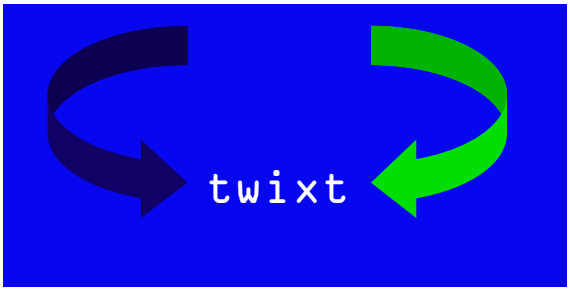

The feasibility study of a tween clothing store in Leaside, North Toronto

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Abstract

This paper will outline a start-up business plan for the establishment of a tween (children aged 7-12) clothing store. The completed business plan will focus on utilizing strategic concepts of differentiation to put forth a first-class marketing communication plan and a high-quality financial analysis. Strengths and weaknesses of the store will be outlined and evaluated. The business plan will include a marketing plan and financial statements and will be the determining factor in going forward with the business. The concept originated when I moved into the area of Leaside, North Toronto. It was realized that although the majority of families in the area had school-aged children there was no clothing store dedicated to that age group in the area. In order to assess need market research was carried out. Qualitative and quantitative research was done to assess to need in the area and to gather figures necessary for the financial statements. A marketing plan was constructed to cater to the unique needs identified in the market research. The marketing plan is thorough and inclusive. The marketing plan identified the need for differentiation through unique products and services. The vision of the business is to provide a unique and friendly store with individual customer service, aimed at providing the up & coming youth of South Bayview with fashions as individual as they are. Inspired by the newest trends, and comforted by old favourites, there is a treasure in every trip. An overall strategy was put in place to ensure a consistent brand image from storefront to sales staff to product. Paramount to the success of the venture is an accurate prediction of sales. Sales are predicted for the first three years and financial statements are prepared using these forecasts. Income statements and a breakeven analysis d not demonstrate profitability until year three. An apparent issue is the high cost of rent and inventory. This negatively affects the business's cash flow. Cash flow will always be in the forefront unless other terms of payment or lease negotiations can be made. In the current state the business plan for a tween apparel store in Leaside would not be viable. Indications are that the niche is too small to provide enough revenue for a successful venture. The area of Leaside can support the opening of a tween clothing store, under the current financial structure, the answer is null. Small business grants, a silent investor, or a partner is needed to make the current business plan viable.

Executive Summary

The research paper will outline a start-up business for the establishment of a tween clothing store on Bayview Avenue in Leaside, North Toronto. This opportunity was seen as a potential business because the majority of the families living in the area have children yet Bayview Avenue lacks a children's clothing store. In order to be successful the business must have a strong strategic and market focus with to attention what customers want and are willing to pay for. The purpose of the paper is to determine the feasibility of the business venture. The research will be complied into a business plan including a literature review and finishing with recommendations. They hypothesis is that the area of Leaside, North Toronto can support the opening of a tween clothing store.

In order to understand the problem and formulate a strong business plan a literature must be carried out. The first section of the literature review encompasses strategic planning. Henry Mintzberg (1987b) maintains that strategy is needed to create cohesion. Failure to complete a strategic plan will lead to an unsuccessful business. In order to create a sound business plan the strategy must carry from the marketing plan throughout the rest of the business plan. However, while formulating a strategy is proven effective it is important to note that the strategy must be of sound intention and must not be made in haste. One way to combat a poor strategy is to look at all internal and external factors including a Porter Five Force analysis. Also of importance to the strategic review is the notion that no strategy should remain stagnant. This will be a factor down the road should the business be viable.

The second section of the literature review considers marketing communications. Market segmentation is a sub-question of the overall research problem. Wendell Smith (1995) reflects that product differentiation and market segmentation are two available marketing strategies. A tween clothing store is a segment of the overall apparel market but segmentation alone will not make the venture successful. Focusing on the tween market will allow the store to concentrate on a niche market and formulate a unique strategy for competitive advantage. Differentiation completes segmentation so by differentiating the store it has more likelihood of success. Delivering a positive customer experience is paramount to any retail business' success. Market research must be done in order to understand what the customer wants and needs. Market research must be an ongoing process throughout the lifespan of the business. The template for the marketing plan has been adapted from Athabasca University's Marketing Management: MKMT 504 (Sorli, 2006). This template is thorough and inclusive.

The final portion of the literature review comprises the financial implications of starting a new business venture. The principles of financial forecasting must be adhered to and consideration needs to be given to the income statement, balance sheet and cash flow. The strength of financial forecasting lies in the accurate forecast of sales. Once the sales forecast is done the balance statement and cash flow statement can be predicted. A final important topic to be addressed is the importance of financial ratios, leverages and liquidities. These figures give a better understanding of the business' financial strength.

The research design on the business plan will include both qualitative and quantitative data collection. The qualitative collection will consist of; interviewing children's clothing store owners, interviewing local

business owners, performing an online survey to assess needs, and carrying out an online survey to select a store name. The quantitative data collection will involve; researching the cost to lease space on Bayview, the cost of inventory, start-up costs and any miscellaneous costs. A further literature review will be needed to address any ongoing concerns regarding strategy, marketing and finance as well as to understand the requirements of starting a small business.

The business plan will commence with a short company profile. The store name is tweet and was chosen by a panel of tween children. The macroenvironment analysis shall follow and studies the demographic, economic, political/legal, environment, socio-cultural and technological aspects of the retail industry.

Leaside is an affluent area with a very high population of families with young to tween aged children. The area has a community feel and Bayview Avenue feels like the "main street" of a small town. Residents enjoy shopping local and tend to support local small businesses. The average income in this area is over $150 000 implicating the availability of disposable income.

While the current economic instability is not optimistic for sales forecasts, research shows that retail sales are on the rise. The stability of the job market coupled with realistic sales forecasts can ensure the business will operate efficiently. A further hindrance to the economic climate is the introduction of the harmonized sales tax (HST) by the Canadian government. This tax will be charged to all purchases at a surcharge of 15%. Another new bylaw put in place forces retailers to charge customers $0.05 for the use of a plastic bag. This should not be a threat to the business as the fee is minimal and many people bring their own bag or the store is able to provide a non-plastic bag free of charge.

There is a strong community feel and yearning for social acceptance in Leaside. This peer-pressure can have a significant effect on store business. Word of mouth and customer referrals are the major form of advertising in the area and need to be recognized as important. One bad experience could have detrimental effects of sales.

The final factor contemplates technology. The increased use of technology in society requires any new business to have an online presence. A website and social networking are bare minimums required to reach the intended audience. Additional a CRM program and POS program are essential to staying up to date on customers and inventory.

The Five Force analysis will be used to examine the market situation. The power of buyers in an urban setting such as Toronto is enormous. Buyers have an abundance of choice and can shop around for the best price, selection and service. The implication is that a store must be able to differentiate itself to obtain business. Suppliers also have a lot of power over small retailers. Suppliers can dictate all the terms surrounding their agreement with small retailers. Since suppliers have numerous options they are best able to select ones favourable to their business. Suppliers and buyers create an unattractive environment for new entrants. The costs associated with staring a new business as well as the large capital associated with inventory and lease agreements make the threat of new entrants low. Alternatively, the threat of substitution for children's clothing is high. There are many knock-off brands and companies looking to create fashionable looks at cheaper prices. The fifth Porter force is

competition. Five competitors have been identified as a threat to a new tween store. These businesses are GAP Kids, Old Navy, Joe Fresh, Sporting Life and online retailers. Overall competition is fierce and offers a lot of variety to customers and relies on quick inventory turnover. Deep pockets and continuous price-cutting have helped established retailers weather the economic storm.

The opportunity lies in the fact that there is a demand in the area for a niche tween apparel store. The main threats to this are big box stores entering the area, not being the first store to market and vertical integration by suppliers. The marketing plan looks maximize the opportunity while minimizing threats. The issues to be addressed are:

1. When and how should the store be launched?
2. How will sales be driven?
3. What are innovative and cost effective ways to differentiate the store from competitors?

In order to reach its financial objectives tweet must meet a set of SMART marketing objectives as well. The foremost goal is to breakeven by year three. In order to reach these goals a strong and cohesive marketing strategy will be put in place. The aim is to have an effective strategy that unifies the entire business plan. The strategies are:

- To attract buyers to a local store that offers unique products and custom ordering
- To offer unique programs and services to encourage repeat VIP clientele

The establishment will be positioned as a unique and friendly store with individual customer service, aimed at providing he up & coming youth of South Bayview with the fashions as individuals as they are. Inspired by the newest trends, and comforted by old favourites, there is a treasure in every trip. It will target boys and girls aged 7-12 and their mothers who typically shop for them.

Marketing communications will be segmented into seven focal points: sales staff, store image, direct marketing, sales promotions, public relations, networking and advertising. The main duties of the sales staff is to generate all internal sales and provide excellent customer service. There are four factors that come into play when considering the store image: store design and name, visual communication, store planning and merchandising. All aspects must be congruent with the overall brand image of the store. Direct marketing will come from the information obtained in the CRM database. This information will be used to target select groups for promotions and sales. There will be five types of sales promotions including; jean club, sales commission, registry, the model contest and the birthday club. For the first year the concentration for the public relations (PR) campaign will be through a free local newspaper and the Grand Opening. After year one PR will be carried out through word of mouth, a local charity fashion show and an online presence. Social and business networking will finish off the public persona of twixt. Finally, advertising will be in the form of reusable, branded, store bags, the company website and suppliers' websites. Controls and contingencies have been put in place to ensure twixt is tracking to meet all its financial and marketing objectives.

Merchandising will be done through local and international suppliers. Trade shows will be attended annually where new brand lines and suppliers will be sought out. In order to obtain advantageous margins on all products an overall buying strategy has been put in place.

Business operations take into consideration all permits and fees associated with opening a small, retail business. These include but are not limited to taxes, packaging, inventory control, CRM and quality control.

The HR strategy will be put in place to compliment the marketing communications plan. In addition to the owner part-time sales associates and interns will be used to staff the store.

The final portion of the business plan encompasses the financial statements. The short-term goals of twixt are to achieve gross sales of $98 773 for year one. The long-term goals is to achieve breakeven by year three, reach average monthly sales of $20 000 by year three and pay back borrowed funds by year five.

When considering start-up costs the biggest costs are inventory and lease/lease improvements. Considering all unsold inventory can be returned for a refund the only sunk cost are the lease/lease improvements and business licences and permits.

The balance sheet is prepared for the first three years based on sales predictions. It is clear to see a decrease in assets and an increase in liabilities in year one through three. This can be studied in more depth by looking at the financial ratios and leverages. Debt/equity ratio, current ratio and quick ratio all indicate negative outcomes for twixt and highlight the shortage of current assets versus current liabilities. It can be noted that the business is heavily leveraged by year three due to a shortage of cash.

The income statement (and breakeven analysis) is predicted for year one through three and shows that the business will not be able to breakeven until year three. The slow growth and the variability of sales do not cover the high fixed costs attached to operating a retail business on Leaside. Of even more concern is the cash flow prediction. The cash flow statement indicates the existence of credit problems and sheds light on the huge impact of purchasing inventory for a growing business. The store is not able to meet its cash flow needs in year two and would have to rely on a short-term line of credit to carry on with business. This would further leverage the store and put in it further danger of bankruptcy should sales not continue to grow.

Upon analysis of all data the business does not appear to be profitable at the current debt level. The apparent issue is cash flow. In order to be viable the store would have to increase sales or increase prices; both options not being feasible solutions. While indicated as a need in the area it appears as though Leaside is too small to sustain a niche tween clothing store.

Introduction

Background

The research paper will outline a start-up business plan for the establishment of a *tween* aged clothing store. The idea was formulated when it was identified that there were no children's clothing stores on Bayview Avenue in Leaside, North Toronto. This is viewed as a potential opportunity because the majority of families living in this area have children: toddlers to teenagers. While it may seem erroneous to start a business during these chaotic economic times, some entrepreneurs believe that this is the perfect time to start a new business. In order to be successful the business must have a strong strategic and market focus, with attention paid to what customers want, need, and are willing to pay for.

Research Problem

The purpose of this research project is to determine the feasibility of a *tween* clothing store on Bayview Avenue in Leaside, North Toronto. The research will be compiled into a business plan outlining an overall strategy, a marketing plan and the financial implications of a start-up venture. The business plan will be the determining factor moving forward with the business.

Sub-problems

1. Is an overall strategy necessary? How can the store differentiate itself?
2. What will the Marketing Communication Plan look like? How will market research be carried out?
3. What financial numbers and reports are needed to assess the feasibility of this venture?

Hypothesis

The hypothesis is that the area of Leaside can support the opening of a *tween* clothing store.

Delimiting the Research

The study will not research different Organizational structures only the basic operational needs of the company.

The study will not evaluate the Human Resource needs of the plan just a general strategic plan for budgeting purposes.

Defining the Terms

Tween – children between the ages of 7-12.

Stating the Assumptions

The first assumption is that the numbers needed for the feasibility study will be available.

The second assumption is that the store will be the first to market on Bayview Avenue.

The third assumption is that the economic climate in the area is strengthening.

The importance of the research proposed is immense. When starting a business there are numerous unknowns. Market research will be essential in determining the optimal design and offerings of the business. In order to determine the best methods to use literary research will be done for strategic planning, market research, the optimal template for marketing communications, and relevant financial data and reports.

Literature Review

Strategic Planning

So the question must be asked, what is strategic intent and is it really necessary? The Canadian authority on the subject, Henry Mintzberg, describes the characteristics of a good strategy as: "needed to focus efforts and promote coordination of activity" (Mintzberg, 1987b). In essence strategy must knit people and ideas together. A business must be strategic in order to survive. Failure to complete a strategic and dynamic business plan will result in a null hypothesis. Since the aim of this paper is to create a viable business plan for opening a retail tween clothing store it is important that the hypothesis be proven. Strategic intent needs to address the resources needed for the venture and how to optimize said resources.

Research done by Ottawa's Lead Economic Development Corporation (OCRI) has led to a template to be put in place for "Writing an Effective Business Plan" (OCRI, 2002). This framework looks at completing a marketing plan, financial plan and operational plan before venturing into business. This plan is very practical but gives little thought to an overall business strategy and the importance of setting a road map for the venture. It is important when undertaking this project that the overall strategy of the business be defined so that the business plan and marketing plan are cohesive. One way to ensure consistency is to add strategic formulation to the business plan to ensure marketing goals and budgetary goals fit with the overall goals of the business. A further step to planning is of key importance noted by Mintzberg. Mintzberg states that once developed, the strategy must be shared (Mintzberg, 1987a. P.17). This is important to the paper because it explains how an overall strategy will influence the business plan and thought must be given to how the strategy and goals of the company will be communicated to customers, employees and creditors.

While formulating a strategy has been proven effective it is important to note that the assumption that any strategy is better than none is just not true (Mintzberg, 1987b. P.26). This is important for the purpose of this research paper because attention must be paid to the best strategy for the store in order to have overall cohesion. A flaw is that Mintzberg does not go on to state how to ensure one is not formulating a "bad" strategy. However, other research in the area attempts to address this issue. Robert Grant attempts to address the activity of creating a successful strategy in the Book *Contemporary Strategy Analysis, 5th Edition*. (Grant,2005). Grant identifies key success factors for a successful strategy which include; a detailed environmental analysis, industry analysis and consumer awareness. The factors laid out by Grant are important to this research paper because they direct the research to answer key

questions about the proposed business' environment, competitors, suppliers and consumers. In order to be competitive, Porter's Five Forces (Grant, 2005. P. 73) must be addressed.

How will strategy help the business attain a competitive advantage? Mintzberg has addressed that corporations function best when they can take one thing for granted so that they can focus on other things (Mintzberg, 1987b. P.30). A "strategy is needed to reduce uncertainty and provide consistency..., in order to aid cognition" (Mintzberg, 1987b.P.29). However, how do we know when we need to reassess what we take for granted so as not to fall behind in the marketplace? If a strategy is outdated a company will quickly lose its competitive advantage. When creating a strategic plan it is imperative that this issue is addressed. Mintzberg speaks to the point of strategy becoming a liability but does not address the issues he himself brings up. Instead, Mintzberg researched the issue in a separate paper titled "Reflecting on Strategy" that he co-wrote in 1999. In this paper, Mintzberg and Lampel, identified that there are cycles of innovation in strategy followed by imitation and consolidation (Mintzberg and Lampel, 1999. P.28). The information presented here illustrates how the strategy created for the new business venture proposed in this research paper will need to change and adapt over time.

Marketing Communications

Market segmentation is a sub-question of the overall research problem. Wendell Smith reflects that product differentiation and market segmentation are two alternative marketing strategies (Smith, 1995.P.63). A tween clothing store is a segment of the overall apparel market but segmentation alone will not make the venture successful. Differentiation completes segmentation so by differentiating the store it has more likelihood of success. Smith states that a marketer may determine it is best to accept divergent demand and adjust product lines and strategy (Smith, 1995.P.64). What is not clear from Smith's research is how does a marketer realize this? Is there a stage in planning that best illustrates what segments to choose or product lines to carry? Is this intuition? More research must be done on this issue in order to use product segmentation as an additional market segment and to maximize differentiation as a strategy for competitive advantage. Smith also supports the premise that strategies of differentiation and segmentation call for different marketing strategies (Smith, 1995.P.64). unique By focusing on a segment of the fashion market the company will be able to target one group of consumers with an overall plan. It is expected that by concentrating on the tween market, the business can gain competitive advantage over those stores trying to market to a broad consumer base and differentiation with unique product offerings and customer service will help differentiate it from its competitors within the tween clothing market.

Delivering the positive customer experience is important to the overall marketing mix. To determine what the customer wants market research must be done. In order to determine what information is needed, market Depth Interviewing has been reviewed. Paul Hague, Nick Hague and Carol-Ann Morgan studied different types of interviews and how to tailor interviews to get the information needed (Hague et al., 2004.P.74). This investigation will be helpful when writing the information-gathering questionnaires required for the market research. Hague et al. state that "when insights and exploration are required (one must) interview more loosely structured with flexibility to allow for a lot of scope" (Hague et al., 2004.P.74). Since the research obtained from these questionnaires will be used in lieu of

historical figures, it is imperative that the information gathered is as valid as possible. One drawback to Hague et al. is that they did little exploration of quantitative research. Robin Birn explored the need for market research in the book *Effective Use of Market Research* (2004). Market research has been seen as essential "in order to compose and evaluate marketing objectives" (Birn, 2004. P.62).The term "evaluate" is important to highlight because it supports the notion that research must be ongoing and not only used for the purpose of accomplishing the business plan.

Writing a business plan and launching a successful new business is highly dependent on the strength of its marketing plan. In his book *Writing and Implementing a Marketing* Plan, Richard Gerson stated that you can "virtually guarantee the success of your business if you know who you are, what your customer wants, where you are going, how you will get there, and what you will do once you arrive." (Gerson, 1991. P.1). Gerson explains why it is so important to have a detailed marketing plan to complement the business plan. However, what constitutes a solid marketing plan? This question has been addressed through research by many individuals; of note Philip Kotler and Kevin Lane Keller in their textbook *Marketing Management: 12th Edition* (Kotler and Keller, 2006) and John Westwood in his book *How to Write a Marketing Plan* (Westwood, 2006). Westwood offers a detailed map to be used when writing a marketing plan. However, the limitations of his plan lie in strategical analysis. The review given by Westwood does not consider how to provide value beyond that of skimming or penetration pricing strategies (Westwood, 2006.P.55). In contrast, Kotler and Keller highlight the importance of distinguishing between strategic marketing and tactical marketing (Kotler and Keller, 2006. P.36). In order to write the marketing plan strategic marketing must first address customer segmentation, market focus and value positioning. This is important to this project because a clear market must be determined before deciding on what products to sell and how to promote them.

Marketing Plan

In order to write the marketing plan the template has been adapted from Athabasca University's Marketing Management (MKMT 504)(Sorli, 2006). It is important that the following sections be adhered to. The sections to be included are:

Situation Analysis

- Macro environment
  - *Demographics*
  - *Economics*
  - *Political-Legal*
  - *Ecological*
  - *Socio-Cultural*
  - *Technological*
- Market Situation
- Distribution Situation

Opportunities and Issues Analysis

Opportunities and Threats

Issues Analysis

Objectives

Financial

Marketing

Marketing Strategy

Target Market

Positioning

Product/Service

Pricing

Marketing Communications

Sales Force

Sales Service

Direct Marketing

Sales Promotion

Public Relations

Advertising

Market Research

Action Program

Financial Impact

Controls and Contingency

This template is thorough and inclusive. The research done by Kotler and Keller and by Gerson support the sections and sub-sections of the Sorli Marketing plan.

Financial Implications

In order to determine the financial implications of the business plan financial forecasting of the income statement, balance sheet and cash flow will be done. The principles of financial forecasting outlined in *Principles of Corporate* Finance (2008) are:

1. It is not an afterthought
2. It is carried out frequently
3. It forecasts 'rolling' averages 15-18 months ahead
4. It begins with sales

5. It involves complete business performance
6. Accuracy of the forecasting must be measurable
7. Outcomes must be compared to the forecast

(Gitman and Hennessey, 2008. P.188)

The principles stated above are good guidelines for financial forecasting but they do little to indicate how forecasting is carried out in start-up ventures. Most of the research on forecasting and financial planning uses historical numbers to anticipate future results. More research needs to be done on forecasting financial statements for new business ventures. The aim of the research paper is that the information attained through quantitative and qualitative measures will be able to determine if the business should be stated.

The strength of financial forecasting lies in the accurate forecast of sales (Gitman and Hennessey, 2008.P.177). Once the sales forecast is done the balance statement and cash flow statement can be predicted. The percentage sales approach looks at all cost as a consistent percentage of sales (Gitman and Hennessey, 2008.P.192). This method is unrealistic because of the fixed costs associated with running a retail store. While product costs will increase as a result of sales increase it may not be consistent (due to discounts) and other items on the balance sheet will not be tied directly to sales. The judgement approach will be used to individually analyze the factors associated with operating a retail store (Gitman and Hennessey, 2008.P.203). In addition, a low-high technique will be used in forecasting.

A final important financial topic to be addressed is the importance of looking at financial ratios, leverages and liquidity. Anthony Atkinson, Robert Kaplan, Ella Mae Matsumura and S. Mark Young introduce the basic ratios needed to be studied in *Management Accounting: 5th Edition* (2007). The important equations to the business plan are: breakeven, operating profit margin, net profit margin, financial leverage, debt ratio, current ratio, quick ratio, free cash flow and inventory turnover. Atkinson et al. illustrate how to prepare the reports and what the numbers mean. It is important to predict what these numbers are for the business and what the numbers represent.

Summary

The research studied implies that a strong business plan needs a strong strategic plan that is well thought out, communicated and implemented. The failure to complete a strategic plan will result in a null hypothesis for the research problem. A great deal of attention has been paid to Henry Mintzberg's theories and research on strategy. Mintzberg illustrates how strategy can be a competitive advantage. Overall, in order for the business plan to be effective and for a business to succeed a good strategy is a necessity.

A well recognized strategy is market segmentation. In order to maximize results a plan needs to be made to focus on a niche market. What is not clear from the research is if beyond a niche market if more segmentation needs to be done. Attention will be paid to this when completing more research on

the business plan. A lot of consideration has gone into the proper market research to carry out. A mix of qualitative and quantitative interviews and surveys must be used in order to get a complete picture of what the consumer wants. From the market research a detailed marketing communications plan will be completed.

Finally the financial forecasts will indicate whether the venture will be feasible or not. Forecasting will be prepared to determine if the venture can be profitable and to anticipate cash flow needs. Special attention will be paid to research on predicting sales and inventory turnover as they are the main limiting factors.

Research Design

In order to determine the feasibility of opening a tween aged clothing store in Leaside a business plan must be prepared. The research design will include both qualitative and quantitative data collection. Ethics approval will be sought for the qualitative interviews carried out. In order to complete the business plan the following research needs to investigate:

1. QUALITATIVE DATA COLLECTION:

   Interview children's clothing store owners not in area.

   Interview clothing store owners in area

   Online needs assessment survey to mothers of tween aged children in the area

   Online store name survey

2. QUANTITATIVE DATA COLLECTION:

   Cost to lease and improve space on Bayview

   Cost of taxes, permits and commissions

   Cost of inventory

   Cost of staff

   Cost of start-up fees

   Cost of internet site

3. LITERATURE REVIEW:

   Starting a small business

Canadian Government requirements

Strategy research

Marketing research

Financial research

Once the information has been gathered it will be compiled for the purpose of a business plan that incorporates the financial statements as well as a complete marketing plan.

Statement of Results: A Business Plan for *twixt*

Company Profile

NAME: twixt

FORM: The business will be a sole proprietorship.

START DATE: August 1st, 2010

HOURS OF OPERATION: Tuesday to Saturday: 10am – 6pm, Sunday: 11am – 5pm.

VISION: A unique and friendly store with unparalleled customer service aimed to provide the up & coming youth of South Bayview with fashions to demonstrate their individual style. Inspired by the newest trends and comforted by old favourites, there is a treasure for every wardrobe.

LOCATION: 1531 Bayview Avenue, Toronto, Ontario

BUSINESS ADVISORS:

Lawyer: Terrence Pochmurski

Accountant: Vincent Titel

Mentor: Heather Adams

Industry Analysis

Macro environment

Demographics

Leaside, the area in which the store will be located, is composed of mainly double-income families with an average income of over $150 000 (Appendix A). Of the people surveyed (Appendix A), the majority of families have 2 children (72.2%). Most families in the area have young children and prefer to shop in the area in which they reside. While the average price of homes in the area ($700 000) is above the Toronto average, most parents wait longer before having children and are in their mid forties with established careers. This means that there is disposable income available. The demographics are favourable for a tween's clothing boutique opening on Bayview Avenue.

Economics

The current economic recession negatively affects sales. However, national retail sales figures rose in December 2009 by 2.8% (Tong, 2010) year-over-year, showing signs of increased consumer spending for the first time in over a year. The job market is also seeing a resurgence which means more disposable income will be available to lift spending. Tough economic conditions will force a new business to operate efficiently and demand a positive rate of return on marketing dollars spent.

Political/Legal

Commencing July 2010 the Canadian government has imposed a 15% harmonized sales tax (HST) on all purchases. This replaces the provincial sales tax (PST) and goods and service tax (GST) which combined together were 15%. The difference is that HST will apply to all clothing purchases while some children's purchases were exempt from PST prior to July 2010. This increase in tax may negatively influence sales. Additionally, the city of Toronto requires the payment of many permit fees and taxes by all businesses operating in their jurisdiction. These will be addressed in *Start-up Fees.* These fees increase the cost of opening and running a store in the city of Toronto.

Environmental

The City of Toronto now regulates that all customers must be charged $0.05 for all plastic shopping bags. In order to avoid this surcharge shoppers are encouraged to bring their own bag or the store must use materials other than plastic. The new bylaw impacts the material used to package the purchase. Paper or reusable bags are a great option because they are often reused by customers offering free advertising for the store.

Socio-cultural

There is a strong community feel and yearning for social acceptance in Leaside. Many families chose where they eat, shop and play based on what their neighbours do. This informal peer-pressure can have a significant effect, either positive or negative on store business. Word of

mouth is a very important form of advertising and can carry more weight than discounts or products offered (Keller and Kotler, 2006. P. 156). Using clients as advocates can be used as positive advertising and help drive new customers into the store. Conversely, a negative experience is shared with ten-times as many people as a positive one (Grant, 2005. P. 450). Therefore, one bad experience could have detrimental effects on sales.

Technological

The increased use of technology in society means that customers want instant gratification. There is an increased trend for online shopping or browsing. The presence of a website is a requirement. The tween age group relies heavily on technology and social networking to stay up to date on fashions, trends and gossip. An online presence in the form of social networking is a necessity. Another necessity is an inventory tracking system which enables the store the ability to efficiently know what is available and what has been sold. Used properly technology can be incorporated into a marketing plan as a form of advertising and networking to stay in contact with the client base.

Market Situation

The Porter Five Force Analysis will be used to examine the market situation.

Power of Buyers

In an urban setting such as Toronto the power of buyers is high due to an abundance of choice. Buyers are able to comparison shop for the best price and quality. While buyers do not receive bulk discounts they are able to influence their buying power over small retailers through frequent business and loyalty. Withholding their business, shopping elsewhere or waiting until a product goes on sale are all ways buyers can influence retailers. Additionally, buyers are able to influence other buyers by revealing their shopping experience. The implication of this analysis is that if a similar product can be found elsewhere at a cheaper price or better service then there is a high potential the buyer will make their purchase elsewhere. However, this opens up the potential for store differentiation. If a store can provide value-added services and unique products the buyer will have less desire to shop elsewhere. Return buyers drive sales by word of mouth, product selection, price and customer service and the marketing strategy should reflect this fact.

Power of Suppliers

Suppliers have a large amount of power over small retailers. Suppliers can dictate the minimum volume required to place an order, the number of stores in an area that sell a specific brand, the unit price, and the accounts payable terms. In addition, recent trends show an increase in suppliers vertically integrating to open branded stores in which they sell their own product. Historically access to suppliers has been limited but online presence as well as numerous trade shows has decreased the mystique of suppliers. The implication of this information illustrates that suppliers have numerous options to distribute their product. Reliable business partners,

short payment terms and mutually beneficial margins all can positively influence suppliers. Backwards integration can neutralize the power of suppliers by eliminating the middle-man and increasing margins on merchandise.

Threat of New Entrants

There is a low threat of new entrants to the retail children's clothing industry on Bayview Avenue. The cost advantage favoured by established retailers and the proprietary exclusive rights to sell certain products limits the proximity of vendors for some brands. Furthermore, attaining valuable real estate to rent and the large capital requirements dissuade new stores from opening. This research indicates that the area can only support one retail tween clothing store so the key is to be first to market.

Threat of Substitution

Threat of Substitution is high for tween brand name clothing. There are many knock-off brands that offer better margins for a retailer with no switching costs for a customer. In the end the customer is faced with a price versus performance trade-off. These details reveal that sales may be very unpredictable and there is strong evidence to support declining retail sales with declined economic conditions.

Competitive Rivalry

Overall competition is fierce and offers a lot of variety to customers and relies on quick inventory turnover. Deep pockets and continuous price-cutting have helped established retailers weather the economic storm. More detail is covered in *Competition*.

Competition

GAP Kids

Location – 2574 Yonge Street. (Refer to map)

Hours of Operation – Monday to Saturday: 10am – 6pm, Sunday: 11am – 5pm.

Years in Business – Fifteen years at this location.

Product Description – GAP Kids carries fashionable, casual clothing and wardrobe essentials.

Customer Profile – Middle class mothers shopping for their children.

Pricing – Tops $15 - $25, Bottoms $25 - $40.

Strengths – GAP Kids has a strong marketing presence through print and television advertising. A moderate online presence in the form of a website adds to the marketing mix. A great strength of GAP Kids lies in their direct marketing with an extensive customer mailing list. The store is visually attractive and provides the ability to shop for a range of ages both male and female all in one place. The clothing is well-made and fashionable. GAP Kids offers a customer loyalty program in the form of a "Jeans Club" that rewards multiple purchases with a free pair of jeans.

Weaknesses – GAP Kids presents generic clothing that is the same in every store regardless of clientele. The business model allows for little store customization and an overall standardized feel. Little leeway is given for those who want an individual look or unique experience. Furthermore, GAP clothing is made in Asia (does not appeal to "buy local" trends) and GAP is an American corporation.

Old Navy

Location – 6 Lebovic Ave. (Refer to map)

Hours of Operation – Monday to Saturday: 10am – 9pm, Sunday: 11am – 6pm.

Years in Business – Eight years at this location.

Product Description – Old Navy carries fashionable, seasonal, clothing and accessories at low prices. Each store offers a range of clothing from men and women, to children and infants, to pets, all under one roof.

Customer Profile –Low to mid Income shoppers wanting to get good deals on fashionable, trendy items for themselves and the entire family.

Pricing – Tops $10 - $15, Bottoms $15 - $25.

Strengths – Old Navy offers families the ability to shop at the same time and in one location. Seasonal, trendy clothes are offered at good prices. The continual inventory updates and bargain prices encourage more frequent purchases. Old Navy stays in touch with customers well through frequent satisfaction surveys which offer additional discounts on future purchases. Since Old Navy stores are typical big box stores they offer ample parking.

Weaknesses – The quality of clothing at Old Navy is poor and has a short lifespan. As Old Navy is a big box store it is not conveniently located on or near Bayview Avenue. As with GAP Kids, Old Navy offers generic clothing that is the same in every store regardless of clientele. Clothing does not appeal to "buy local" trends as it is made in Asia and Old Navy, a GAP subsidiary, is an American corporation.

Joe Fresh

Location – 11 Redway Rd. (Refer to map).

Hours of Operation – Monday to Saturday: 8am – 10pm, Sunday: 8am – 8pm.

Years in Business – Six years.

Product Description – Fashionable, knock-off clothing combined with wardrobe essentials at cheap prices. Offering a range of clothing from men and women to children and infants, all in one location.

Customer Profile – Low to mid-income working mothers, with little time, looking to combine all shopping in one outing.

Pricing – Tops $5-$12, Bottoms $10 - $12.

Strengths – Joe Fresh is able to replicate trends quickly and cheaply. By selling their clothing lines in corporately owned grocery stores they couple cheap overhead with excellent customer access. Cheap prices appeal to mothers with growing children and/or children who are hard on their clothes and go through them quickly. Being able to cheaply replace essentials is considered a great strength. Customers are offered convenient shopping and the store is rewarded with impulse purchases. Joe Fresh has unbeatable prices attributed to their low costs. This model appeals to time-crunched, working mothers.

Weaknesses – The quality of Joe Fresh's clothing is poor. The lifespan of the clothing is short; meaning it cannot be handed down to other siblings. Joes Fresh has no customer target list or customer appreciation programs.

Sporting Life

Location – 2665 Yonge St. (Refer to map).

Hours of Operation – Monday to Friday: 9:30am - 9pm, Saturday 9am – 6pm, Sunday 10am – 6pm.

Years in Business – Thirty-one years in business at the Yonge Street location.

Product Description – Originally a ski and sports equipment store, Sporting Life now concentrates on brand name apparel and clothing. Product lines include North Face, Patagonia, Ralph Lauren, Roxy and Tommy Hilfiger.

Customer Profile – Mid-high Income families looking for brand name outerwear, clothing and apparel. Customers are willing to pay a premium for brand name clothing.

Pricing – brand name prices. Tops ranging from $30-$50, Bottoms ranging from $50-$250.

Strengths – Sporting Life offers high quality clothing and accessories. The store is divided into brand name categories as well as by women, men and children. Families are able to shop at the same time in one store. Sporting Life owns their own property which means they incur no costly rent expense only property taxes.

Weaknesses – Sporting Life does not have much selection for sizes (ages) 7-12. The store is large with a lot of merchandise making it hard to find items unless you know exactly where to look. Staff at Sporting Life generally only work in the equipment departments, so there is a lack of customer service. No customer loyalty program is offered, nor is there a customer relationship

program or database. Another downfall is the minimal parking, which overloads on weekends and in busy seasons.

Online Retailers (eBay, Lands End, LL Bean)

Hours of Operation – Open at all times.

Product Description – An entire range: from essentials to premium brand name products ranging in price from cheap to premium.

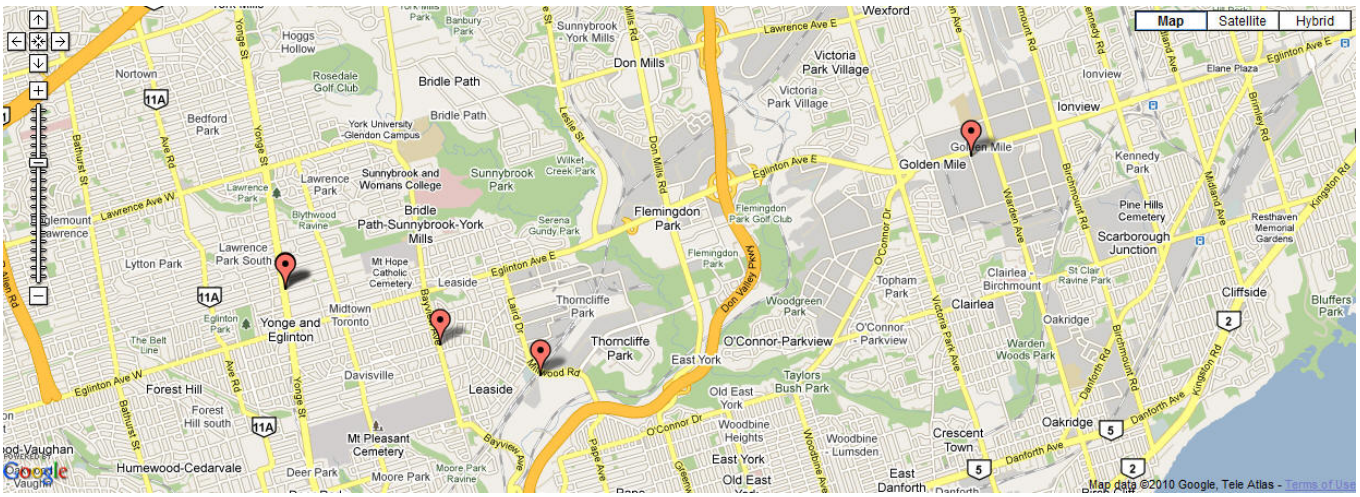
Customer Profile – Time crunched mothers and mothers looking for 'deals'.

Pricing – Tops $5 - $100, Bottoms $5 - $250.

Strengths – Online stores offer the ability to shop at anytime from anywhere. Consumers are able to search for bargains and comparison shop all from the comfortable location of their home. Online shopping makes it easier for parents to 'shop' with their children since it can be scheduled into any family agenda.

Weaknesses – Online stores must ship their orders to customers. Shipping incurs an additional fee as well as a time-delay between purchase and acquisition. Additionally, returns incur additional shipping costs. Finally, online shopping does not permit customers the ability to try an item on to ensure fit and likeability.

Map



Distribution Situation

Distributors are powerful in the retail industry. In Canada there are usually exclusive distribution rights which places all the control in the hands of the distributor. As discussed in the *Power of Suppliers* section

there are ways to improve this situation but the business plan must address this issue and develop a strategy for dealing with suppliers.

Opportunities and Issues Analysis

The opportunity lies in the unsatisfied demand in the area for a specialty tween apparel store.

The threats are:

- A big box complex entering the area with large stores and ample parking.
- Not obtaining first-mover advantage..
- Retaliation in the form of price-cutting by larger, more established stores.
- Inability to keep up with fashion trends.
- Vertical integration by suppliers.

The following issues must be addressed in the marketing plan:

1. When and how should the store be launched?
2. How will sales be driven?
3. What are innovative and cost-effective ways to differentiate the store from its competitors?

Objectives

Financial

	1	2	3
Net Sales	$113 850	$182 850	$235 750
Est. Profit	-$43 432.87	-$23 373.18	$4359.60

Marketing

In order to launch the store and grow sales the following SMART goals must be attained:

1. Increase awareness of store and its services to target market by 100% by September 1st 2010. This will be measure through a follow-up internet survey.
2. Grow sales to $6900 (exclusive of taxes) by end of month one, $16 100 by end of month 5 and have Gross sales of $98 773 for year one. This will be measured through point of sale (POS) data.
3. Breakeven by the end of year three.
4. Acquire 50 client files by month three, 100 client files by month five and 300 client files in year one. This will be measured by the Customer Relationship Monitoring (CRM) program.

Marketing Strategy

An analysis of the external factors and the overall competitive environment indicates a strong business strategy for the store is necessary. An overall strategy will be the basis on which the operation of the store will be run: inclusive of marketing plan, buying efforts and in-store promotions. Key sources of differentiation must be identified and exploited in the marketing plan in order to reach the objectives set forth. These key sources are:

- To offer unique brands.
- Promote quality over quantity.
- Offer unparalleled and personal customer service.
- Provide a jean loyalty program to encourage repeat purchases.
- Make custom ordering available.
- Differentiate the store with relationship-building programs and events.

The following marketing plan will cover the first three years of business with room for modification and continuous improvement quarterly for year one and annually thereafter.

Products and Services

Products

The products offered at the store will be clothing and related accessories for girls and boys aged from seven to twelve years of age. Brands offered at the store will be fashionable, casual and semi-exclusive to the store. Examples can be found in the *Operations* section.

Services

In order to create differentiation, unique courtesy services will be offered by the store. These services are:

1. Client mailings to inform clients of new product launches and sales.
2. Special ordering of items.
3. A registry for “wishlist” items that can be selected by clients and kept on-file at the store. This list can be accessed by those buying presents for the client and will be updated to reflect purchases.
4. Client “hold” for up to five days for desired item(s).

In addition to these complementary services there is one service that carries a nominal fee:

- Hosting "Fashion Shoot" Birthday parties where VIP clients can bring in friends to try on clothing and be photographed like up and coming fashionistas. Included in the price of the service will be food, the use of the facility, make-up artists, hairstylist and photographer.

These services will distinguish the store from its competitors and serve as a platform to build a reputation for unique customer service.

Positioning

A unique and friendly store with individual customer service, aimed at providing the up & coming youth of South Bayview with fashions as individual as they are. Inspired by the newest trends, and comforted by old favourites, there is a treasure in every trip.

Target market

From the market research completed (See Appendix A) the following target market has been created. Unique to a children's clothing store is the dual target groups: children who will wear the clothing and parents who will purchase the clothing. Both must be addressed

Age range

The target age group wearing the clothing is 7 to 12 year old boys and girls.

The target purchasers are mothers in their late thirties through forties.

Income range

Combined family income $150 000 to $200 000+.

Gender

The main end-user target will be 30% boys and 70% girls.

The main purchasers will be women.

Location boundaries

Local Leaside and Davisville Village residents of North Toronto.

Average purchase

$50 -$100. The average purchase is estimated at $75.

Frequency of purchase

Bi-monthly.

Psychographics

Parents and children in the Leaside areas are very trend conscious and in-touch with what others in the community are buying and wearing. Tweens are influenced by what their friends are wearing to school, while adults are conscious of price but want to appear as though they too can afford to keep up with the trends. Current trends for tweens are:

- Jonas Brothers
- Miley Cyrus
- Vampires
- Love and Peace related clothing
- Video games
- Social Networking
- Text Messaging

The product must fill the basic need of clothing as well as one of two psychological need: A)to fit-in or B) to exert individuality. The age group on which the store caters experiences a significant power shift in who chooses the clothing worn by the tween. The younger demographic are still happy to have their parents (mainly mother) choose and buy their clothing. Clothing is bought when needed or as an impulse on the part of the mother. As the child gets older this behaviour changes to the child wanting more input into what they wear. The marketing difficulty lies in the fact that this specific age is different for each individual. With many opinions and people to consider, the psychographics of each child/parent duo are very important to understand and this must be utilized in the marketing communication plan.

Pricing

Clothing will have an overall average mark-up of 120%. This will differ depending on the brand and item. Tops will be from $20 - $40, pants from $40 - $60, and dresses from $40 - $60.

Accessories will have a mark-up of 200%.

Marketing Communications

Sales Staff

The sales staff is responsible for generating all internal sales. The sales staff will be trained by the owner to ensure the importance of customer service is comprehended. Responsibilities of the sales staff are:

- Maintaining inventory levels and restocking as needed.
- Keeping record of what items have been sold using point-of-sale (POS) programming.
- Balancing the cash flow and credit card receipts daily.
- Keeping the store clean and organized.
- Provide input into the visual aesthetics of the store.
- Providing input into “hot” items and reordering.

- Promoting the jean loyalty program.
- Promoting the value-added services available.
- Promoting and building the CRM database with relevant, up-to-date information.

Store image

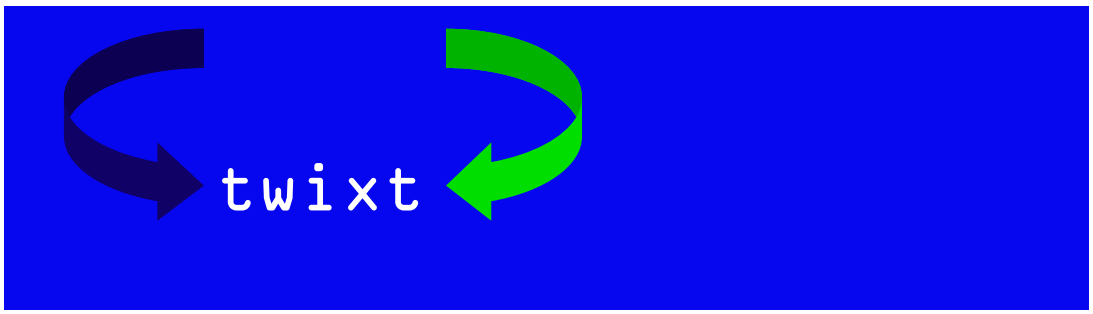
There are four factors that come into play when considering store image.

1. Store design and store name

A name conjures up an immediate reaction and emotional attachment. The store name must be memorable and support the overall vision. In order to support the vision, the name needs to be short, catchy and fit with the vocabulary of the end-user. Input was taken from potential customers and market research was completed on the top eight names (Appendix B). The top three names were presented to a small focus group (five tweens) who voted unanimously for the final name. The name chosen was `twixt`.

The storefront is the first visual impression of the brand and must congruent with the positioning statement in the mind of the customer. Signage will be consistent with the visual communication inside the store and with business cards and promotional material. Since the building is long and narrow the store sign will cover the entire front of the building in the form of a fluorescent sign so as to be seen in both day and night (Image A).

Image A: Storefront Sign



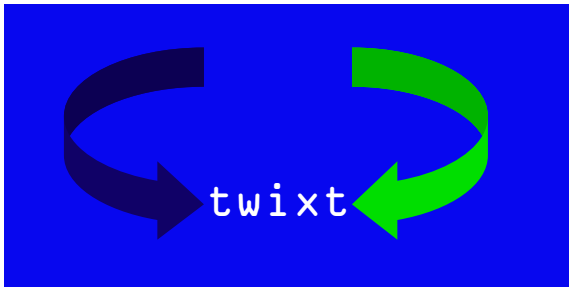
The overall interior will be bright and welcoming with contemporary overhead lights as well as spot lighting on displays and display shelves, as well as in each change room. The store must be kept clean and tidy at all times.

Trendy, tween music will be playing through overhead speakers at a low to mid volume so as not to overpower conversation but to add to the overall ambiance of the store.

2. Visual Communication

In order to convey a fashionable and trendy mood each aspect of the store must compliment the other. All signage will be branded and will be consistent with the store logo (Image B). Products will be prominently displayed on shelves and mannequins will be styled to reflect seasonal trends. In addition to the mannequins there will be large, poster-sized photographs displayed on the walls (refer to *Sales Promotion #4)* of models wearing the seasonal fashions available. All merchandise will be labelled with branded price tags and all communication will be done on store letterhead which includes the store logo.

Image B: Store Logo



3. Store planning

When preparing a plannogram for a retail space thought must be given to amount of space allocated to all departments, what the overall layout should look like and the desired traffic flow of the customers. Additionally, it has been reported that employee theft and shoplifting combined account for the largest source of property crime committed annually in North America (Retail Council, 2008)). The easiest way to discourage theft in a store is by taking away opportunities to steal. A little thought into the store's layout and design can prevent theft before a loss occurs.

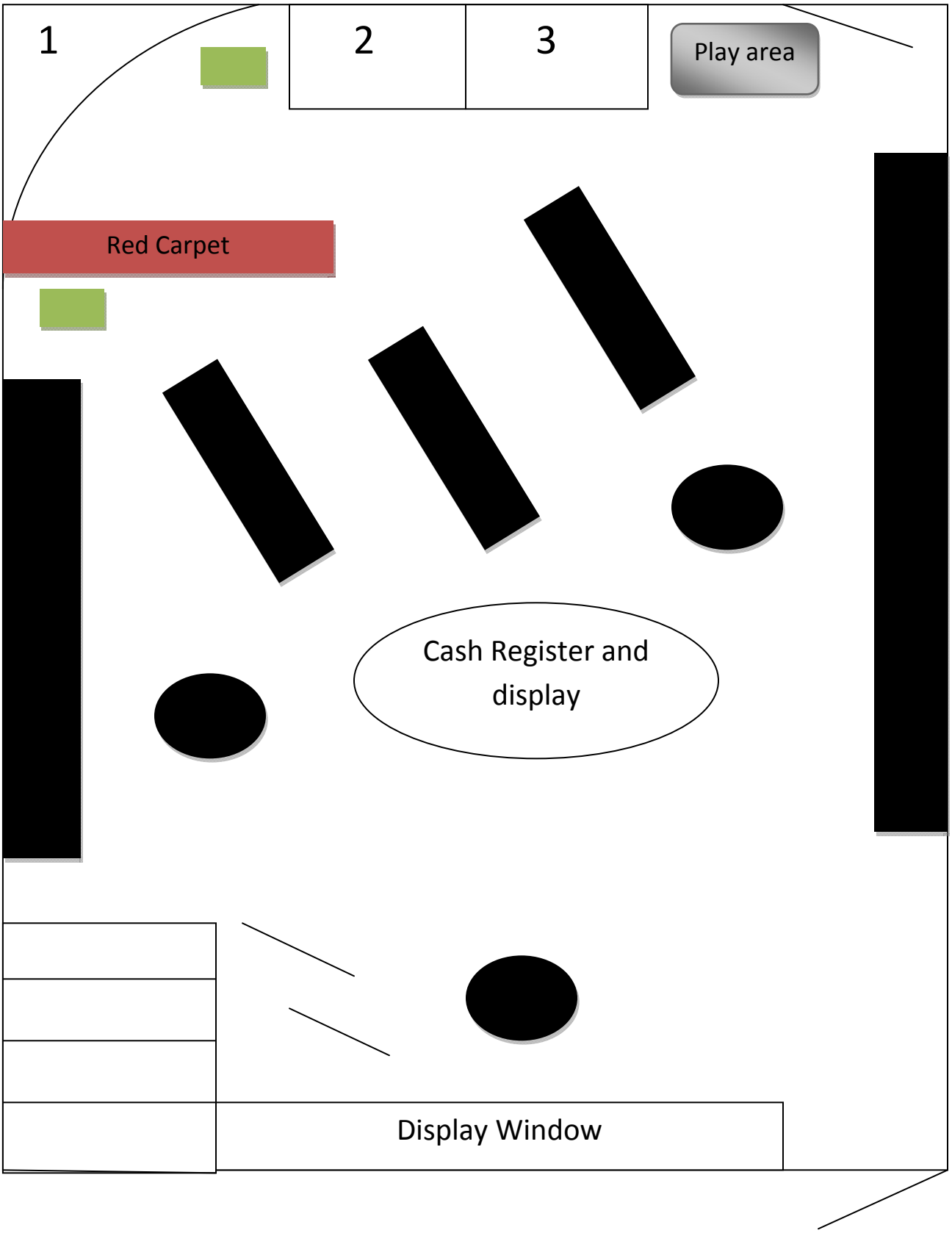
Image C provides an illustration of the plannogram. Directly inside the door there will be an area void of product display. This area will serve as a “decompression zone” which will allow customers to enter the store and adjust to the environment. The decompression zone will welcome the customers into the store and allow them to get an overall visual while they make their first judgement. Since first judgements are often the ones that stick, this area is very important.

Important to all retail clothing stores, is the change room space provided to customers. There will be three themed change rooms in the store. Change room one will have Miley Cyrus/Hannah Montana theme, Change room two will be decorated with Sydney Crosby paraphernalia and Change room three will be adorned with Jonas Brothers gear. They will be located at the rear of the store behind the “red carpet” area where customers can show off their outfits to those shopping with them. The rooms will be big enough for a child and a parent. Room one will be big enough to fit three people in order to accommodate multiple shopping children or younger children accompanying older siblings and parents on their excursion. Also, at the rear of the store will be a small play area for young

children who may be accompanying their parents and older siblings. This area will house toys, video games and a television.

The final consideration is the overall floor plan. Since the vision of the store is for youth clothing with a trendy and fun vibe the store layout will be a free-flowing one, as opposed to a traditional grid layout. However, since most people react positively to both balance and symmetry, these must be contemplated as well. Image C outlines the store plannogram. The advantage of a free flowing store plan is that it allows for browsing freely, it increases impulse buying, and it affords visual appeal.

Image C: Store plannogram



4. Merchandising.

Merchandising will be in the form of shelving, hanging racks and stand folding. When considering merchandising psychological preferences such as image, sightlines and colour blocking must be considered. The plannogram illustrates the overall merchandising plan. Popular items will be displayed at eye-level with extra stock or larger sizes housed higher up on shelves. Essentials will be folded on tables. Merchandise will be separated by boys and girls and then separated into brand clusters. The only area to not be separated will be the "jean bar", an area of shelving accessed by staff that hosts all the jeans. A sample of each pair of jeans will be displayed on one of two exclusive jean racks that allows customers to contrast and compare all pairs available before trying a some on. The overall aim of merchandising is to provide appealing visual cues that draws the customer to the product and drives sales. The flow of the store will usher customers towards the change rooms with access to essentials along the way.

Direct marketing

Direct Marketing will be targeted to previous clients by using the CRM program. The CRM program will be positioned as an "identity" card that keeps the store and people buying for the client up to date on their wardrobes and sizes. Customers registered to the program will be called "VIP clients". Data stored in the CRM program will include:

- Name, Birth date, Gender
- Addresses: home, email
- Names of parents, siblings, best friends
- Sizes: tops, bottoms, dresses, shoes
- Favourite colours
- Favourite designers
- Hobbies.

This information will be used to send out birthday cards with 10% off coupons, send targeted emails when there are relevant new arrivals, and email the entire database when there are sales. The aim is to keep VIP clients the first to know of store occurrences.

Sales promotion

The focus will be on five types of sales promotions:

1. Jean Club

The jean club is a loyalty program designed to encourage repeat purchases of jeans. The program will be available to all VIP clients. For every five pairs of jeans bought the customer gets one pair (at

the lowest price purchased) free. Clients will get a business card stamped for every purchase and a record will be kept on-file at the store.

2. Commission

In addition to a base salary sales representatives will be commissioned on what they sell. The rate will be 5% for all regular priced items. No commission will be given to sale items or to already discounted items

3. Registry

Customers can register for upcoming special events such as bar and bah mitzvahs, birthdays, graduation and Christmas. This program will be available to all VIP clients. Items can be preselected and recorded on file to make buying gifts for these people easier. Potential gift-givers need only to enter the store and ask for the registered items when selecting gifts.

4. Model Contest

The wall art and display window images will be in the form of a large poster displaying seasonal merchandise. The models for this print advertisement will be selected randomly from the VIP database and customers will be given the opportunity to pose for display. Three times a year the pictures will be updated and the winner will receive their poster in the end, as well as 15% off a one-time purchase.

5. Birthday Club

All VIP clients will be eligible for 15% off all items on their actual birthday.

Public Relations (PR)

The focus in the first year will be on four means of public relations. These consist of:

1. SNAP Newspaper

SNAP is a local monthly newspaper aimed at covering local events. SNAP covers all store openings in North Toronto and includes an article on the new business in its publication. It is provided free of charge and is available in the majority of retail stores in North Toronto. Its distribution reaches 2000 people.

2. Grand Opening

The store will be launched August 2010 with a Grand Opening. The grand opening will correspond with back-to-school shopping in order to attract customers at the beginning of a new school year when wardrobes are being replenished. A Grand Opening party will be thrown for the official opening of `twixt`. Suppliers, local businesses, media and potential customers will be invited to the event. The focus will be on the VIP program. Ten percent off coupons will be given at this exclusive

event. Press releases will be provided to all media personnel. Branded bags with free giveaways from other local businesses will be distributed to all attendees.

3. Word of Mouth

The majority of PR will come from word of mouth. Ensuring unsurpassed customer service and tailoring products to meet the needs of potential customers will be paramount in ensuring positive word of mouth.

4. Charity Fashion Show

Clothing and styling assistance will be provided to Rolf Road School's annual fashion charity show. This show attracts two hundred people all of who fall in the target audience. Entrance to the event will be in the form of a donation to a pre-existing charity the school supports.

5. Online Shopping

After year two the company website will be transformed into an "e-shop" model if further market research indicates. The store will allow customers:

- The ability to buy inventory from home to be delivered to their home.
- The ability to reserve in-store items (for VIP clients).
- The use of a virtual change room to plan outfits before shopping.

Networking

The rise of social networking, especially in youth and teens necessitates that `twixt` have an online presence. In order to keep customers up to date a facebook group and twitter page will be opened and updated regularly. In addition to these social outlets, the owner will become a member of a Business Networking International (BNI) group in order to stay up to date on small business trends. Regular meetings with other vendors on Bayview will be set up to discuss and learn best business practices.

Advertising

In addition to the grand opening advertising will incorporate:

- Store paper bags and reusable bags
- A website to promote the store's location vision, hours and brands offered
- Store listing on suppliers' and products' websites.

Market Research

Measurement	Description	Annual Cost
Online Survey	• Follow-up to initial survey • Measurement of product needs, customer service and overall satisfaction • Gage interest and feasibility of e-shop.	No Cost Associated
Silent Shopper	• Monthly evaluation of employees and services by hired professional	$360
Sales Data	• Monthly analysis of sales figures broken down by sales associate, brand, day and time of day	Included in Point of Sales Software

Action Plan

Who	What	When	Cost
Sales Staff	• Training • Display and restock merchandise • Promote Jean Club • Promote VIP program • Keep store clean and visually appealing • Open and close store • Sell merchandise and keep POS records • Build CRM database	• July 2010 • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing • Ongoing	• $240 • No cost • No cost • No cost • No cost • Approximately 5% of sales • No cost • No cost
Owner	• Join BNI group • Develop marketing plan • Plan monitoring • Attend tradeshows • Buy merchandise • Train sales staff • Plan Grand Opening • Meet with SNAP	• Annually • In-progress • Monthly • In-progress • Ongoing • July 2010 • July 2010 • August 2010	• $700 • No cost • No cost • $8000 • variable • $240 • $500 • No cost

	magazine • Hire silent shoppers • Launch online survey • Track sales • Pay commission	 • September 2010 • September 2010 • Monthly • Monthly	 • $30/month • No cost • No cost • No cost
Programming Co-op Student	• Develop CRM software • Develop point of sale (POS) software	• May 2010 – August 2010 • May 2010 – August 2010	• No cost • No cost
Web developer	• Develop and launch website • Develop online store	• July 2010 • July 2012	• $500 • 500
Photographer	• Select models • Take model photos • Develop posters	• July, November, February • July, November, February	• No cost • No cost • $450
Rolf Road Public School	• Plan and host youth clothing fashion show	• March 2011, 2012	• No cost
Graphic Design Student	• Develop logo • Develop branded material	• In-progress	• No cost • No cost

Financial Impact

Separate finances have been prepared for each year.

FINANCIALS JULY 2010 - AUGUST 2011							
						Debit	Credit
EST. GROSS SALES							**113850**
Fixed Costs							
Sales							
	free merchandise					1,300	
	misc. (training, etc.)					240	
						1,540	
Direct Marketing							
	birthday club					60	
	business cards					50	
	CRM questionnaires					40	
						150	
Market Research							
	silent shoppers					360	
						360	
Public Relations							
	grand opening					500	
						500	
Networking							
	BNI group					700	
						700	
Advertising							
	website					500	
	coupons					200	
	internal signage					100	
	merchandise tags					20	
	bags					200	
	photos					450	
						1470	
Total						**4720**	

FINANCIALS AUGUST 2011-AUGUST 2012							
						Debit	Credit
EST. GROSS SALES							**182850**
Fixed Costs							
Sales							
	free merchandise					2,500	
	misc. (lunches, training, etc.)					240	
						2,740	
Direct Marketing							
	birthday club					120	
	business cards					50	
	CRM questionnaires					40	
						210	
Market Research							
	silent shoppers					120	
						120	
Public Relations							
						0	
Networking							
	BNI group					700	
						700	
Advertising							
	website					500	
	coupons					500	
	internal signage					100	
	merchandise tags					20	
	bags					200	
	photos					450	
						1770	
Total						**5540**	

FINANCIALS AUGUST 2012-AUGUST 2013							
						Debit	Credit
EST. GROSS SALES							**258750**
Fixed Costs							
Sales							
	free merchandise					2,500	
	misc. (lunches, training, etc.)					240	
						2,740	
Direct Marketing							
	birthday club					150	
	business cards					0	
	CRM questionnaires					20	
						170	
Market Research							
	silent shoppers					120	
						120	
Public Relations							
						0	
Networking							
	BNI group					700	
						700	
Advertising							
	website					0	
	coupons					1000	
	internal signage					100	
	merchandise tags					20	
	bags					200	
	photos					450	
						1770	
Total						**5500**	

Controls and Contingencies

1. If sales are not tracking at $20 000 for the first quarter of 2010 then marketing money allocated to the jean club will be used to rent a booth at the Annual Children's Trunk Show. This event parallels Spurts target market and provides great exposure to many customers. Ten percent off coupons will be given out at the show to encourage patrons to visit the store.
2. If the use of the Registry service is not at twenty-five percent of VIP customers by December 10th 2010, coupons will be mailed out to all VIP members and their families for use on Registry items.

3. If inventory turnover is less than ninety days on seasonal wear and one hundred and twenty days on essentials, arrangements will be made to return excess to distributors and changes will be made to quarter two buying.
4. If feedback from silent shoppers is negative additional training will be done to improve customer service and product lines will be reassessed. All efforts will be made to uphold the positioning statement and vision of twixt.
5. If CRM database does not have 100 clients by the end of the quarter one2010, the incentives for membership will be reassessed and improved. Quality of personalized service depends on personal information and relationship building with customers and every effort must be made to obtain quality facts.
6. If market research in 2010 does not indicate further profits from the launch of an online store then the website will not be adapted to an e-shop format.

Merchandising

Trade shows

Feb.	Mar.	June	Aug.	Sept.
14-18: Las Vegas 28-Mar 2: Toronto	7-9: New York City 20-25: Toronto	6-8: Chicago	16-18: Las Vegas 20-22: New York City 22-24: Toronto	25-28: Toronto

Product lines

Selections from these designers will be carried:

- T2 Love
- Rachel Weissman
- Halabaloo
- Alpha Industries
- Diesel
- Ella Moss
- Flowers by Zoe
- Fuzzy Wuzzy
- Miss Me
- Oilily
- Saurette
- Splendid
- Submarine
- Haven Girl
- Roxy/Quicksilver
- Kingsley
- Charlie Rocket
- Munster
- Stinky Kids
- Norton

Suppliers

In order to obtain advantageous margins on all products sold an overall buying strategy must be followed. Year one will require suppliers to be obtained from the various trade shows as well as found through the Canadian Association of Wholesale Sales representatives (CAWS). In order to maintain margins the following strategy has been put in place:

- Negotiate prices and bulk buying to keep per unit prices low.
- Negotiate accounts payable and do not buy on less than 60 day term.
- Negotiate product exclusivity for North Toronto.
- Negotiate store name advertising on wholesaler's website.

- Ensure product returns are available if product does not sell.
- Maintain open communication with wholesalers.

Operations

Business Registration and Permits

Several permits are required and must be obtained from the City of Toronto or Government of Ontario before the store opening. The cost of each item is included in brackets and figures into the opening costs. The permits are:

- Sign permit ($209.42)
- Site plan (2329.58)
- Building permit ($7380)
- Vendor permit ($0)
- Master Business Licence ($60)
- Import Permit ($50)
- Business Registration ($60)
- HST Registration ($0)

Taxes

The new harmonized sales tax (HST) must be collected and submitted quarterly.

Packaging and Labelling

All merchandise will be tagged with a store logo displaying the price and size of the item. Original brand logos and tags will not be removed from the item. Subsequent to a purchase the merchandise will be professionally folded and wrapped in tissue by the sales associate.

Inventory Control

Inventory control will be done once/week. Every Monday morning the inventory in the computer will be reconciled with the inventory on the shelves and in storage. Discrepancies will be noted and counted as Bad Debt. Found merchandise will credit the bad debt account.

Quality Control

All merchandise will be hand checked upon arrival for damaged material or order discrepancies. Quality control will be done by the owner or a manager and must be done within twenty-four hours of the arrival of the merchandise.

Client Relationship Management (CRM) System

A software program will be developed by a George Brown intern student to build a database of customer information. This system will enable `twixt` to store information on its VIP client base. The system will be sorted according to name but all files will be able to be accessed by phone number or birth date as well.

Point of Sales (POS) System

A software program to track all sales will be developed by a George Brown intern student. In addition to acting as an invoicing system the POS system will automatically update the inventory database. The POS system will also allow users to view previous purchases and pull up old invoices.

Human Resources (HR)

Strategy

The HR strategy will be put in place to compliment the Marketing Communications Plan. In order to compliment the business knowledge of the business owner part-time employees must have a background in fashion. In addition to the paid staff students from George Brown College will be hired on an intern basis in order to attain the full complement of knowledge the business will need to survive. Intern students will incur no additional expense.

Roles and Responsibilities

Owner	• Join BNI group • Develop marketing plan • Plan monitoring • Attend tradeshows • Buy merchandise • Train sales staff • Plan Grand Opening • Meet with SNAP magazine • Hire silent shoppers • Launch online survey • Track sales
Part-time Employees	• Maintaining inventory levels and restocking as needed. • Keeping record of what items have been sold using point-of-sale (POS) programming. • Balancing the cash flow and credit card receipts daily. • Keeping the store clean and organized. • Provide input into the visual aesthetics of the store. • Providing input into "hot" items and reordering. • Promoting the jean loyalty program. • Promoting the value-added services available. • Promoting and building the CRM database with relevant, up-to-date information.
Fashion Intern	Same as above
Graphic Design Intern	• Develop logo • Develop branded material
Software Design Intern	• Develop POS software • Develop CRM software

Financial Statements

General Financial Assumptions and Considerations:

1. Financing: A five year $50 000 loan has been secured at an interest rate of 3%. Payments will be made monthly in the amount of $898.43 which is $833.33 principle and $25 interest, and are accounted for in the income statement under "Repayment Expenses".
2. Sales Assumptions: Are based on similar stores in comparable areas of Toronto (Appendix C – C.1). Sales are inclusive of Harmonized Sales Tax (HST).
3. COGS: The cost of goods sold is at 40% of sales. An inventory breakdown can be found in Appendix D
4. Office Expenses: Include rent, phone, internet, utilities, supplies and maintenance.
5. Amortization: A fixed asset depreciation schedule (FADS) can be found in Appendix E.
6. Salaries and Commissions: Minimum wage of $10.25/hour will be paid for total man-hours of 35 hours/week. No employees will qualify for benefits or vacation. In lieu of vacation employees will be paid 4% of their salary annually. A 5% sales commission will be paid on sales (exclusive of taxes),(See Appendix F). Commissions will not be paid for the first quarter in 2010.
7. Bank Commissions: 50% of transactions will be completed by credit card at a cost of 2%. 40% of transactions will be completed by debit card at a cost of $0.10/transaction. This fee will be predicted based on an average store purchase value of $75. A schedule can be found in Appendix G.
8. Trade Shows: Inclusive in this cost are travel, meals and entrance fees.
9. Business taxes: Are 15% of gross sales and will be paid quarterly.

Goals

Sales

MONTHLY SALES $ (inclusive of taxes)												
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
2010								6900	6900	6900	10350	16100
2011	9200	6900	9200	11500	11500	9200	9200	18400	18400	16100	16100	23000
2012	11500	9200	11500	13800	14950	14950	14950	23000	23000	19550	21850	31050
2013	14950	10350	14950	18400	18400	20700	19550					

Short-term

1. Grow sales to $6900 (exclusive of taxes) by end of month one, $16 100 by end of month five and have Gross sales of $98 773 for year one.

Long-term

1. Based on sales forecast: Breakeven by year three.

2. Surpass sales forecast to ensure there is no cash shortage in year three and no additional financing is needed.

3. Achieve monthly sales of $20 000/month.

4. Pay back borrowed funds by year five.

Start-up Costs

The biggest costs associated with opening the store are inventory and lease improvements and the lease. The lease and lease improvements are sunk costs however, unsold inventory can be returned to the distributer for a refund.

Assumptions and Considerations:

1. The costs for business licences and permits have been taken from the City of Toronto (City of Toronto, 2010).

2. Quarter One marketing expenses have been included in start-up costs.

START-UP BUDGET				
BUSINESS LICENSES AND PERMITS				
	Sign Permit			209.47
	Building Permit and Drawings			7380
	Business License			60
	Electrical Inspection			150
	Import Permit			60
				7859.47
OFFICE SUPPLIES				
				500
RENT				
	first/last			**9000**
UTILITIES				
	Telephone			100
	Hydro			50
	Water			50
	Cable			100
				300
RENNOVATIONS AND MATERIALS				
	materials			3000
	fixtures			1500
	labour			5500
				10000
INVENTORY				
				7200
INSURANCE				
				6000
OFFICE EQUIPMENT				
	Photocopier/Fax			200
	Telephone			100
	Computer			1000
	Shredder			40
	Couch			300
	Chairs			300
	Mannequins			100
				2040
MARKETING				
	Grand Opening			500
	Merchandise Tags			650
	Promotional Material			650
				1800
TOTAL				**44699.47**

Balance sheet

The balance sheet is prepared for one operating cycle. The assets listed only include the inventory that is owned by `twixt` at the date of the Balance Sheet preparation (August 1). Inventory valuation is based on the price paid for the merchandise and not the actual price it will be sold for. The inventory is based on average cost assumption.

The balance sheets presented below are studied more in-depth in the form of ratios and leverages in the next section.

AUG. 2010						
ASSETS				**LIABILITIES**		
Current Assets				Current Liabilities		
	Cash	55300.53			Accounts Payable	7200
	Accounts Receivable				Accruals	
	Inventories	7200			Line of Credit	
	Total Current Assets	62500.53			Long-term debt due within 1 year	10781.16
Gross Fixed Assets					Total Current Liabilities	17981.16
	Land and Buildings	10000		Long-term Debt		
	Equipment	1440			Long-term Debt	38919.1
	Furniture and Fixtures	700			Long-term leases	261000
	Pre-paid Expenses	26459.47			Total Long-term Debt	299919.1
	Other (lease)	270000		Shareholders Equity		
	Total Gross Fixed Asse	308599.5			Retained Earnings	50000
	Less: Ammortization	3200			Dividends	
	Net Fixed Assets	305399.47			Totall Shareholders Equity	50000
Total Assets		**367900**		**Total Liabilities and Shareholders Eq**		**367900.3**

AUG. 2011						
ASSETS				**LIABILITIES**		
Current Assets				Current Liabilities		
	Cash	0			Accounts Payable	18494.45
	Accounts Receivable	5347.5			Accruals	1617.75
	Inventories	21866.67			Line of Credit	
	Total Current Assets	27214.17			Long-term debt due within 1 year	10781.16
Gross Fixed Assets					Total Current Liabilities	30893.36
	Land and Buildings	8000		Long-term Debt		
	Equipment	240			Long-term Debt	28137.94
	Furniture and Fixture	560			Long-term leases	207000
	Pre-paid Expenses	3466.67			Total Long-term Debt	235137.9
	Other (lease)	216000		Shareholders Equity		
	Total Gross Fixed Ass	228266.7			Retained Earnings	
	Less: Ammortization	2200			Dividends	
	Net Fixed Assets	222600			Totall Shareholders Equity	
Total Assets		**266031**		**Total Liabilities and Shareholders E**		**266031.3**

AUG. 2012						
ASSETS				**LIABILITIES**		
Current Assets				Current Liabilities		
	Cash	0			Accounts Payable	22957.47
	Accounts Receivable	7475			Accruals	9287.64
	Inventories	33200			Line of Credit	4091.95
	Total Current Assets	40675			Long-term debt due within 1 year	10781.16
Gross Fixed Assets					Total Current Liabilities	47118.22
	Land and Buildings	6000		Long-term Debt		
	Equipment	180			Long-term Debt	17356.78
	Furniture and Fixtures	420			Long-term leases	153000
	Pre-paid Expenses	10400			Total Long-term Debt	170356.8
	Other (lease)	162000		Shareholders Equity		
	Total Gross Fixed Asse	179000			Retained Earnings	
	Less: Ammortization	2200			Dividends	
	Net Fixed Assets	176800			Totall Shareholders Equity	0
Total Assets		**217475**		**Total Liabilities and Shareholders Equi**		**217475**

Financial Ratios and Leverages

In order to get a better picture of what the financial spreadsheets illustrate ratios and leverages have been studied; specifically: debt/equity ratio, current ratio, quick ratio, inventory turnover and average age of inventory. For each calculation all three years of forecasting will be used.

TABLE 1

Debt/Equity Ratio	Year 1	Year 2	Year 3
(%)	86.4	99	1

The debt/equity ratio indicates the reliance on debt for financing. The higher the percentage means the riskier the business endeavour because of the high financial leverage. Year one indicates that 86.4% of the assets have been financed by debt. In this case the remaining 14% of financing comes from the owner. This ratio gets worse in year two and year three as the business relies heavily on financial leverage to support investment in assets needed to sustain the business (namely inventory and leasing). The debt/equity ratio indicates that the company would rely heavily on debt financing which could lead to major financial problems if inventories could not be sold off. The worst case scenario is bankruptcy.

TABLE 2

Current Ratio	Year 1	Year 2	Year3
(times)	3.48	1.48	1.07

The current ratio measures `twixt's` ability to meet its short-term obligations. The general rule of thumb is 2. Table 2 displays the current ratio for the first three years of `twixt's` business. The measure of 3.48 is good but must not be misinterpreted because this average is taken at the start of the business before cash flow is taken into account. Poor cash flow calls for a higher asset/liability ratio because of the uncertainty surrounding money coming into `twixt` and having a positive effect the balance sheet. A better predictor can be taken from both year 2 (1.48 times) and year 3 (1.07 times). Year two and year three both suggest that more current assets are needed to meet the demands placed on `twixt` by its current liabilities.

TABLE 3

Quick Ratio	YEAR 1	YEAR 2	YEAR 3
(times)	3.08	.74	.20

The quick ratio reveals a more accurate picture of how many assets are readily available to cover current liabilities. By taking inventories out of the equation, the quick ratio calculations determine that by year two current assets are not able to readily cover current liabilities. Inventories take time to sell and generally require more than thirty days to be converted into cash. As evaluated in Table 3, there is not enough cash and marketable securities to cover the current liabilities in full. Analysis of this ratio suggests that more invested cash is needed for the business to ensure it can meet all its financial obligations in years one through three.

TABLE 4

Inventory	YEAR 1	YEAR 2	YEAR 3
Turnover (/year)	5.5 times		
Average Age (days)	66		

Inventory turnover is predicted using the COGS for year one divided by the inventory on day one of business. This method is not very accurate. Inventory turnover for year two and three cannot be predicted from the balance statement because the line item *Inventory* on the Balance Sheet includes anticipated left-over inventory from year one as well as year two: quarter one inventory. For a better representation, inventory turnover must be studied and then predicted based on year-over-year analysis. Due to the fluctuating seasons of retail and the influx of merchandise at the beginning of each season it is unrealistic to see turnover greater than every 60 to 90 days. Buying is based on this fact and inventory controls such as product returns are factored into the seasonal demands.

Income statement

The income statement indicates that predicted sales for year one would not cover the costs associated with opening twixt. With fixed costs of $81 141 and variable costs at 35% of sales, sales of $113 850 are too low to support the high rent and employee costs. The income statement also indicates that there is no allowance for an owner's draw, meaning the owner would not be paid for their work in year one.

PROJECTED INCOME STATEMENT: YEAR ONE					
TIME PEROIOD	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**ANNUAL**
SALES	20700	35650	27600	29900	113850
less					
COGS	7200	12400	9600	10400	39600
GROSS PROFIT	**13500**	**23250**	**18000**	**19500**	**74250**
less					
MARKETING	0	1023	874	1023	2920
OFFICE	14810	14810	14810	14810	59240
SALARIES AND COMMISSIONS	4784	6334	5984	6084	23186
BAD DEBT	50	50	50	50	200
BANK COMMISSIONS	218.04	375	290.72	314.95	1198.71
TRADE SHOW	2000	2000	2000	2000	8000
OPERATING PROFT	**-8362.04**	**-1342**	**-6008.72**	**-4781.95**	**-17574.71**
less					
REPAYMENT EXPENSES	2695.29	2695.29	2695.29	2695.29	10781.16
BUSINESS TAXES	2927	4650	3600	3900	15077
OWNER DRAWINGS	0	0	0	0	0
NET INCOME	**-13984.33**	**-8687.29**	**-12304.01**	**-11377.24**	**-43432.9**

Breakeven analysis

The income statements for year two and three are predicted below. It is expected that sales will not be high enough to support `twixt` to breakeven until year three. However, of note from the income statement is the detail that the owner has still not been paid for their work or taken any payment for their services from the business. This piece of evidence can be remedied by reducing part-time sales staff and using that money to pay the owner an hourly wage as well as commission. Conversely, this money would better serve the business if it was invested as retained earnings.

PROJECTED INCOME STATEMENT: YEAR TWO					
TIME PEROIOD	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**ANNUAL**
SALES	52900	50600	34500	44850	182850
less					
COGS	18400	17600	12000	15600	63600
GROSS PROFIT	**34500**	**33000**	**22500**	**29250**	**119250**
less					
MARKETING	1385	1385	1385	1385	5540
OFFICE	16310	16310	16310	16310	65240
SALARIES AND COMMISSIONS	7084	6984	6284	6734	27086
BAD DEBT	50	50	50	50	200
BANK COMMISSIONS	557.21	532.99	363.4	472.42	1926.02
TRADE SHOW	2000	2000	2000	2000	8000
OPERATING PROFT	**7113.79**	**5738.01**	**-3892.4**	**2298.58**	**11257.98**
less					
INTEREST EXPENSES	2695.29	2695.29	2695.29	2695.29	10781.16
BUSINESS TAXES	6900	6600	4500	5850	23850
OWNER DRAWINGS	0	0	0	0	0
NET INCOME	**-2481.50**	**-3557.28**	**-11087.69**	**-6246.71**	**-23373.18**

PROJECTED INCOME STATEMENT: YEAR THREE					
TIME PEROIOD	**1st Quarter**	**2nd Quarter**	**3rd Quarter**	**4th Quarter**	**ANNUAL**
SALES	65550	67850	43700	58650	235750
less					
COGS	22800	23600	15200	20400	82000
GROSS PROFIT	**42750**	**44250**	**28500**	**38250**	**153750**
less					
MARKETING	1375	1375	1375	1375	0
OFFICE	16310	16310	16310	16310	65240
BAD DEBT	50	100	50	50	250
SALARIES AND COMMISSIONS	7634	7734	6684	7334	29386
BANK COMMISSIONS	690.46	714.69	460.31	617.78	2483.24
TRADE SHOW	1250	1250	1250	1250	5000
OPERATING PROFT	**15440.54**	**16,766.31**	**2,370.69**	**11,313.22**	**45,890.76**
less					
INTEREST EXPENSES	2695.29	2695.29	2695.29	2695.29	10781.16
BUSINESS TAXES	8550	8850	5700	7650	30750
OWNER DRAWINGS	0	0	0	0	0
NET INCOME	**4195.25**	**5,221.02**	**- 6,024.60**	**967.93**	**4359.60**

Cash flow

Cash flow has been predicted for the first three years of business. The statement of cash flows details the change in twixt's cash over each fiscal year. The cash flow is very important in understanding when the store will need injections of cash and planning must be made for months where cash is going to be tight. Cash is needed to cover all liabilities and without it the store will be forced into bankruptcy. The cash flow statement indicates the existence of credit problems and sheds light on the huge impact the purchase of inventory has on the store's available cash. The individual items in the cash flow statement seem to be distributed in a prudent manor and show that the store is growing. However, overall, the cash flow statement gives an undesirable view of the planned business. Cash flow is a serious concern in year three. An anticipated growth in sales means that there is more money owed in accounts payable. The store does not have the cash on hand to pay for the increase in inventory. This is a huge problem since it means the store would have to leverage itself even more with a short-term line of credit. Without an injection of cash in year two the store will not be able to cover expenses in July. Carrying this negative balance forward would only further limit the store's ability to cover costs in year three. Qualifying for a short-term line of credit at the beginning of year three would ensure *twixt* has enough cash to cover its operations.

YEAR ONE	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY
CASH RECEIPTS												
cash sales	3450	3450	3450	5175	8050	4600	3450	4600	5750	5750	4600	4600
30 day	x	3105	3105	3570.8	4657.5	7245	4140	3105	4140	5175	5175	4140
60 day	x	x	172.5	172.5	172.5	258.75	402.5	230	172.5	230	287.5	287.5
90 day	x	x	x	172.5	172.5	172.5	258.75	402.5	230	172.5	230	287.5
other			-50			-50			-50			-50
CASH IN	3450	6555	6677.5	9090.8	13052.5	12226	8251.25	8337.5	10242.5	11327.5	10292.5	9265
EXPENSES												
equipment purchases												
T&A	4200	200					1300	1300			1000	
rent	x	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
maintenence cos	100	80	80	80	100	80	80	100	80	80	100	80
labour costs	1840	1472	1472	1472	1840	1472	1472	1840	1472	1472	1840	1472
commissions	x	x	x	450	700	400	300	400	500	500	400	400
marketing	1470	35.45	30	30	30	30	30	30	125.45	30	30	30
inventory	x	x	x	12400	x	x	x	9600	x	x	x	10400
advertising	100	x	x	150	x	x	x	x	150	x	x	x
selling expenses	37.5			37.5	45	22.5	15		15	227.5	7.5	
office expenses	350	350	350	350	350	350	350	350	350	350	350	350
loan payments	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43
taxes	x	x	2927	x	x	4650	x	x	3600	x	x	3900
bank fees	x	63.2	63.2	63.2	94.8	147.47	84.27	63.2	84.27	105.33	105.33	84.27
other												
CASH OUT	8995.93	7599.1	10321	20431	8558.23	12550	9029.7	19081.63	11775.2	8163.26	9231.26	22114.7
CASH IN - CASH OU	-5545.93	-1044.08	-3643.13	-11340.3	4494.27	-324.15	-778.450	-10744.13	-1532.65	3164.24	1061.24	-12849.7
OPENING BALANC	55300	49754	48710	45067	33726.5	38221	37896.6	37118.15	26374	24841.4	28005.6	29066.85
CLOSING BALANC	49754.1	48710	45067	33726	38220.8	37897	37118.2	26374.02	24841.4	28005.6	29066.9	16217.15

YEAR TWO	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY
CASH RECEIPTS												
cash sales	9200	9200	8050	8050	11500	5750	4600	5750	6900	7475	7475	7475
30 day receiveables	4140	8280	8280	7245	7245	10350	5175	4140	5175	6210	6727.5	6727.5
60 day receiveables	230	230	460	460	402.5	402.5	575	287.5	230	287.5	345	373.75
90 day receiveables	287.5	230	230	460	460	402.5	402.5	575	287.5	230	287.5	345
other			-50			-50			-50			-50
CASH IN	13858	17940	16970	16215	19607.5	16855	10753	10753	12543	14202.5	14835	14871
EXPENSES												
equipment purchases												
T&A	4200	200					1300	1300			1000	
rent	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
maintenence costs	100	80	80	80	100	80	80	100	80	80	100	80
labour costs	1840	1472	1472	1472	1840	1472	1472	1840	1472	1472	1840	1472
commissions	800	800	700	700	1000	500	400	500	600	650	650	650
marketing	976.67	81.67	51.67	81.67	51.67	186.67	76.67	81.67	51.67	106.67	51.67	551.67
inventory	x	18400	x	X	17600	x	x	12000	x	x	15600	X
advertising	150	x	x	150	x	x	x	x	150	x	x	x
selling expenses	208.33	208.33	208.33	208.33	208.33	208.33	208.33	208.33	208.33	208.33	208.33	208.33
office expenses	350	350	350	350	350	350	350	350	350	350	350	350
loan payments	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.43
taxes	x	x	6900	x	x	6600	x	x	4500	x	x	5850
bank fees	94.45	188.91	188.91	169.59	169.59	242.27	121.13	96.91	121.13	145.36	157.47	157.47
other												
CASH OUT	14118	27179	15349	8610	26718	15037.7	9406.6	21875	12932	8410.79	25356	14718
CASH IN - CASH OUT	-260.380	-9239.34	1620.66	7604.98	-7110.52	1817.3	1345.94	-11122.8	-389.059	5791.71	-10520.9	153.35
OPENING BALANCE	16217	15957	6717.4	8338.1	15943.1	8832.55	10650	11996	872.95	483.89	6275.6	-4245
CLOSING BALANCE	15957	6717.4	8338.1	15943	8832.55	10649.9	11996	872.95	483.89	6275.6	-4245.3	-4092

YEAR THREE	AUG	SEPT	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUNE	JULY
CASH RECEIPTS												
cash sales	11500	11500	9775	10925	15525	7475	5175	7475	9200	9200	10350	9775
30 day receiveables	6727.5	1035	1035	8797.5	9832.5	13973	6727.5	4658	6727.5	8280	8280	9315
60 day receiveables	373.75	373.75	575	575	488.75	546.25	776.25	373.8	258.75	373.8	460	460
90 day receiveables	373.75	373.75	373.75	575	575	488.75	546.25	776.3	373.75	258.8	373.75	460
other			-50			-50		-50	-50			-50
CASH IN	18975	13283	11709	20873	26421	22433	13225	13233	16510	18113	19464	19960
EXPENSES												
equipment purchases												
T&A	2600						1200	1200				
rent	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500	4500
maintenence costs	100	80	80	80	100	80	80	100	80	80	100	80
labour costs	1840	1472	1472	1472	1840	1472	1472	1840	1472	1472	1840	1472
commissions	1000	1000	850	950	1350	650	450	650	800	800	900	850
marketing	936.67	81.67	51.67	81.67	51.67	186.67	76.67	81.67	51.67	106.7	51.67	551.67
inventory	x	22800	x	X	23600	x	x	15200	x	x	20400	X
advertising	150	x	x	150	x	x	x	x	150	x	x	x
selling expenses	208.33	208.33	208.33	208.33	208.33	208.33	208.33	208.3	208.33	208.3	208.33	208.33
office expenses	350	350	350	350	350	350	350	350	350	350	350	350
loan payments	898.43	898.43	898.43	898.43	898.43	898.43	898.43	898.4	898.43	898.4	898.43	898.43
taxes	x	x	8550	x	x	8850	x	x	5700	x	x	7650
bank fees	157.47	242.27	242.27	205.93	230.15	327.06	157.47	109	157.47	223.3	223.25	218.04
other												
CASH OUT	12741	31633	17203	8896.4	33129	17522	9392.9	25137	14368	8639	29472	16778.47
CASH IN - CASH OUT	6234.1	-18350.2	-5493.95	11976.1	-6707.33	4910.01	3832.1	-11904.[illegible]	2142.1	9473.82	-10007.9	3181.53
OPENING BALANCE	-4092	2142.2	-16208	-21702	-9726	-16433	-11523	-7691	-19596	-17454	-7980.1	-17988.04
CLOSING BALANCE	2142.2	-16208	-21702	-9726	-16433	-11523	-7691.1	-19596	-17454	-7980	-17988	-14806.51

Recommendations

Upon analysis of all data the business does not appear to be profitable at the current debt level. In addition to large sales fluctuations and high fixed costs, cash flow is an obvious issue. The current business would not provide the owner with sound earnings on investment. In order to ensure a more viable business option the following recommendations are made:

1. Look into small business or entrepreneurial grants to raise more capital for the business.
2. Enter into a partnership or obtain a silent investor.
3. Negotiate a more favourable lease or consider switching store to a different area with a less expensive lease.
4. Eliminate the staffing and commission costs until the store is able to breakeven.
5. Increase margins.
6. Eliminate trade show costs by contacting local distributors and only attending local shows.

Conclusion

Market research indicates a strong need for a tween clothing store in Leaside. The hypothesis was that a strong strategic marketing plan could support the opening of a tween clothing store. Under the financial situation as researched above this is a null hypothesis. New retail ventures take years to get sales up to sustainable levels. The only way to cover the high current liabilities is through an increase in sales. It appears as though the niche is too small to sustain the business as it is unlikely that the sales forecast is overly pessimistic. The high fixed cost of rent on Bayview Avenue does not allow the time needed to reach these high sales levels. While the market may dictate a need, the price the store would need to charge its customers would make the store unattractive to the customer. Cash flow is the number one reasons companies go bankrupt and this is the main cause of concern for twixt. Zero cash on-hand is unrealistic and unwise. Inventory can be sent back and will cover itself over time but the cash needed up front will make it hard for the store to meet its other financial obligations on time without using a line of credit and leveraging itself further. It is recommended that the store not be opened unless there is a $100 000 in cash that can be used to start and sustain the store. This money would decrease monthly fixed costs and allow the store room to grow at its own pace.

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Appendix

A: Online Potential Customer Survey Results

The following survey was completed by 42 respondents all of whom qualify as the target market.

Background

1) What is your age bracket?

	Percentage	Responses
7-13	14.3	6
30-40	14.3	6
41-50	66.7	28
51+	4.8	2
Total responses:		42

2) Please select your gender

	Percentage	Responses
Female	90.5	38
Male	9.5	4
Total responses:		42

3) What is your family income bracket?

	Percentage	Responses
$0-$100 000	9.5	4
$100 001-$150 000	0.0	0
$151 000-$200 000	23.8	10
Over $200 000	61.9	26
Unsure	4.8	2
Total responses:		42

4) Parents ONLY: How many children do you have?

	Percentage	Responses
1	5.6	2
2	72.2	26
3	16.7	6
4 or more	5.6	2
Total responses:		36

Shopping Behaviour

The following questions (5-8) relate to children's clothing and apparel. Please answer the questions as they best describe your behaviour ONLY as it relates to children's clothing/apparel.

5) How many times per month do you shop?

	Percentage	Responses
less than once	28.6	12
Once	23.8	10
Twice	28.6	12
Every other week	9.5	4
Weekly	4.8	2
Twice/week	0.0	0
More than twice/week	4.8	2
Total responses:		42

6) Where do you shop? (select top 3)

	Percentage	Responses
The GAP	23.4	30
La Senza Girl	6.3	8
Old Navy	12.5	16
Sporting Life	10.9	14
Joe Fresh Clothing (Loblaws)	15.6	20
Mall	7.8	10
Online Land's End, LL Bean	9.4	10
Other Mexx Kids, West 49, Abercrombie, American Eagle, Winners.	14.1	15

7) Who do you regularly shop with?

	Percentage	Responses

Alone	52.2	24
One Friend	0.0	0
More than one friend	0.0	0
Parent	17.4	8
Child(ren)	30.4	14

8) Parents ONLY:
Who do you shop for (check all that apply)?

	Percentage	Responses
Child(ren)	90.0	36
Friend's Child(ren)	0.0	0
Relatives	10.0	4

Purchasing Behaviour

Definition: Purchase - one transaction. This may include MORE than one item.

The following questions (9-13) relate to children's clothing and apparel. Please answer the questions as they best describe your behaviour ONLY as it relates to children's clothing/apparel.

9) When was the last time you made a purchase?

	Percentage	Responses

This week	23.8	10
Last week	23.8	10
Within the last month	52.4	22
Within the last 2 months	0.0	0
Over 2 months ago	0.0	0
Never	0.0	0
Total responses:		42

10) Children ONLY: Who pays for your clothing? (check all that apply)

	Percentage	Responses
Mom	47.1	16
Dad	29.4	10
Self	0.0	0
Grandparents	23.5	8
Other	0.0	0

11) Parents ONLY: How many purchases do you make (on average) per month?

	Percentage	Responses
Less than 1	5.6	2
1	33.3	12

2	33.3	12
1/week	22.2	8
2/week	5.6	2
More than 2/week	0.0	0
Total responses:		36

12) How much is your average purchase?

	Percentage	Responses
Not applicable	0.0	0
$20	4.8	2
$21-$50	30.9	13
$51-$99	50.0	21
$100-$200	14.3	6
Over $200	0.0	0
Total responses:		42

13) What is the most you would spend on a pair of jeans?

	Percentage	Responses
Less than $50	71.4	30
$51-$70	14.3	6

$71-$100	4.8	2
Over $100	9.5	4
Total responses:		42

Needs and Wants

14) Please rank in order of importance to you:

	Average Score
Price	2.90 / 7
Service	5.00 / 7
Location of store	4.05 / 7
Parking	5.90 / 7
Quality of items offered	3.14 / 7
Style of items offered	3.24 / 7
Selection of items offered	3.76 / 7

15) Where you currently shop, are your needs being met?

	Percentage	Responses
Yes	48.0%	20
No	52.0%	22

Total responses: 42

16) What would you change about the store(s) you currently shop in?

-basic's need to be available all the time

- more convenient location

- At this stage in our family, it is always helpful to have a "kids' station" where the younger ones can draw, etc.

- closer

- More clothing for kids age 9-13 (tween)

- Dressing rooms tailored to children, more selection for boys 10+

- Closer to home!

- Having well marked shelves with staff who are knowledgeable about their products AND restocking, not having piles of clothing stacked up TO BE put on the shelves lying around

- More selection for bigger 10-12 year old girls.

- Location, closer is better!

-better selection of brand name clothing

- more availability in my children's sizes

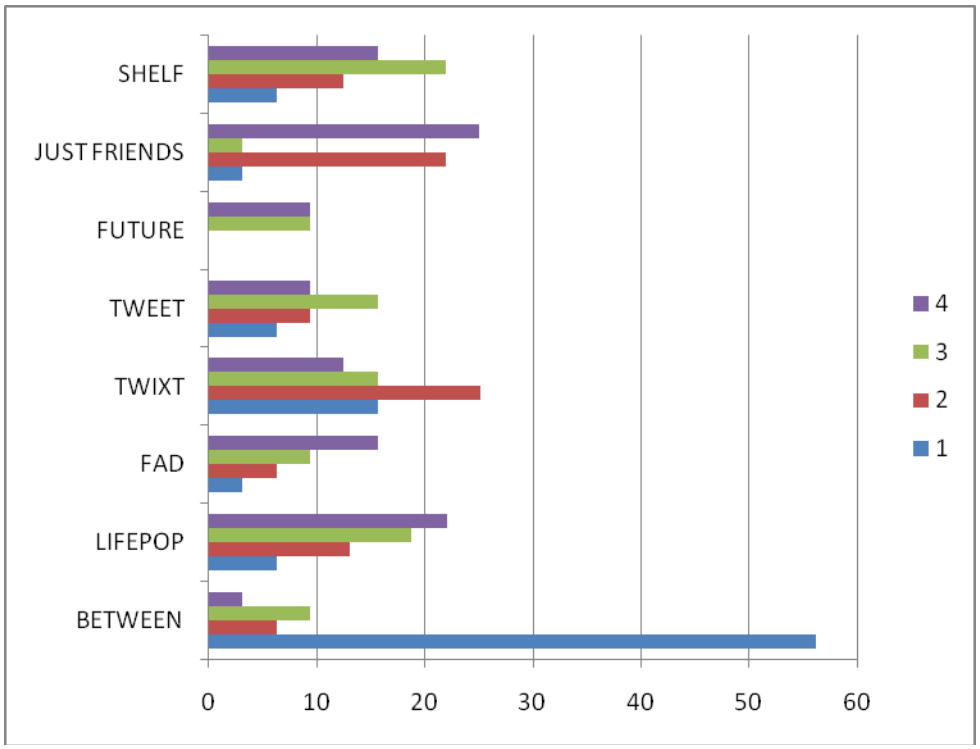
- More selection of tween sizes and styles

B: Naming Survey

The following survey was completed online by 32 respondents. The top 3 names (BeTween, twixt and Lifepop) were then proposed to a group of five tweens. The final name (twixt) was a unanimous decision.

SURVEY:

Each respondent’s top four answers have been graphed and are measured in percentages.



C: Interviews

The following interviews were recorded and then transcribed for reference sake. All answers are spoken in the first person and are the opinion of the interviewee. Not all questions were answered in each interview but all answers given have been included.

C.1 *Gwen Ramsay of Gumboots Clothing*

1. IDENTIFICATION:

1.1 Name: Gwen Ramsay

1.2 Name of Company: Gumboots

1.3 Address: 789 Mt Pleasant Blvd

1.4 Telephone: 416-483-4499

1.5 Sector: Retail clothing store

1.8 # of employees:

Fulltime 2 (one fulltime manager)

part-time 3

1.9# of years in business: 10

2. BACKGROUND/HISTORY:

2.1 Education and Training: Bachelor of Arts

2.2 Experience: Retail sales experience

3. THE ORGANIZATION:

3.1 Describe the enterprise: Children's Clothing store with high end clothing for children ages 2-6.

3.2 How many hours a week do you work?: 20

3.3 How do you stay on top of day-to-day while still promoting the business? Word of mouth business because of number of years in business and demographics of area in which store is located. Do not work full-time in the store so able to spend time promoting the store and enjoying hobbies.

3.4 What are your margins?: Variable. Generally a very "healthy" margin on clothing especially when it is brand name or designer. We average $15-$20 thousand in sales a month.

3.5 How do you anticipate inventory levels?: Have been in business a long time and can predict buying patterns. Spring and Christmas are very busy times for mothers to be out looking for new outfits.

3.6 How do you differentiate yourself?: By the clothes we carry.

3.7 How do you make up for areas you are weaker in or have little knowledge in?: Have an accountant and a lawyer.

3.8 How do you know what your competitors are up to? No other stores in area carrying the same brands. There are brands like GAP, Gymboree, and Mexx at the mall but they aren't as convenient and they offer cheaply made clothing. Not comparable, in my mind.

Trends?: Cute clothes always sell! But we have been thinking about carrying green lines and we carry many organic tops and sweatpants. Whatever seems popular at trade shows and I trust my suppliers' opinions.

4. VISION/STRATEGIC MANAGEMENT:

4.1 What rules of the game have you identified for success in your sector?: Have unique products. Ensure you can have healthy margins.

4.2 How do you go about acquiring merchandise?

- Buying groups:
- Shows: Used to go to all the shows but now only local shows.
- Wholesalers: Good relationship with distributers and trust their opinions and brands.

4.3 Did you identify your strategy before you began or does it come as you go along?: I saw that there was money in the area and more 'mature' people with money were having kids – later in life so they had good jobs .Wanted to carry special children's clothing that fashion conscious moms would buy for their kids. In some cases it's the same brand the mom is wearing. Plus it gives people an option when buying for a special occasion. I buy mostly European because they have great fashions and are ahead of us.

4.4 Do you have a marketing plan?: No.

- Yearly?

5. LEARNING METHOD:

5.1 How do you learn?: Experience and listening to wholesalers and friends.

5.2 What have been your best learning resources? Husband has great business sense.

5.3 How do you prepare yourself for the future? Make sure that I can get out while I am still profitable!

6. SELF-ASSESSMENT:

6.1 How do you see yourself?

6.2 How do you go from turning ideas into an operation?

6.3 Have you changed as a person since going into business?

6.4 What place do you give to intuition in the way you operate? A lot

7. OTHER:

7.1 What have been your biggest challenges? Managing cash initially. Then it has been managing inventory levels and ensuring we don't have to mark down items very often. There are so many uncontrollable things that throw you off. For instance last year the sidewalk was under construction for most of the summer so mom's weren't out walking by ... that really hurt sales.

7.2 What advice would you give people wanting to go into business? Good Luck it's tough. Plan to work all the time and always be putting out fires.

7.3 Are there any points we have not covered that you want to add?

C.2 *Darcy McGrath of DEW*

1. IDENTIFICATION:

1.1 Name Darcy McGrath

1.2 Name of Company DEW

1.3 Address 1553 Bayview Ave.

1.4 Telephone 647-436-1232

1.5 Sector Retail: Clothing

1.6 # of employees owner, full-time manager, 8 part-time

1.7 List of departments sales and manager

1.8 # of years in business 3

2. BACKGROUND/HISTORY:

2.1 Education and Training Background in fashion and business. Graduated from Ryerson fashion program.

2.2 Experience

2.3 Favourite Activities

- Are you competitive? Is winning important to you?
- Do you read? Newspaper? Magazines? magazines: tabloids and fashion
- Hobbies? Shopping

3. THE ORGANIZATION:

3.1 Describe the enterprise A stylish store that stocks women's designer fashions and accessories

3.2 How many hours a week do you work? 20-30

3.3 How do you stay on top of day-to-day while still promoting the business? Have full-time staff so don't have to be in the store all the time. I have friends in fashion. I have great fashion sense. Go to all big buying shows and fashion week in NYC and Toronto.

3.4 What are your margins? 200% on a lot of stuff, especially jeans – actually higher on jeans.

3.5 How do you anticipate inventory levels? Tough. Was a total guess at first. I asked my wholesalers and stocked one in every size. I only really buy one size of any item. Then I have to put items on sale if they don't sell.

3.6 How do you differentiate yourself? I'm the only stylish store around here for women my age and older high school girls or young moms. I carry fashionable clothing from day to evening to weekend.

3.7 How do you make up for areas you are weaker in or have little knowledge in? My parents help as well as an accountant, lawyer, etc.

3.8 How do you know what your competitors are up to? Go into them. See what they are selling and for what price. No direct competitors in this area so that helps.

Trends? Fashion mags. ,Shows, shopping.

4. VISION/STRATEGIC MANAGEMENT:

4.1 What rules of the game have you identified for success in your sector? Need to be better at buying and quantities. I offer special order items for people to pre-order or for people to order when I am sold out. I will call my distributers to try and track down clothing. Giving people what they want is important.

4.2 How do you go about acquiring merchandise?

- Buying groups
- Shows Fall and Spring shows in Vegas and NYC
- Wholesalers Great relationship with them. They are like friends. I rely on them and they help me out. They come to me.

4.3 Did you identify your strategy before you began or does it come as you go along? I identified the need while I was in school and I went from there.

4.4 Do you have a marketing plan? When I started.

- Yearly?

5. LEARNING METHOD:

5.1 How do you learn? By doing

5.2 What have been your best learning resources? Parents, school, wholesalers.

5.3 How do you prepare yourself for the future? Learn from the past and rely on others.

6. SELF-ASSESSMENT:

6.1 How do you see yourself? Confident, outgoing, fashionable business woman.

6.2 How do you go from turning ideas into an operation? Just do it!

6.3 Have you changed as a person since going into business? Yes I now have to think about where money is coming from.

6.4 What place do you give to intuition in the way you operate? HUGE. All intuition – well a lot.

7. OTHER:

7.1 What have been your biggest challenges? All the steps necessary to open a business and all the rules and permits and importing issues you have to deal with.

7.2 What advice would you give people wanting to go into business? Think there is a need for a tween clothing store on Bayview. Offering fun clothes to kids is something that would go over well with my clients.

7.3 Are there any points we have not covered that you want to add?

C.3 *Karen Judd of Moms To Be and More*

1. IDENTIFICATION:

1.1 Name Karen Judd

1.2 Name of Company Moms To Be and More

1.3 Address 1642 Bayview Ave

1.4 Telephone 416-488-9907

1.5 Sector Retail Clothing, Baby furniture and accessories

1.6 # of employees

fulltime 10 + owner

part-time 15

1.7 List of departments Sales: furniture, strollers, general. Installations.

1.8 # of years in business 15

2. BACKGROUND/HISTORY:

2.1 Education and Training BCOMM.

2.2 Experience After I had kids I realized the need and growth of the baby market, especially in this area where everyone has kids or is pregnant. So I started looking for unique baby products and opened a store.

2.3 Favourite Activities

- Are you competitive? Is winning important to you?
- Do you read? Newspaper? Magazines?
- Hobbies?

3. THE ORGANIZATION:

3.1 Describe the enterprise Moms to be… and More is Toronto's midtown store for all of your baby needs. With fifteen years of experience in the baby gear industry we guarantee you will have a fun and informative shopping experience.

3.2 How many hours a week do you work? Too Many. 50+. Not all in the store but dealing with store issues or buying or thinking up new ideas or sourcing new products.

3.3 How do you stay on top of day-to-day while still promoting the business? Amazing staff to take care of the day-to-day. In the beginning I relied a lot on what I liked and what friends liked and found out how I could sell it. That and trade shows.

3.4 What are your margins? Variable. Huge mark-up on clothing. More so than on furniture and strollers.

3.5 How do you anticipate inventory levels? 15 years of experience. Good thing is for large items is that people expect to have to order (cribs, beds, chairs, dressers, strollers). All other items sold I can order more and have in a week or so. Distributors are generally happy to be selling you more.

3.6 How do you differentiate yourself? Products offered, our registry, our knowledgeable sales staff, our website, our car seat installation service, storage facility and our friendly service.

3.7 How do you make up for areas you are weaker in or have little knowledge in? Read about it. Outsource (ie: website)

3.8 How do you know what your competitors are up to? Go into their stores. Talk to them.

Trends? Ask customers. Read parenting magazines. Go to shows. The internet.

4. VISION/STRATEGIC MANAGEMENT:

4.1 What rules of the game have you identified for success in your sector? Know your margins. Know your customers and know your product inside and out (make sure your staff does as well).

4.2 How do you go about acquiring merchandise?

- Buying groups
- Shows yes
- Wholesalers yes. Majority. Find who distributes the products I want to sell and contact them.

4.3 Did you identify your strategy before you began or does it come as you go along? Unique store idea was original strategy. Now it evolves to keep same vision. Always changing products carried so that I can ensure I am the best equipped baby store in Toronto and people want to come shop here. I advertise my services and products in magazines and parenting papers. I need to make sure that people want to start out by registering here and never want to go elsewhere.

4.4 Do you have a marketing plan? Yes

- Yearly? Address is yearly and stick to same strategy but update what will be done and what is needed to take the store to the next level.

5. LEARNING METHOD:

5.1 How do you learn?

5.2 What have been your best learning resources?

5.3 How do you prepare yourself for the future?

6. SELF-ASSESSMENT:

6.1 How do you see yourself?

6.2 How do you go from turning ideas into an operation?

6.3 Have you changed as a person since going into business?

6.4 What place do you give to intuition in the way you operate?

7. OTHER:

7.1 What have been your biggest challenges?

7.2 What advice would you give people wanting to go into business?

I definitely think there is a need for a children's clothing store and it is something I have toyed with if I were to expand my space. The rent on Bayview is a super limiting factor. Also, you need to be able to really stay on top of tween trends in order to open a store targeting them. That is hard – kids are more fickle.

7.3 Are there any points we have not covered that you want to add?

D: Inventory Break-down

BOYS (30%)	YEAR 1				GIRLS (70%)	YEAR 1			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
tops	1026	1767	1368	1482	tops	2358.7	4067.4	3144.96	3407.04
pants	1026	1767	1368	1482	pants	1572.5	2711.6	2096.64	2271.36
accessories	108	186	144	156	dresses	604.8	1041	806.4	873.6
					accessories	504	868	672	728
total	2160	3720	2880	3120	total	5040	8680	6720	7280
GRAND TOTAL						**20700**	**35650**	**27600**	**29900**

BOYS (30%)	YEAR 2				GIRLS (70%)	YEAR 2			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
tops	2622	2580	1710	2223	tops	6027.84	5765.76	7967.23	5110.56
pants	2622	2508	1710	2223	pants	4018.56	3843.84	5311.49	3407.04
accessories	276	264	180	234	dresses	1545.6	1478.4	2042.88	1310.4
					accessories	1288	1232	1702.4	1092
total	5520	5280	3600	4680	total	12880	12320	17024	10920
GRAND TOTAL						**52900**	**50600**	**34500**	**44850**

BOYS (30%)	YEAR 3				GIRLS (70%)	YEAR 3			
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4
tops	3249	3363	2166	2907	tops	7469.28	7731.36	4979.52	6683.04
pants	3249	3363	2166	2907	pants	5291.52	5154.24	3319.68	4455.36
accessories	342	354	228	306	dresses	1915.5	1982.4	1276.8	1713.6
					accessories	1596	1652	1064	1428
total	6840	7080	4560	6120	total	15960	16520	10640	14280
GRAND TOTAL						**65550**	**67850**	**43700**	**58650**

E: FADS

Assets were amortized according to the following schedule (Canada Revenue Agency, 2010).

FIXED ASSET DEPRECIATION SCHEDULE					
	COST	RATE (%)	2010	2011	2012
COMPUTER	**800**	100	800	0	0
SOFTWARE	**200**	100	200	0	0
PHONES	**100**	20	20	20	20
FAX AND PHOTCOPIER	**200**	20	40	40	40
FURNITURE	**600**	20	120	120	120
MANNEQUINS	**100**	20	20	20	20
LEASEHOLD IMPROVEMENTS	**10000**	20	2000	2000	2000
TOTAL			**3200**	**2200**	**2200**

F: Commission Schedule

MONTHLY COMMISSIONS $												
	JAN	FEB	MAR	APR	MAY	JUNE	JULY	AUG	SEPT	OCT	NOV	DEC
2010								0	0	0	450	700
2011	400	300	400	500	500	400	400	800	800	700	700	1000
2012	500	400	500	600	650	650	650	1000	1000	850	950	1350

G: Bank Commissions

YEAR 1	Q1	Q2	Q3	Q4	TOTAL
credit	207	356.5	276	299	
debit	11.04	18.5	14.72	15.95	
TOTAL	**218.04**	**375**	**290.72**	**314.95**	**1198.71**

YEAR 2	Q1	Q2	Q3	Q4	TOTAL
credit	529	506	345	448.5	
debit	28.21	26.99	18.4	23.92	
TOTAL	**557.21**	**532.99**	**363.4**	**472.42**	**1926.02**

YEAR 3	Q1	Q2	Q3	Q4	TOTAL
credit	655.5	678.5	437	586.5	
debit	34.96	36.19	23.31	31.28	
TOTAL	**690.46**	**714.69**	**460.31**	**617.78**	**2483.24**