

BUSINESS PLAN:

CONAME

TYPE OF BUSINESS: Sole Proprietorship - Retail & Corporate Sales

OWNER:

LOCATION: In home

OBJECTIVE:

To successfully own and operate an in home computerized embroidery business producing embroidered finished goods for *consumer* and commercial markets.

GOAL:

To grow in volume, production, and profitability by expanding with multihead equipment. Expanding into a warehouse space and adding in house digitizing (design creation) for own use and for use by other embroiderers in the industry.

EMBROIDERY INDUSTRY BACKGROUND/ANALYSIS:

Embroidery dates back to Egyptian times where Pharaohs wore garments that were hand embroidered with gold and silver threads. The industry has evolved from this roots of hand embroidery to a mechanical stage with manual machines to its current stage of high tech computerized equipment. This industry is *one of the fastest* growing industries today both nationally and internationally. In the last 5 years the industry has tripled in size. Its diverse array of commercial and consumer markets never lack growth potential. As long as there are items to be personalized whether it be an individual identity, a corporate identity, group or organization identity there will be embroidery to be done.

EMBROIDERY, NICHE, AND MARKET PLAN DEFINED:

EMBROIDERY is defined as decorative stitching on a garment, accessory or household item. It can be as simple as a 3 letter initial or name monogram to a *more elaborate design* or a combination of both as embroidered on the enclosed shirt rendering your company's name and logo. Another form of identification is that of screenprinting -- the only, if even that, competitor of embroidery. Screenprinting is the heat and color transfer of a design or logo to a garment or item. Its only plus over that of embroidery is its lower price. Embroidery, now more popular than ever, is requested by the consumer because of its look, its quality, its

durability, its professionalism regardless of price as illustrated by \$60@00 POLO, GUESS, and NAUTICA tee s@rts sold in retail stores today. Like screenprinting, embroidery can be done on a number of different items. Hence, more screenprinters today cannot overcome this competitive advantage of embroidery and are also venturing into embroidery. See Appendix A of a brief listing of all the possible items to be embroidered.

Embroidery companies today are diverse in a number of ways such as shop size, location, number of sewing heads, number of employees, volume of production, profit and niche to name a few.

As stated in the above objective, _____ will be an in-house, one person, single sewing head embroidery business catering to the commercial industry of small corporate identity (logos) as well as the individual consumer in the specific areas of home parties and craft mall settings - see Appendix B for further information on t he later.

Such a market encompasses local small businesses like small manufacturers, restaurants, hotels, doctor offices, fire departments as well as sports, country and hobby clubs, parks and recreations, professional organizations, to name a few. .

Research of the local area found that many companies currently do not utilize company identity on garments as a means of advertisement. advantage is that it has an embroidery machine with the capability to sew any size or shape item as well as take in relatively any quantity size order.

MARKETING STRATEGTES:

To promote my embroidery, I intend to make use of a variety of strategies as outlined below.

Networking with friends and family. Word of mouth to them as well as them to their networking groups. This network among friends and family is quite large.

Targeting local small businesses like those mentioned above in my marketing plan by personally visiting them with an array of designs and garments related to their business ' leaving with them my business card as well as a garment or accessory with an embroidered logo similar to their company's.

Yellow page advertisement. Currently looking into a 1/2" or 1" box advertisement in the St@ Louis yellow pages. In addition, local adds in church bulletins and suburban papers and flyers introducing my business-

Joining the Chamber of Commerce

Leaving 'business cards with individuals and local merchants I come into contact with. Plus keeping eyes and ears open to new businesses opening, to professional journals and newspapers, special city and county events .

Home Parties - creation of flyers (mini catalogs/booklets) displaying a variety of embroidered garments and accessories. I have neighbors who are willing to host the parties. Dele@nation of whether these par-ties will be monthly or seasonal will be based on their success.

Embroidery companies today are diverse in a number of ways such as shop size, location, number of sewing heads, number of employees, volume of production, profit and niche to name a few.

As stated in the above objective, will be an in-house, one person, single sewing head embroidery business catering to the commercial industry of small corporate identity (logos) as well as the individual consumer in the specific areas of home parties and craft mafl settings - see Appendix B for further information on t he later.

Such a market encompasses local small businesses like small manufacturers, restaurants, hotels, doctor offices, fire departments as well as sports, country and hobby clubs, parks and recreations, professional organizations, to name a few.

Research of the local area found that many companies currently do not utilize company identity on garments as a means of advertisement. advantage is that it has an embroidery machine with the capability to sew any size or shape item as well as take in relatively any quantity size order.

MARKETING STRATEGIEES:

To promote my embroidery, I intend to make use of a variety of strategies as outlined below.

Networking with fiiends and family. Word of mouth to them as well as them to their networking groups. This network among friends and family is quite large,

Targeting local small businesses like those mentioned above in my marketing plan by personally visiting them with an array of designs and garments related to their business, leaving with them my business card as well as a garment or accessory with an embroidered logo similar to their company's.

Yellow page advertisement. Currently looking into a 1/2" or I " box advertisement in the St. Louis yellow pages. In addition, local adds in church bulletins and suburban papers and flyers introducing my business.

Joining the Chamber of Conunerce

Leaving 'business cards with individuals and local merchants I come into contact with. Plus keeping eyes and ears open to new businesses opening, to professional journals and newspapers, special city and county events.

Home Parties - creation of flyers (mini catalogs/booklets) displaying a variety of embroidered garments and accessories. I have neighbors who are willing to hose the parties. Determination of whether these parties will be monthly or seasonal will be based on their success.

All of these means of advertising will lead to sources and contacts that I will transform into customers and continue to keep them as customers - **after all everyone has a name and a logo and everyone needs an identity.**

PRICING STRUCTURE:

Pricing structure in the embroidery industry is about as diverse and widespread as the industry itself. There realistically is no such universal structure or formula in which every embroiderer can place their prices and come up with profits. There is however an entire recent issue in STITCHES@GAZINE, a professional journal exclusive to the embroidery industry, that is devoted to the how's and why's of pricing that ultimately affect the profitability of one's company. After researching this issue, other pricing articles, and finding out other embroiderer's pricing, I have come up with a pricing structure that will cover my expected expenses both fixed and variable as well as bring a monthly profit large enough to later expand and reach my business goal.

I believe pricing is not a one time process nor is it a one time discussion.

Methodologies of embroiderers vary. Mine is based on the following. Once a quote is given and accepted by a customer the following steps are to be performed each bearing a cost to the customer.

1. Garments need to be ordered - the price of the garment plus an average markup of 25% plus an average shipping fee of .75 per pound with a minimum of 2.50. (1 shirt= 1 lb@)
2. If custom logo was requested, it will need to be special made (referred to as digitized)

in the industry) this charge plus shipping of disk will be passed along to the customer. his will be a one time fee per custom logo. The fee can range anywhere from \$25 - 350 depending on difficulty and detail of design.

3. If stock design and lettering are ordered the following price structure will be used:

stitches	Quantity	Price/ 1000
	1-36	1.50
	36-74	1.25
	75-100	1@00
	101+	.75

Variable costs to customers when applicable:

- minimum *order fee* from manufacturer I - 5.00 per order

-design creation fee - mentioned above

-delivery fee to customer's destination via UPS - rehooping

-special thread

- rush orders

Example:

Item:	Knit shirt
Quantity:	7
# of Stitches	5-000
Cost of Garment	\$ 6.60
25% Mark UP	\$ 1.65
Shipping	\$ @75
Embroidery 1.50/1000	\$7.50
Unit Price	\$16.50
Total Price	\$115.50
Total Profit	\$64.05

COSTS AND PROFITS:

The first step in pricing by stitch count as shown above is to establish how my shop expenses relate to the number of sewing heads in my shop by assessing my cost per hour per head. The following expenses are based on projected annual figures, then divided by 2080 hours to come up with an hourly rate of running our single head sewing machine.

FIXED EXPENSE:	Annual
Rent	00.00
Depreciation	3571.00 (based on 25,000 for equipment 7 year depreciation)
Insurance	684@00
Interest	1500.00 (approximation)
Loan	5100.00 (60 mos. @ 10% int.)

VARIABLE EXPENSES (Cost of Goods)

Direct Labor	00.00
Wage Overhead	00.00
Raw Materials	00.00
Shop Expense	2000.00

VARIABLE EXPENSE (Sales)

Commission

00@00

- delivery fee to customer's destination via UPS
- rehooping
- special thread
- rush orders

Example:

Item:	Knit shirt
Quantity:	7
# of Stitches	5.000
Cost of Garment	\$ 6.60
25% @k UP	\$ 1.65

Shipping	\$.75
Embroidery 1.50/1000	\$7.50
Unit Price	\$16.50
Total Price	\$115.50
Total Profit	\$64.05

COSTS AND PROFITS:

The first step in pricing by stitch count as shown above is to establish how my shop expenses relate to the number of sewing heads in my shop by assessing my cost per hour per head. The following expenses are based on projected annual figures, then divided by 2080 hours to come up with an hourly rate of running our single head sewing machine.

FIXED EXPENSE:	Annual
Rent	00.00
Depreciation	3571.00 (based on 25,000 for equipment 7 year depreciation)
Insurance	684.00
Interest	1500.00 (approximation)
Loan	5100.00 (60 mos.@ 10% int.)

VARIABLE EXPENSES	(Cost of Goods)
Direct Labor	00.00
Wage Overhead	00.00
Raw Materials	00.00
Shop Expense	2000.00

VARIABLE EXPENSE (Sales)

Commission	00.00
------------	-------

Wage Overhead	00.00
Advertising	1100.00

VARIABLE EXPENSE (Administration)

Administration Labor	00.00
Wage Overhead	00.00
Employee Benefits	00.00
Utilities	1500.00
Postage	600.00

Telephone	1200.00
Supplies	1000.00
TOTAL EXPENSES	18,255.00

The single head sewing peripheral can sew up to 700 stitches per minute maximum, however, the use of 600 stitches per minute is the average used to figure to followings

Using the above pricing example on page 3, it will take approximately 1 1/2 hours to sew 7 shirts with 5000 stitches each. It will cost II. 50 to run the machine (9/hr) Subtracting this amount from the profit amount of 64.05 = 50.55. **Profit** then divided by 120@n = 31.70/hr profit. At this amount 40 hours x 33.70 = 1348.00 a week or 33.70 x 2080 = 70,096.00/yr. Of course, this is based on a steady stream of orders such as this example. Some orders may require more time to sew while others less. The profit margin for this order is then approximately 43%.

APPENDIX A

GARMENTS AND ITEMS TO BE EMBROIDERED

Uniforms	Umbrellas	<i>Placemats</i>
Jackets	Sheets/Pillow Cases	Coasters
Dresses	Towels	
Handkerchiefs		
Blouses/Dress Shirts	Bath Sheets/Wraps	Lingerie
Shirts	Bath Rugs	Baby/Nurser
Ties	Pillows	
Athletic Bags		
Belts	Raincoats/Rain Hats	Racquet Cov
Sweaters	Napkins	Makeup Bags
Shorts	Canvass Chairs	Costumes
Jogging Suits	Soft Luggage	Backpacks
Beach Towels	Tarps	Patches
Sails	Tents	Western Wea
Windbreakers	Name Tags	Fraternity/
Sweatshirts	Robes/Loungewear	<i>Clubwear</i>
Jeans	Slippers	Wallets/wat
Children's wear	Home Crafted Items	Small Kitch
Aerobics/Dawncewear	Car Mats/lipholstery	Kitchen Acc
Pajamas	Wheel & Car Covers	
Ski clothes/Bags		

Scarves	Blankets
Bedspreads	Leg Warmers
Fur Coat Linings	Military Uniforms
Tote Bags	Wedding Accessories
Appliques	Christmas Stockings
Animal Apparel	
Wall Hangings	
Purses	
Award Ribbons/Banners	
Tree Skirts	

ETC.

MANAGEMENT QUALIFICATIONS:

COST OF A STARTUP BUSINESS:

A start up embroidery business requires a number of basic supplies as well as the equipment to run the production. Below is a listing of such equipment and supplies with their respective prices.

EQUIPMENT to be purchased by Sewing Machine Exchange include@

EMC6MTL Sewing Peripheral
cap frame attachment
EDSIII Software with basic editing
Alphabets (5 to begin with)
Hoops

sub total:

total,	\$25,254.00
---------------	--------------------