pro forma cash flow statement

Pro forma opening-day balance sheet

Pro forma income statement

# Financial Documents

Chart of accounts

Sales forecast

Break-even analysis

Personal financial statement

# Future Plans

I predict the first full year of sales to exceed $80,000. In year two, based on sales forecasting, I plan for a 20% growth in sales. This growth creates the need to add a full-time graphic designer/production assistant to begin producing our unique retro designs and eventually, a line of custom clothing. In year three, we will have a storefront in the high-traffic Broad Ripple neighborhood of Indianapolis, which should bring us a 30% increase in previous year sales. Year five should see the business doubled due to increased sales in markets outside the Indianapolis area.

Our exit strategy is to sell the business to a larger retailer or vendor who wants to expand into the retro market. I do not see this happening before year 10. Details are included in the formal exit plan located in the Appendices.

Conclusion

In conclusion, RetroAttire is a safe investment. We have already been highly successful in the first three months of operation with a very small capital investment. The target markets are clearly defined with little direct competition. RetroAttire is capitalizing on the growing interest in all things retro and the desire for individual and creative ways to express personal style through custom clothing.

We will continue to operate conservatively from a financial standpoint and keep operating costs low. But, we are dedicated to pushing sales hard through every promotional channel. Utilizing commissioned apparel agents to promote the line at high-profile events and creating a targeted Advisory Council is key to our promotional efforts and making our commitment to social responsibility well-known. Initial advertising and public relations efforts will be low- or no-cost activities including free social media, our website, and the *WearingRetro* blog.

Based on the initial expansion goals, RetroAttire will need $50,000 before the end of year one to buy equipment and hire a graphic designer/production assistant. At the end of year two, we will need an additional $75,000 to secure a storefront scheduled to open in the beginning of year three. We plan to use a revolving line of credit as a safety net and keep enough money in interest-bearing accounts to cover any economic swings. The money could also be used to repay investors electing to exit before five years and forfeit their earned interest. We anticipate any private investors would receive at least a 5% APR return on their investment after five years, which is much better than current bond yields.

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Appendices

Break-even analysis

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Competitive analysis

Exit plan

Logo and branding designs

Map of trade area

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Marketing brochure

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Pro forma balance sheet

Pro forma cash flow statement.

Pro forma income statement

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