

Business Plan for a Start up Business

The business plan consists of a narrative and several financial worksheets. The narrative template is the body of the business plan. It contains more than 150 questions divided into several sections. Work through the sections in any order that you like, except for the *Executive Summary*, which should be done last. Skip any questions that do not apply to your type of business. When you are finished writing your first draft, you'll have a collection of small essays on the various topics of the business plan. Then you'll want to edit them into a smooth-flowing narrative.

The real value of creating a business plan is not in having the finished product in hand; rather, the value lies in the process of researching and thinking about your business in a systematic way. The act of planning helps you to think things through thoroughly, study and research if you are not sure of the facts, and look at your ideas critically. It takes time now, but avoids costly, perhaps disastrous, mistakes later.

Business Plan

Your Business Name: **HOLLICROMBIE© INC.**

I. Executive Summary

Write this section last.

We suggest that you make it 1 page.

Include everything that you would cover in a five-minute interview.

Explain the fundamentals of the proposed business: What will your product be? Who will your customers be? Who are the owners? What do you think the future holds for your business and your industry?

Make it enthusiastic, professional, complete, and concise.

If applying for a loan, state clearly how much you want, precisely how you are going to use it, and how the money will make your business more profitable, thereby ensuring repayment.

II. General Company Description

What business will you be in? What will you do?

WE WILL BE IN THE CLOTHING BUSINESS, SELLING CLOTHING AND ACCESSORIES.

Mission Statement: Many companies have a brief mission statement, usually in 30 words or fewer, explaining their reason for being and their guiding principles. If you want to draft a mission statement, this is a good place to put it in the plan, followed by:

Company Goals and Objectives: Goals are destinations—where you want your business to be:

OUR COMPANY IS BASED UPON REACHING YOUNG PEOPLE. IF YOU REACH THE YOUNGER GENERATION THEN YOUR BUSINESS WILL FLOURISH. IF YOU MANAGE TO REACH THE YOUNGER GENERATION THEN FOR YEARS TO COME YOUR CLOTHING LINES WILL BE WORN.

Objectives are progress markers along the way to goal achievement. For example, a goal might be to have a healthy, successful company that is a leader in customer service and that has a loyal customer following. Objectives might be annual sales targets and some specific measures of customer satisfaction.

Business Philosophy: What is important to you in business?

WE FEEL THAT PROVIDING THE MOST UNIQUE, HIGH QUALITY CLOTHING TO THE YOUNGER GENERATION IS WHAT HOLLICROMBIE STANDS FOR. THE MOST IMPORTANT OBJECTIVE FOR OUR GROUP IS TO MAKE OUR CLOTHES NOT ONLY AFFORDABLE BUT CONVENIENT.

To whom will you market your products? (State it briefly here—you will do a more thorough explanation in the *Marketing Plan* section).

WE WILL BE MARKETING OUR PRODUCTS TO YOUNG ADULTS, TEENS, AND ADOLESCENCE.

Describe your industry. Is it a growth industry? **OUR INDUSTRY IS INDEED A GROWTH INDUSTRY.**

What changes do you foresee in the industry, short term and long term?

WE FORESEE OUR BUSINESS'S POPULARITY GROWING RAPIDLY SHORT TERM AND LONG TERM, WE HOPE TO EXPAND OUR BUSINESS AND POSSIBLY HAVE A CHAIN OF BUSINESSES.

How will your company be poised to take advantage of them?

ARE COMPANY WILL BE POISED TO TAKE ADVANTAGE OF CHANGES IN THIS GROWTH INDUSTRY BY GIVING THE BEST CUSTOMER SERVICE.

Describe your most important company strengths and core competencies.

OUR CLOTHES ARE GEARED TOWARDS THE YOUNGER GENERATION, THEREFORE OUR CLOTHING LINE WILL FLOURISHING FOR GENERATIONS.

What factors will make the company succeed? What do you think your major competitive strengths will be?

OUR COMPANY HAS A TEAM OF HARDWORKING INDIVIDUALS WHO HAVE GOOD TASTE IN CLOTHING, MUCH LIKE THE CLOTHING WE ARE GOING TO SELL. OUR MAJOR COMPETITIVE STRENGTHS INCLUDE, BUT ARE NOT LIMITED TO, A HARD WORKING TEAM OF INDIVIDUALS, DEDICATED STAFF, AND ALL OF OUR TEAM MEMBERS HAVE GRADUATED FROM A NEW TECH MODEL HIGH SCHOOL.

What background experience, skills, and strengths do you personally bring to this new venture?

PALOMA- I HANDLE MONEY VERY WELL AND I CAN WORK THE COMPUTER. WHEN SOMETHING NEEDS TO BE DONE I DO IT. I'M A HARD WORKER.

ROBERT- I PERSONALLY BRING THE ABILITY TO

HALEY- I BRING THE ABILITY TO STAY ON TASK, WORK HARD AND EFFICIENTLY, AND KEEP OTHERS IN LINE WHILE IN THE WORKPLACE.

III. Products and Services

Describe in depth your products or services (technical specifications, drawings, photos, sales brochures, and other bulky items belong in *Appendices*).

What factors will give you competitive advantages or disadvantages? Examples include level of quality or unique or proprietary features.

What are the pricing, fee, or leasing structures of your products or services?

| | | | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>PREPPY (MALE&FEMALE) CLOTHING:</p> <ul style="list-style-type: none"> • TEE SHIRTS • TANK TOPS • BLOUSES • SWEATERS • DRESSES • JACKETS • HOODIES • JEANS • ATHLETIC PANTS • JEWELRY • SCARVES • HATS (WINTER) • GLOVES (WINTER) • FRAGRANCE | <p>ADVANTAGES:</p> <ul style="list-style-type: none"> • OUR CLOTHES ARE AFFORDABLE AND STYLISH, WHICH FITS THE ECONOMIC CLASS OF OUR LOCATION. • OUR PRICING IS CHEAPER THAN OUR COMPETITORS. | <p>DISADVANTAGES:</p> <ul style="list-style-type: none"> • THERE ARE OTHER PLACES LIKE OUR SHOP IN THE AREA IN WHICH WE WOULD LIKE TO ESTABLISH OUR BUSINESS. | <p>PRICING:</p> <ul style="list-style-type: none"> • TOPS RANGE FROM \$10-\$20 • TANKS \$5 • HOODIES & JACKETS \$20-\$30. • JEANS \$15-\$30. • DRESSES \$25 • ATHLETIC PANTS \$15-\$20 • JEWELRY \$5-\$15 • OUTDOOR WEAR \$10-\$20 • FRAGRANCE \$12-\$20 |
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IV. Marketing Plan

Market research - Why?

No matter how good your product and your service, the venture cannot succeed without effective marketing. And this begins with careful, systematic research. It is very dangerous to assume that you already know about your intended market. You need to do market research to make sure you're on track. Use the business planning process as your opportunity to uncover data and to question your marketing efforts. Your time will be well spent.

Market research - How?

There are two kinds of market research: primary and secondary. Secondary research means using published information such as industry profiles, trade journals, newspapers, magazines, census data, and demographic profiles. This type of information is available in public libraries, industry associations, chambers of commerce, from vendors who sell to your industry, and from government agencies. Start with your local library. Most librarians are pleased to guide you through their business data collection. You will be amazed at what is there. There are more online sources than you could possibly use. Your chamber of commerce has

good information on the local area. Trade associations and trade publications often have excellent industry-specific data. Primary research means gathering your own data. For example, you could do your own traffic count at a proposed location, use the yellow pages to identify competitors, and do surveys or focus-group interviews to learn about consumer preferences. Professional market research can be very costly, but there are many books that show small business owners how to do effective research themselves.

In your marketing plan, be as specific as possible; give statistics, numbers, and sources. The marketing plan will be the basis, later on, of all-important sales projection.

Economics

Facts about your industry:

THE CLOTHING INDUSTRY INCLUDES 40000 STORES NATION WIDE AND \$130 BILLION IN REVENUE. MAJOR CLOTHING COMPANIES INCLUDE GAP, LIMITED, AND AMBERCROMBIE & FITCH.

· What is the total size of your market? **OUR MARKET VARIES SINCE WE ARE AVAILABLE TO BOTH SUBURBAN AND URBAN CUSTOMERS.**

· Current demand in target market.

THE CURRENT DEMAND IN OUR MARKET IS THE LATEST TRENDS IN FASHION AND ACCESSORIES.

· Trends in target market—growth trends, trends in consumer preferences, and trends in product development.

· Growth potential and opportunity for a business of your size.

· How could the following affect your company?

○ Change in technology

IT COULD HELP US FIND FASTER AND EASIER METHODS OF CUSTOMER SERVICE.

○ Change in government regulations

THE GOVERNMENT COULD MAKE MORE REGULATIONS OR INCREASE TAXES MAKING IT DIFFICULT TO

○ Change in the economy

CHANGE IN THE ECONOMY COULD RESULT IN LOWER INCOME FOR OUR CUSTOMERS BRINGING IN LESS MONEY FOR US.

○ Change in your industry

FASHION TRENDS MIGHT CHANGE AND NOT BE THE SAME AS THE FASHION SOLD IN OUR STORE.

Product

In the *Products and Services* section, you described your products and services as you see them. Now describe them from your customers' point of view.

Features and Benefits

List all of your major products or services.

For each product or service:

· Describe the most important features. What is special about it?

· Describe the benefits. That is, what will the product do for the customer?

Note the difference between features and benefits, and think about them. For example, a house that gives shelter and lasts a long time is made with certain materials and to a certain design; those are its features. Its benefits include pride of ownership, financial security, providing for the family, and inclusion in a neighborhood. You build features into your product so that you can sell the benefits.

What after-sale services will you give? Some examples are delivery, warranty, service contracts, support, follow-up, and

refund policy.

WE WILL HAVE A POLICIES THAT WILL BE DECIDED ON CLOSER TO THE TIME OF OPENING DAY.

Customers

Identify your targeted customers, their characteristics, and their geographic locations, otherwise known as their demographics.

OUR TARGET CUSTOMERS ARE YOUNG ADULTS SUCH AS TEENAGERS AND PEOPLE IN THEIR EARLY TWENTIES. OUR LINE OF CLOTHING IS MORE COMMON AMONG THIS AGE GROUP, BECAUSE WE HAVE MORE OF A MODERN LOOK.

The description will be completely different depending on whether you plan to sell to other businesses or directly to consumers. If you sell a consumer product, but sell it through a channel of distributors, wholesalers, and retailers, you must carefully analyze both the end consumer and the middleman businesses to which you sell.

You may have more than one customer group. Identify the most important groups. Then, for each customer group, construct what is called a demographic profile:

- Age- **12-24 YEAR OLDS**
- Gender- **MALE AND FEMALE**
- Location- **SUBURBAN/URBAN AREAS**
- Income level- **\$20,000- ABOVE**
- Social class and occupation- **MIDDLE/ UPPER CLASSES**
- Education- **COLLEGE DEGREES**

For business customers, the demographic factors might be:

- Industry (or portion of an industry): **CLOTHING INDUSTRY**
- Location- **SUBURBAN AREA**

Competition

What products and companies will compete with you?

WE WILL BE COMPETING WITH PLACES LIKE AEROPOSTALE AND AMERICAN EAGLE'S CLOTHING LINE.

List your major competitors:

- **AEROPOSTALE**
- **AMERICAN EAGLE**

Will they compete with you across the board, or just for certain products, certain customers, or in certain locations?

THESE TWO COMPETITORS WILL BE COMPETING WITH US FOR OUR TARGET AGE GROUP AND OUR CLOTHING LINE.

Will you have important indirect competitors? (For example, video rental stores compete with theaters, although they are different types of businesses.)

WE WILL HAVE INDIRECT COMPETITORS BECAUSE OF OUR JEWELRY/ ACCESSORIES. OTHER JEWELRY SHOPS WILL COMPETE AGAINST OUR LINE OF ACCESSORIES TO MATCH OR EXCEED OUR PROFIT.

How will your products or services compare with the competition?

OUR PRODUCTS WILL DIFFER FROM OTHER COMPETITORS BECAUSE OUR JEWELRY WILL BE EVERYDAY WEARABLE. THEIR JEWELRY IS FOR SPECIAL OCCASIONS ONLY.

Use the Competitive Analysis table below to compare your company with your two most important competitors. In the first column are key competitive factors. Since these vary from one industry to another, you may want to customize the list of

factors.

In the column labeled **Me**, state how you honestly think you will stack up in customers' minds. Then check whether you think this factor will be a strength or a weakness for you. Sometimes it is hard to analyze your own weaknesses. Try to be very honest here. Better yet, get some disinterested strangers to assess you. This can be a real eye-opener. And remember that you cannot be all things to all people. In fact, trying to be causes many business failures because efforts become scattered and diluted. You want an honest assessment of your firm's strong and weak points.

Now analyze each major competitor. In a few words, state how you think they compare.

In the final column, estimate the importance of each competitive factor to the customer. 1 = critical; 5 = not very important.

Table 1: Competitive Analysis

| Factor | Me | Strength | Weakness | Competitor A Aeropostale | Competitor B | Importance to Customer |
|------------------|------------------------------------------------------------------------------------------|----------|----------|--------------------------------|--------------|---------------------------|
| Products | Our products are similar looking, but we use higher quality material. | X | | | | 1 |
| Price | Our prices are lower than the competitors. | X | | Their prices are a lot higher. | | 1 |
| Quality | The quality of our clothes is very good. Our items are very durable and interchangeable. | X | | | | 1 |
| Selection | Our selection is very broad. We have a lot of clothing to choose from. | X | | | | 1 |
| Service | The many people that work for us are very nice and helpful. They will always | X | | | | 1 |

| | | | | | | |
|---------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------|----------|--|--|---|
| | help you with a smile on their face. | | | | | |
| Expertise | Our sales reps are about the same age as the targeted group, or young enough to remember that stage of their life. This is helpful when it comes to matching up styles. | X | | | | 2 |
| Company Reputation | Since we are a brand new store, we will not have a reputation, therefore, we will have to strive to create a positive one. | | X | | | 1 |
| Location | Our location is in a very good place, because locals can come in and shop and so can people who live in the city. | X | | | | 3 |
| Appearance | Our appearance is very modern and it appeals to younger people. | X | | | | 1 |

| | | | | | | |
|------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---|---|--|--|---|
| Sales Method | We will try to help a customer, but remain in the background until they request our help. This will keep customers from getting “annoyed” with our sales approach. | X | | | | 1 |
| Credit Policies | Credit policies will be developed as more time in our store goes on. | | X | | | 3 |
| Advertising | Our advertising plans are more advanced than those of the competitors. | X | | | | 1 |
| Image | Image is extremely important, because that is how the people are going to see us. We plan to create an image that best reflects the generation we are trying to target. | X | | | | 1 |

Now, write a short paragraph stating your Competitive advantages and disadvantages.

Promotion

How will you get the word out to customers? **WE WILL ADVERTISE OUR COMPANY BY NEWSPAPER ADS AND TELEVISION COMMERCIALS.**

Advertising: What media, why, and how often? Why this mix and not some other?

THE NEWSPAPER ADS WILL GET WORD OUT TO PARENTS AND TV ADS WILL TARGET THE YOUNGER GENERATION.

Have you identified low-cost methods to get the most out of your promotional budget?

YES

Will you use methods other than paid advertising, such as trade shows, catalogs, dealer incentives, word of mouth (how will you stimulate it?), and network of friends or professionals?

PART OF OUR SALES ASSOCIATES' JOB IS TO ADVERTISE OUR STORE.

What image do you want to project? How do you want customers to see you?

WE WANT OUR CUSTOMERS TO SEE US AS FASHIONABLE AND TRENDY.

In addition to advertising, what plans do you have for graphic image support? This includes things like logo design, cards and letterhead, brochures, signage, and interior design (if customers come to your place of business).

WE PLAN ON MAKING A LOGO, BUT IT IS NOT THE MAIN THING TO DO ON OUR LIST.

Should you have a system to identify repeat customers and then systematically contact them?

WE PLAN ON TAKING E-MAIL ADDRESSES AT THE REGISTER AND SENDING OUT WEEKLY DEALS.

Proposed Location

Probably you do not have a precise location picked out yet. This is the time to think about what you want and need in a location. Many startups run successfully from home for a while.

You will describe your physical needs later, in the *Operational Plan* section. Here, analyze your location criteria as they will affect your customers.

OUR LOCATION IS IN A CONVENIENT PLACE FOR BOTH SUBURBAN AND URBAN CUSTOMERS. PEOPLE WHO LIVE IN THE CITY DON'T HAVE TO TRAVEL FAR AND PEOPLE WHO HATE GOING INTO THE CITY HAVE OUR STORE RIGHT IN THEIR NEIGHBORHOOD.

THE LOCATION OF OUR STORE WILL BE IN THE CENTER

Is your location important to your customers? If yes, how?

OUR LOCATION IS VERY IMPORTANT TO OUR CUSTOMERS BECAUSE IT'S VERY SUITABLE TO BOTH SUBURBAN AND URBAN PEOPLE. IT'S ALSO NOT A BIG HASSLE TO FIND OUR STORE.

If customers come to your place of business:

Is it convenient? Parking? Interior spaces? Not out of the way?

OUR STORE IS VERY ACCESSIBLE. THERE'S PARKING RIGHT OUT FRONT FOR PEOPLE WITH DISABILITIES. THE INTERIOR IS VERY TRENDY AND MODERN. A SITTING AREA IS ARRANGED FOR PARENTS TO COME AND RELAX WHILE THEIR TEENAGERS ARE SHOPPING. IT'S EASY TO FIND AND IN A LOCATION WHERE OTHER ACTIVITIES ARE AVAILABLE.

Is it consistent with your image?

OUR STORE IS VERY CONSISTENT WITH OUR IMAGE. SINCE OUR CLOTHING LINE IS MORE YOUNG ADULT ORIENTED OUR STORE'S INTERIOR FITS THE SAME CATEGORY. THE MUSIC WE PLAY INSIDE OUR STORE IS ALSO ALL THE LATEST RELEASES.

Is it what customers want and expect?

SINCE OUR STORE IS TAKING ON A MODERN LOOK, IT WILL BE WHAT OUR CUSTOMERS EXPECT. TIMES HAVE CHANGED IN THE PAST FEW DECADES. TECHNOLOGY AND OTHERS ASPECTS OF OUR DAY TO DAY LIVING HAVE CHANGED TOO. THE WORLD IS BECOMING MORE MODERN EACH AND EVERY DAY.

Where is the competition located? Is it better for you to be near them (like car dealers or fast food restaurants) or distant (like convenience food stores)?

THE COMPETITION IS LOCATED ABOUT 10 MILES AWAY. IT IS BETTER TO BE FARTHER FROM THEM

BECAUSE WE CAN INTERCEPT THEIR CUSTOMERS THAT HAVE TO PASS BY OUR STORE TO GET TO THEIRS.

Inventory

· What kind of inventory will you keep: raw materials, supplies, finished goods?

OUR INVENTORY WILL INCLUDE:

- **HANGERS**
- **SHOPPING BAGS**
- **ALL OF THE CLOTHING AND ACCESSORIES LISTED IN THE CHART ABOVE**
- **CASH REGISTERS**
- **SHELVES**