BUSINESS PLAN FOR STARTING YOUR SMALL FASHION COMPANY

Name:
Instructor:
Course:
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Mission Statement:

Elegant Wear is a fashion company in the US and aims at becoming the preferred premium clothing shop. This will be done all over the world whereby we have branches in the UK, India and also Dubai. We will offer all our customers both the latest and timeless fashion trends appropriate for cocktail meetings, cocktail parties and evening outings. Also, we will supply jewelry. Our main target will be the high end market in the US and the above mentioned countries. The missions include:

- Provide ready to wear cocktail dresses, evening wear and jewelry that are comfortable and good to look at.
- Have excellent and efficient service delivery
- Be the pacesetters in new styles, fashion and trends
- Be associated with opulence and affluence
- Become a stable self-sustainable and profitable company
- Taking care of our employees
- To get good sales through top-notch exclusive services
- To help women learn what clothing and styles go best with their unique personality
- To offer a variety of beautiful high end fashions accessories.

Objectives:

The objectives is that elegance wear will provide services such as clothing line of beautiful cocktail dresses, evening wear and jewellery for women and its uniqueness will be special ordering to customers during stone hours and by personal appointment. This will enhance our reputation as a unique fashion industry.
The main objectives are:

<table>
<thead>
<tr>
<th>Objective</th>
<th>Timescale</th>
<th>Status</th>
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<tbody>
<tr>
<td>Year 1 Obtain all the relevant legal documents and register the company</td>
<td>February</td>
<td>Complete</td>
</tr>
<tr>
<td>Get the relevant people for the respective posts</td>
<td>February</td>
<td>Complete</td>
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<tr>
<td>Negotiate and obtain a loan from a bank and set up premises</td>
<td>February</td>
<td>Complete</td>
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<tr>
<td>Have a regular customer base of about 350 per week and increase some additional money into the business in June.</td>
<td>March to July</td>
<td></td>
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<tr>
<td>Increase customer base to an average of 700 per week</td>
<td>August to November</td>
<td></td>
</tr>
<tr>
<td>Year 2 Open another branch in India and Dubai</td>
<td>March 2012</td>
<td></td>
</tr>
<tr>
<td>Open another branch in the UK</td>
<td>September 2012</td>
<td></td>
</tr>
<tr>
<td>Maintain profit margin at 15-20%</td>
<td>November 2012</td>
<td></td>
</tr>
<tr>
<td>Increase in number of employees by 5%</td>
<td>Dec 2012</td>
<td></td>
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<tr>
<td>Year 3 Open a branch in Japan</td>
<td>March 2013</td>
<td></td>
</tr>
<tr>
<td>Open a branch in South Africa</td>
<td>May 2013</td>
<td></td>
</tr>
<tr>
<td>Increase stock turnover</td>
<td>September 2013</td>
<td></td>
</tr>
<tr>
<td>Restructure the jewellery shop</td>
<td>December 2013</td>
<td></td>
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The management team will comprise:

1. Sneha Jham will be the Chief Executive Officer (CEO) and Head designer. He owns Elegance wear fashions and holds a Masters Degree in Business, fashion and design from the (Fashion Institute of Design and
Merchandising, Los Angeles). His main work will entirely be on designing and every individual in Elegance fashions is hired by him. He has vast experience of in the fashion industry having worked for Stylish Clothes and Diva Attires, for a combined total of 11 years, as the General Manager and Operations Manager respectively. At the age of 34 he is looking to establish himself as one of the key players in the fashion industry.

2. Edgar Wilkins will be the Operations Manager. He holds a Master Degree in Project Management (Winston University). He will be in charge of the day to day running of the business. This will mainly involve procurement, advertisement, distribution, book keeping and scheduling tasks.

3. Rachel Williams will be the Customer Experience Manager. She holds a Degree in Business Relations (Strathmore University). She will be taking care of our clientele and making sure that all their dealings with the company are pleasurable.

4. Kelvin Rudolf will be the Designs Manager. He holds a degree in Creative Design (Chicago Art School). He will be in charge of the product development team responsible for innovation and quality maintenance.

5. Our advisory team holds expertise in retail accounting, legal contracts and most importantly fashion and design. A detailed plan has been created and all tasks are on schedule. The designing of the first cocktail dresses and evening wear for women are being finalized.

The products we will be dealing in are:

COCKTAIL DRESSES: They are specially designed to enhance sophistication and as a symbol of the social status. (Johnson 1963). For our women the
fabrics used are lightweight and classy. We will have excellent silk, satin and velvet dresses, skirts, blouses and shoes suitable for formal meetings.

**EVENING WEAR:** These are clothes to wear when one is relaxing and having an outing. For women the shape should be more figure revealing. The main apparel in this case will be designer evening wear that is different from cocktail ones and fitting dresses. Women scarf, belts, hats, and gloves will be also part of the evening wear especially where much emphasis will be on the outfits.

**JEWELRY:** We will be offering ornaments in the form of diamond, gold and silver rings, earrings, necklaces and bangles. Watches will also be sold for the women and we will deal with the BVLGARI Company for this. They will be at our jewelers’ shop which is a convenient place for customers to go and buy jewellery while still shopping for clothing.

**UNIQUENESS OF OUR PRODUCTS**

In our Elegance wear fashion company we strive to be above the rest hence want to produce truly unique attire than our competitors when it comes to cocktail dresses and evening wear. This involves the strategy of making our designs not only in pure western style but also with some unique touches from the East whereby eastern meets western. This involves importing Indian materials and fabrics that will be used in making our dresses. Some Indian touch will be added to our western attires of simple silhouettes like a modern cocktail dress with some nicely colored Indian fabric like that of Indian saris. This will make our dresses unique and open to various cultures who consider some western designs very revealing.

**The market:**

Fashion has changed over the years and has been transformed through its
licensing system from a small scale system to global one. A major difference in fashion during the 1950s from that of nowadays was dress codes and specifying the right attire for time and place. For example, throughout the decade fashionable middleclass women wore a hat almost every day and to be seen without a hat was inappropriate dressing (Pozaman 2010).

The current market is more conscious and has a wider range of attire to choose from. This is mainly due to technological advancements and specialization in the industry. Designing of clothes has become computerized consequently more designs. There is also cut throat competition from the service providers which mean that customers have many options to choose from.

Fashion trends tell a lot about the perceived character and social status of a person. Therefore, people are more particular about what they buy to wear. The wealthy, high end market, would want to look classy and sophisticated. They will want to buy expensive clothing. (Steele 2010).

The market in the fashion industry has grown and the size of the market matters. The main target market for our Elegance wear company is women who are more aware of fashion than men. Our goal is to increase the size of this market and the more women customers we get all over the world the more we anticipate reaching our goals which are to be a top notch fashion house.

However with every business there are challenges and the major challenge in fashion is competition. In our case since we are beginners our major are Kate Spade fashions, Vera Wang designs, Calvin Klein, Bill Blass fashions and many others. These fashion giant industries are the major sources of competitions. They offer slightly more expensive clothing and attire but customers prefer them since they offer quality products that are durable and are owned by the best designers in America like for example Calvin Klein. Their products are quality like the Gucci, Versace, Prada outfits. These
materials are expensive to buy and make quality cocktail, evening dresses. The evidence of the demand of such attires is like for example Gucci which has taken the whole world by storm from Gucci shoes, bags, jackets, caps and hats, belts, trousers and many others. Almost every individual and potential wants or is seeking something Gucci. So the market out there in the fashion industry is very competitive. Many designers all over the world for example Indian designers have been influenced by western culture and forgetting their own unique designs. So in our company as western designers, we will do the unusual and we will involve some Indian fabrics and material that will add an exquisite touch to our attires and make them acceptable to our culture and many cultures all over the world.

**The marketing strategy:**

This is the most important part of this paper. The marketing strategy is the one that differentiates high fliers and very successful companies like Calvin Klein in the fashion industry and the unsuccessful fashion houses. So our business, Elegance wear fashions should have a genius marketing strategy plan, target the high end market and be very successful.

The Elegance company has a very good market strategy plan. First of all it targets most the middle aged people, men and women who love class but everybody is wanted at Elegance Company regardless of age. The primary customer is a woman who is professional with a household income of about $10,000 monthly.

To begin with in designing our market strategy we will prepare open end questionnaires for our potential customers all over the world and also as many designers and interested designers we can find in all the continents. We will also visit various institutions and countries that are developing well in fashion. The questions will be in the English language or structured in the
language of a specific country like for example Dubai where the writings are in Arabic. They will be straight forward and in yes/no format that need little explanation where necessary and this will offer a good market analysis and also customer preference analysis globally. For example do you think Elegance wears stands a chance? What do you think Elegance Wears should do to be successful? What other products would you like for us to bring to satisfy you as our customer? and many other questions.

We will also conduct some research through interviews of interested parties and know what people like to wear in different parts of the world and why. This will help a long way in making our company successful.

Thorough survey will also be made on the best and well established fashion companies in the world where some marketing scouts will be sent to survey other potential competitors and major competitors. They are to give a detailed analysis of what they saw and the information they were able to obtain especially on our range of products that are cocktail dresses, evening wear and Jewellery.

Effective research on the internet will be done by our IT department where an extensive search will be made of fashion companies not just in the country but worldwide. This will help in getting new ideas and expounding on them to come up with something we will consider unique of our own as the fashion industry keeps having new innovations with every year. Fashion comes and goes like for example the best cocktail dress that was in fashion 5 years ago has ceased to exist since it has been surpassed by the latest innovated fashions. By this our company has included Indian fabrics and materials to add a unique touch to our attires.

We will also have our artists who draw our designs prepare sketches of our soon to be fashion line and post them on our website to attract great designers from the outside world. This is a good market strategy since great designers love good sketches that are innovative and will contact any
potential partners.

The marketing strategy is also to involve advertisement whereby commercials will be done and aired on national television in specific countries to advertise our products. There will also be posters of our fashion house in magazines and newspapers worldwide for potential customers to read.

The most important other marketing strategy is to have access to information on daily basis since something that was in fashion 6months ago is now no longer in fashion today. So we need business personnel who are conversant with the laws of supply and demand and are able to make detailed analysis on the market on daily basis to see when it is growing and when it is deteriorating to avoid making losses.

There will also be the strategy of online ordering whereby customers from all over the globe can buy our products at a fee. This will be through website www.elegance.org. We will also involve social networks like facebook and twitter to widen the potential customer base and enable almost everybody view our collections and promote our website.

**Operations**

The main operations of the company are:

- The official business hours will be from 8:00 am to 6:00 pm Monday to Friday in every branch depending on the time zone of a country.
- Procurement of raw material. The fabrics mainly silk, velvet and satin, prada, Indian fabrics and others
- Purchase of jewelry to resell
- Designing of clothes. This includes both continuance and innovation.
• Monthly obligations. These are mainly the bills accrued (electricity, water) and salaries

• Quarterly servicing of the three year loan

• Yearly obligations. They are tax remissions, premium for employees’ medical insurance cover among others.

**Risk factor and SWOT analysis:**

The main risk is our possible failure to get a large customer base that guarantees generation of cash inflows that will ensure profitability. Another risk is the probable default on our loan. This can lead to closure of our business as the bank looks to recover its money. Further, there is the risk of success not being replicated in our branches. This would mean that that would be wrong investment decisions. Basically, the risk of loss is the single largest risk factor.

**STRENGTHS:** Our main strength is the fact that our initial premise is in a posh neighborhood in the US where no business of its kind is running and also the various branches we have worldwide. This will help attract a good number of customers as it will be convenient for us. We also have a team of inspired and motivated designers that are interested in making outfits that will make our customers the envy of all people. They will continually come up with new designs that will interest the customers. (Stecker 1996)

**WEAKNESSES:** Firstly it is expensive to buy and import the fabrics required in making classy clothing. The startup capital is also sizeable. This makes it difficult to reduce the cost of production. Secondly, we are relatively new in the business and it is challenging to win over clients who have been regulars at other fashion shops. Another weakness is the quick and rapid changing trends of the fashion industry. We could come up with a new design and produce many units only for the design to become obsolete.
after a few months. Like for example our use of Indian fabric.

**OPPORTUNITIES:** This business presents us with an opportunity of making financial gains. If our sales exceed our obligations and cost of sales we make a profit. We also have an opportunity to create a reputation for ourselves as one of the leading financial companies in the world. We can also work in tandem with modeling companies worldwide for our mutual benefit.

**THREATS:** One of our biggest threats is the counterfeit products especially while importing. They can greatly reduce our sales and in cases dent the public perception of the company. Patent and copyright rights are also difficult to ascertain and they also differ from country to country. Our designs could be produced and distributed under different labels by different fashion shops legally. There is also the threat of competition from other fashion houses and you need to have a good market strategy to counter this threat that mostly never ceases to end since fashion and design keeps growing day by day and fashion sense comes and goes giving way to other fashions.

**Executive Summary:**

Elegance wear is a fashion and design company in the US that will open on march this year and establish branches in the UK, India, Dubai and other parts of the world. We are looking at the business plan involved in the creation of the fashion company Elegance Wear. Elegance wear clothing selections and exclusive personal style services include a detailed assessment of class and style that our customers are well dressed. Elegance wear is a woman oriented business currently organized as sole proprietorship owned by Sneha Jham. We will enhance customer special orders all over the world that will be of benefit to both us and the
customers. We begin by reviewing the mission statements which are the goals of the company. Its slogan is “the preferred premium clothing shop”. We then look at the objectives of this undertaking. After, we go over the management team, their duties and their qualifications. Then we analyze the products that we are selling. A brief look at the market and our market strategy ensues. Operations of the company are then outlined. Finally we have a risk survey followed by a projected financial forecast.

**Financial forecasts:**

The startup costs include stock for the first month is estimated to be at $200,000 and the owner will be injecting 40% of it.

Current owner investments are documented at $50,000

An addition injection of money into the business of approximately $12,000 will occur by June of year 1.

Annual gross sales are projected to grow from $700,000 in the first year to over $830,000 by year 3 with approximately 8% from customer special orders.

Net profits are expected at approximately 7% through 2011 with reinvestment of 5% for growth initiatives.

Elegance wear will hold cost of goods sold at roughly 39% of sales revenue; we intend to maintain this approximately 61% markup throughout the next 3 years.

**PREDICTED ELEGANCE WEAR COMPANY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED DEC, 2011**
Operating activities
Cash received from customers 950,000
Cash paid to employees and expenses (360,000)
Cash paid to suppliers (200,000)
Cash flow before tax 390,000
Less: tax paid (50,000)
Cash generated from operating activities 340,000

Investment activities
Purchase of property, plant and equipment (200,000)
Sale of property, plant and equipment 450,000
Purchase of investment (130,000)
Sale of Investment 140,000
Dividend and interest received 75000
Cash used by investing activities 435,000

Financing activities
Issue of shares 150,000
Redemption of shares (150,000)
Repayment of loans and debentures (300,000)
Acquisition of loans and debentures 380,000
Dividend and interest paid 20,000
Cash generated from financing activities 100,000

INCREASE IN CASH AND CASH EQUIVALENTS 875,000
Add: beginning/opening cash and cash equivalents 200,000
CLOSING CASH AND CASH EQUIVALENTS 1,075,000