**1.0 Executive Summary**

**Company Profile Summary**

La Baque designs, manufactures and sells the highest quality men’s and women’s designer bags and totes. La Baque distributes products through their online store, boutique retailers and brick and mortar fashion outlets across North America. Wholesale is a key part of La Baque’s strategy through various Sales Trade Shows across North America.

La Baque is currently operating out of a 2-car garage, making sales at pop-up shops and is carried in 3 local clothing boutiques. La Baque plans to expand to a larger manufacturing facility in Vancouver and eventually outsource all shipping, packaging and storage to the fulfillment centre Shipwire in year 2 of operation.

La Baque is 100% owned by Jennifer Martinez of Burnaby, BC and is registered as a sole proprietorship. Jennifer holds a degree in fashion design, has over 8 years of experience in the fashion retail industry and experience working for a large-scale leather manufacturer in Spain. She has consistently sold out of her flagship product, Women’s Designer Handbags, at various markets and pop-up shops around Vancouver.

**Market Research Summary**

Jennifer has built key relationships throughout her career in retail sales, fashion design education and employment at an overseas manufacturer in Spain who is now a supplier of La Baque. Jennifer plans to leverage these relationships to eventually enter into the major retail space.

La Baque’s early sales strategy will include targeting small vendors such as boutique clothing and accessory shops, markets and pop-up shops as well as major sales trade shows and fairs.

La Baque products reflect the wealth of experience Jennifer has in both high-end fashion design and manufacturing. Although the company produces entry-level products, distinct brand and high quality craftsmanship are echoed in her exclusive line of high-end designer handbags. These high end handbags will serve primarily as a showcase to the design world and only be made available in limited quantities to garner attention and credibility.

The entry-level bags will have the same distinct, recognizable brand qualities, but will be made from less-expensive, sustainable materials. A unique, new flexible plastic material (Nano-mold) will be hidden within fabric bags to provide the feel and malleability of leather. This unique material will not be apparent, nor advertised as a feature. However, customers will instantly notice a quality and durability that doesn’t typically exist in fabric based bags the moment they pick it up. It is subtle, but it definitely sets the La Baque fabric bag apart from any fabric based bag on the market.

**Marketing Summary**

During the first year, La Baque will build on the success of attending local markets, pop-up shops and boutiques for regular sales. La Baque will attend an average of 4 markets or pop-up shops per month to maintain sales.

The wholesale strategy will be to attend at least 2 sales trade shows during year 1 in New York and Las Vegas where extensive research has revealed an excellent R.O.I. for the top 3 trade shows researched. La Baque will build on the wholesale strategy during the 2nd year and eventually replace small vendor sales (pop-ups, markets and boutiques) with larger wholesale opportunities. Jennifer will leverage her existing network connections in the industry to contact larger retail purchasers as well as attend multiple design and fashion shows, showcasing her exclusive line whenever possible.

**Finance Summary**

Year One:

* Projected Revenue: $184,074
* Projected Expenses: $219,452
* Projected Net Income: -$35,378

Year Two

* Projected Revenue: $341,645
* Projected Expenses: $338,057
* Projected Net Income: $3,588

**2.0 Company Profile**

**Business Overview**

Business Description

La Baque designs, manufactures, and sells the highest quality men’s and women’s designer bags and totes. La Baque distributes products through their online store, boutique retailers and brick and mortar fashion outlets across North America. All of the materials are sustainably sourced and selected for their quality. The designs cleverly integrate old-world elements with simple, modern design and functionality that meets the requirements of todays stylish millennial.

La Baque currently designs and manufactures their products in a 2-car garage with part-time support from family members and fellow university students. The company is looking to locally outsource labour, secure storage facilities and a small office space in addition to purchase raw materials in larger quantities to increase profit margins during the next year.

Lasting quality craftsmanship, modern design, and impeccable attention to detail is what will keep people talking about La Baque products and demonstrate pride in being a La Baque owner.

Although the focus for La Baque products is on quality and design, an added benefit is the comfort and ergonomics offered by our proprietary Nano-mold material hidden within the bag. Nano-mold is a flexible, thin, light, eco-friendly Polyplastomer plate which enables the bags to remain thin and soft, yet be instantly formed to the body for an ergonomic, custom fit. Additional to ergonomic benefits, Nano-mold plates offer ‘bang-protection’ for laptops, tablets, and other items sensitive to damage.

Unique Value Proposition

The top three features of La Baque products and their value to the customer:

1. Intelligent organization compartments using lightweight materials.
La Baque owners can travel light without unnecessary weight or bulk.
2. Unique, lightweight ‘chainmail’ material hidden into fabric (standard model only).
The hidden ‘chainmail’ material allows added protection for the bag’s contents providing strength yet flexibility. It also allows fabric bags to hold their shape to the user’s body for a more ergonomic carrying experience.
3. Premium, sustainable materials.
La Baque’s distinct recognizable design elements serve as a symbol for social and environmental responsibility. Owners need fewer bags due to the quality and neutral themes of the designs

Product/Service Description

1. Premium Sustainable Leather Designer Bag
Average Price/Unit of Sale: $250 **(MSRP = $425)**

All materials for La Baque’s premium line are selected for quality and durability. Materials include chromium-free, vegetable tanned, high-end leather and recycled cork.

Men’s Courier Style Bags and Women’s Designer Handbags:
La Baque carries 3 premium designs for men and 2 premium designs for women that vary in material, colour, and minor functional design elements. Material patterns are machine cut at the manufacturer to precise sizes, then hand-stitched locally with Duralex thread to ensure premium durability and lasting quality. Each bag requires an average of 5 square feet of material at an average cost of $32.50 per bag. Hardware costs are on average $5 per bag. Shipping of pre-cut materials takes approximately 3 weeks and costs approximately $300 per 100 bags worth of material. Assembly of each bag requires an average of 3 hours of labour averaging $36 per bag).

**Total cost per bag: $76.50**

1. Alternate Sustainable Material Bag
Average Price/Unit of Sales: $150 **(MSRP = $225)**

All materials for La Baque’s Alternate material line are selected for quality and durability. Materials include Hemp fabric, bamboo, cork, organic wool, and linens.

These entry-level bags employ similar design and functionality as the premium models, but use less-expensive materials and are produced 100% mechanically by the manufacturer. Average material and labour costs for each bag is $30 and shipping is $150 per 100 bags. Hardware costs are on average $5 per bag. Local unpacking and handling labour averages at $5 per bag.

**Total cost per bag: $41.50**

1. Heirloom Limited Edition Bag
Average Price/Unit of Sale: $3,200

Heirloom edition bags are 100% handmade locally and incorporate original artwork from up and coming global artists. Materials used are similar to the premium design models but the hardware used for each bag uses pure materials such as Stainless Steel, Carbon Fibre, Gold, and Silver. Each piece is a one-of-a-kind original and is created to last for generations. The average cost of each bag varies greatly depending upon the requirements of the artist, however, it is likely to be approximately $1,500 assuming the artist requires $1,000 commission.
2. Basic Purse
Average Price/Unit of Sale: $58 **(MSRP = $120)**

These entry-level bags employ similar design and functionality as the premium models, but use less-expensive materials and are produced 100% mechanically by the manufacturer. Average material and labour costs for each bag is $20 and shipping is $150 per 100 bags. Hardware costs are on average $2 per bag. Local unpacking and handling labour averages about $5 per bag.

**Total cost per bag: $28.50**

**Company History**

Since a young child, Jennifer Martinez has been inspired by her grandmother’s love for Spanish leather-carving and her grandfather’s career as a curator for The Museo Nacional del Prado (Popularly called El Prado) museum in Madrid. Jennifer learned to sew and pattern from her mother and grandmother during her early teens and has been creating and selling inspired works ever since.

Jennifer has recently graduated from the Bachelor of Design Program at Emily Carr University of Art + Design. During her studies, Jennifer participated in 3 different fashion pop-up shops around the city and sold almost all of her 10 items on each occasion. She has made a total of over $3,000 in sales to date from her designer bags and accessories consisting of sales from pop-up shops, Etsy sales, and direct sales through friends and family.

Jennifer has established relationships with 3 different boutique fashion stores in Vancouver who have expressed interest in carrying her products and who will provide a letter of intent to purchase an order once the products are ready. She also has a close relationship with a major premium textiles supplier due to her previous employment in Spain.

**Management**

Jennifer Martinez, 28 years old - 100% Owner/Designer
Jennifer Martinez holds a Bachelor of Design Degree from Emily Carr University. She has been working in the clothing industry for 8 years, starting as a sales representative for The Gap Clothing Company and progressing to store manager within three years. She has since gained 4 years of sales management experience with The Gap where she learned valuable lessons in people management, budget, and inventory control. Before beginning her degree, Jennifer travelled to Spain and spent 1.5 years in a reputable leather manufacturing factory, Calzado Leather SL, where she learned about production, process, and quality assurance.

Jennifer is also active in local, sustainable product education initiatives and volunteers as a board member for The Green Product Group Organization and Naturaleather Hub. Both are non-profit organizations committed to improving the environment through corporate social responsibility education.

**Location**

La Baque currently operates rent free from a 600 square foot garage at 252 National Street, Burnaby. After 6 months of operations, the company will require a 1000 square foot additional storage and assembly space. An example of the ideal 1000 square foot space is 1352 Woodland dr. Vancouver, BC located in a light industrial area, yet close to the downtown core. After 1.5 years of operation, La Baque intends to use a fulfillment centre such as Shipwire for all of its distribution, packaging and order fulfillment.

**Legal Structure**

La Baque is a sole proprietorship, 100% owned by Jennifer Martinez. Sole proprietorship will fulfil all of the company’s requirements for at least the first 2 years.

**Vision & Mission**

In 10 years, the La Baque team will be 100 employees strong and headquartered in Toronto and New York City. The company will have distribution partnerships with major department stores throughout North America such as Nordstrom and Macy’s.

La Baque drives optimism. Through its branding, messaging, product design and company culture, La Baque is committed to helping people feel optimistic about the future of our planet.

Direction, decisions, and culture at La Baque are governed by core values of integrity, authenticity and openness. Integrity will be reflected in La Baque’s selection and production of materials, the people hired, as well as in all of its internal and external relationships.

**Professional Advisors**

Rex Eagleton: 20-year business owner in the clothing industry.
Rex is a family friend of Jennifer’s and has been an invaluable source for advice and guidance along her entrepreneurial journey. Rex owns and operates 2 clothing retail stores in Edmonton, AB and can advise on distribution and sales strategies as well as foster connections in the industry.

Susanne Jonesfield: Susanne has had a successful career as a purchaser for Macey’s and Nordstrom’s and is now Senior Vice President of Operations for The Gap Clothing Company. She has helped Jennifer over the past 3 years with her product development and sales strategies.

Chad Fryling: Entrepreneur-In-Residence, Futurpreneur Canada. Chad’s 1 on 1 help with Jennifer’s business plan and workshops have been instrumental in preparing Jennifer’s business for launch.

**Goals & Objectives**

Year 1

* Reach $192,000 in sales
* Introduce one new product
* Attend at least 2 trade shows and 3 high-profile fashion shows
* Sell at least 1 exclusive product to a local or national celebrity

Year 2

* Reach $300,000 in sales
* Presence in a major retail chain

**3.0 Market Research**

**Industry Profile & Outlook**

La Baque operates primarily in the Manufacturing industry.

Handbags became a symbol of women's independence in the 20th century, according to “Handbags: The Power of the Purse” by Anna Johnson. Chanel saw their potential and by introducing handbags which suited the time managed to increase their popularity.

Expensive handbags confer status and certainly have an aura about them. Hundreds of women are on the waiting lists for the infamous Kelly and Birkin bags even though their prices are very high. A vintage crocodile Hermes Birkin bag with diamond clasps recently sold for over $64,000.00. Though liberating, but it can also be a financial strain, as some women are willing to go into debt just so that they can carry a designer bag.

Amongst recognizable North American brands, the last 10 years has seen in excess of a 4900% increase in companies offering sustainable materials within their products. For example, a search through 10 major brand-name websites from 2006 returned a total of 3 products that advertised sustainable materials. The same search today produces a list of over 150 items containing sustainable materials.

The sustainability trend today amongst consumers is inarguably increasing. It is evident in the 20 Business and Environment Associations in Canada alone that exist to educate consumers and companies as well as to provide green certification for products and services. Jennifer Martinez is actively involved in supporting two of these companies through volunteering; The Green Product Group Organization and Naturaleather Hub.

**Local Market**

La Baque’s early sales strategy will include targeting small vendors such as boutique clothing and accessory shops, markets and pop-up shops, as well as some trade shows and fairs.

Vancouver is home to approximately 252 suitable boutique shops that could carry La Baque products. 3 of these boutiques - AAA, BBB, and CCC are interested in making a purchase order from the first production run and have provided a letter of intent to purchase. The Lower Mainland and Valley Region contain approximately 423 shops that could potentially carry La Baque products.

The Lower Mainland hosts 5 popular weekend markets annually which expect between 10,000 - 40,000 visitors each. The most popular market is Ovalcraft Christmas market (40,000 visitors each year), followed by Craft Works (25,000 visitors) and Make It Vancouver (12,000 visitors). There are approximately 12 other smaller annual market opportunities in the region including fairs such as the Maker Faire Vancouver and Luxury Craft Club events.

Fashion Sales &Trade-shows take place around North America on a regular basis. After diligent research into each trade show with respect to targeted purchasing audience, potential return on investment, La Baque’s production capacity and time/expense considerations, Jennifer has chosen 3 potential shows to participate in during the first two years:

* AccessoriesTheShow New York December 2015
AccessoriesTheShow creates the world’s largest and most vibrant marketplace for juries accessories each season.
Travel and accommodation cost: $7,300
Average attendance: 10,000 purchasers and 1,000 vendors
* AccessorieCircuit/Fraische Circuit New York April 2015
Established in 1987, CIRCUIT is a comprehensive women’s accessory and footwear exhibition featuring designer and fine jewelry, handbags, scarves, belts and gift items.
Travel and accommodation cost: $8,100
Average attendance: 20,000 purchasers and 3,000 vendors
* Atelier Designs New York February 2016
International fashion collections of womenswear, jewelry and accessories to the wholesale trade only.
Travel and accommodation cost: $7,000
Average attendance: $15,000 purchasers and 800 vendors

**Key Competitors / SWOT Analysis**

*The example below only has one competitor – make sure you have at least* ***four*** *competitors you are doing a SWOT on*

**Ci Comme Ca**

|  |  |  |  |
| --- | --- | --- | --- |
| **Strengths** | **Weakness** | **Opportunities** | **Threats** |
| * Uses many different options for materials
* Strong reputation
* Connections in fashion industry
* Large social media following and engagement
 | * Style across products is not distinct
* Confusing website
* Brand is not cohesive
* Only sells through Etsy
 | * Could expand distribution
* Leverage large social networks more effectively
 | * Vulnerable to crashes and changes because of reliance upon Etsy
 |

**La Baque**

|  |  |  |  |
| --- | --- | --- | --- |
| **Strengths** | **Weakness** | **Opportunities** | **Threats** |
| * Highest quality materials
* Strong relationships in fashion and retail industries
* Offers both high-end luxury and accessible lines of bags
 | * Smaller social media networks
* Lower profit margins due to smaller batches during the first year
 | * Develop stronger social media networks
* Increase margins by making larger raw material purchases
* Student interns Maximize partnership with previous employers
 | * Changes in import regulations
* Fluctuations in currency could affect margins
 |

**Target Market**

Primary Target Market – End consumer

* 26 – 32 year old women; 35 – 40 year old men
* Household income of $60,000 to $100,000 per annum
* University Educated
* Lifestyle activities including dining out with friends; yoga; tropical travel destinations; commuting; business meetings; conferences; shopping

Women in this age group typically make 1 to 2 $200+ accessory purchases every 3 to 4 years.
Men in this age group typically spend $100 - $150 every 2 to 3 years on such accessories.

Women are typically more affected by colour, style and brand recognition.
Men are typically motivated to find a bag that solves a problem.

The ideal La Baque customer typically has one go-to bag that they like to use day to day. They live an active and complex lifestyle and need a bag that can adapt to their needs at the time. The style and lines of the bag are modern and clean enough for them to take to a business meeting, commute home, or just an evening out with friends. It is an essential item in their life and more importantly it keeps their other essentials safe and organized. They have had the same bag for years and find that it wears with them in time rather than falling apart. They appreciate the local manufacturing and handmade quality over mass produced imports. It reflects the determination of themselves as well as the roots that they share within the community.

Primary Target Market – End consumer

* Local boutique shop owners
* Purchasers for department stores and retail chains

**Customer Survey Summary**

Based on a recent survey poll, La Baque has updated its design and marketing strategy to confirm a target market.

A social media campaign on Facebook, Instagram, and Tumblr was sent out asking consumers to answer 10 short questions about their needs when it comes to the bags they currently use. The results were very productive with over 50 polls in 24 hours, sparking direct interest via email. People were very excited about our products and expressed their current frustration with bags on the market today.

Over 50% of consumers own 2-3 personal bags for different occasions and 47.4% carry professional bags. The key factor when purchasing a bag for consumers is “the size of the bag to be as small as possible”. Comfort and durable materials were the second decision factor. 83% of consumers also said they would be willing to pay more for something made in Canada over a cheaper import. The majority of consumers said poor quality would be the determining factor to not purchase a hand bag.

This confirms a market for local quality hand made products in the accessories industry. The full results of the survey poll are attached in the appendices along with the corresponding request letters from the poll.

**4.0 Sales & Marketing**

**Pricing Strategy**

Alternate Sustainable Material Bag $150 average

This product is priced at the lower end of designer bags and is intended to be used as an everyday bag with more common materials employed. **The MSRP of this product is $225**.

Volume discount for wholesale:

* 2-5 bags: $220 per bag
* 5-50 bags: $120 per bag
* 50+ bags: $110 per bag

Premium Sustainable Leather Material Bag $250 average

This product is priced at the high end of the ‘accessible’ designer bags but the low end of the well-known brand names and is intended to be used for specific purposes and special occasions with higher end materials and designs used. **The average MSRP of this product is $425.**

Volume discount for wholesale:

* 2-5 bags: $400 per bag
* 5-50 bags: $200 per bag
* 50+ bags: $160 per bag

Heirloom Limited Edition Bag $3,200 average

This product is priced at the premium level. Only 2-3 will be made per year and the opportunity to purchase them will only happen 2 times per year on an application basis. They are exclusive and one-of-a-kind items. These high-end bags are used to raise the profile of La Baque products and gain attention and reputation from the fashion and design community. They will appeal to the affluent accessories collector who truly wants a quality, exclusive piece. Local and international celebrities will be the intended market for these bags. **The average MSRP of this product is $3200.**

There is no volume discount for these bags.

Basic Purse $58 average

This product has been created to provide a smaller, more affordable entry level for consumers. It is an everyday purse and a way for customers to discover the quality and style of La Baque products, but without having to invest in a more expensive bag immediately. **The MSRP of this product is $100.** Profit margins are lower on this product as it will be entirely manufactured by Fabric Industrial Ltd.

Volume discount for wholesale

* 2-5 bags: $70 per bag
* 5-50 bags: $55 per bag
* 50+ bags: $50 per bag

**Marketing Strategy**

Digital Marketing strategies will focus upon Instagram, Facebook, Professional Bloggers and directing traffic to La Baque's website.

In-Person Marketing Strategies will focus upon trade shows, conferences and purchase fairs, pop-up shops, weekend markets, boutique vendors, networking and art shows.

Print Marketing will include business cards and flyers & posters

Year One Projected Promotional Budget $40.400

Year Two Projected Promotional Budget $51,600

Digital Marketing

Most Instagram and Facebook posts will be used to engage with customers as opposed to advertising or direct selling with approximately 3 to 4 posts every day rotating between fashion and entertainment info; makeup and fashion tutorials; latest trends from Paris, New York and London.

There will be a monthly ‘selfie contest’ to encourage followers to post photos on our pages with $100 per month spend in highly targeted Facebook ads directing users to engage and follow La Baque Facebook page.

Leads generated: 600 unique visitors per month in Year 1
Estimated Conversion to Sales: 2 direct sales per month
Cost: $0 per month

The La Baque website serves 3 functions: feature promotions and new lines; capture visitor’s email; direct sales through built-in Shopify plugin.

The website URL will be promoted at every event and highly visible on all handout materials including business cards, posters and flyers. Google Analytics will be examined weekly to measure against traffic goals.

Leads generated: 200 unique visitors per month in Year 1
Estimated Conversion to Sales: 1 direct sale per month
Cost: variable

36 fashion bloggers have been identified who share a target audience with La Baque. Each of these have at least 100,000 highly targeted followers. Most bloggers charge between free and $600 to feature a fashion product depending on size of following. They also require free merchandise. 2 professional bloggers have accepted a La Baque product and will feature them in October

Leads generated: 3,000 unique visitors per month in Year 1
Estimated Conversion to Sales: 3 direct sales per month
Cost: $80 per month

In Person Marketing

La Baque stands out at every event because of the unique and creative displays, for example, turning our display table into a high-end-looking runway using mannequins. At each event the aim is to collect an email address from each booth visitor by offering something of value in return. For smaller events follow-up will be personalized email. For larger events mass emails via mailchimp will direct potential purchasers to the La Baque website and/or social media page with a unique offer code.

Frequency: 2 trade shows and 2 conferences/fairs per year
Estimated Sales: 50 units for Year 1
Cost: $15,000 per annum

The promotional email strategy will be used for booth visitors at pup-up shops, weekend markets. During the first year of operations La Baque will visit or call 3 local boutiques per week to showcase La Baque products and secure store space.

Frequency: 4 markets per month and 3 boutique visits per week
Estimated Sales: 50 units per month
Cost: $1,500 per month

At networking events, the focus will be upon making industry connections and forming strategic partnerships. Where possible La Baque will seek to collaboration, engage in volunteer work and secure sponsorship from organizations that share the same customer base.

Frequency: 2+ meetings per month
Estimated Sales: Indirect
Cost: up to $200 per month

Print Marketing

Circulation of approximately 100 business cards per month at a cost of $300 per year

Circulation of approximately 500 flyers/per month at a cost of $500 per month

**5.0 Operations**

**Location(s)**

Currently, La Baque operates out of a 600 square foot garage for its manufacturing, storage, packaging and shipping. The space includes a fabric and materials storage area, 2 large working tables, 2 sewing machines and a small product storage area. Working and storage is workable up to about 200 units of production per month.

Once demand reaches approximately 200 units per month, La Baque will move to a 1000 - 1200 square foot industrial space. The extra space will enable more storage and higher production through year 2 of business. Towards the end of year 2, La Baque will outsource storage, packaging, shipping and handling to a fulfilment centre (Shipwire), therefore increasing the available space and time for higher production levels.

**Legal Issues**

La Baque anticipates the following legal issues:

* business licenses
* import/export

A business license from the city of Burnaby will be required for the first year of operation. After the proposed location move in year 2, La Baque will apply to the city of Vancouver.

A provincial business registration (sole proprietorship) will also be obtained through [bcbusinessregistry.ca](http://bcbusinessregistry.ca/) for the purposes of opening a business bank account through the Royal Bank of Canada.

A 2 hour import consultation is scheduled with an import advisor through Small Business BC. This will ensure proper labelling and guidelines are met for a smooth border transaction of raw materials imported to Canada. Jennifer is also consulting these sites for further regulations: [Import/Export Canada](http://www.international.gc.ca/controls-controles/index.aspx?lang=eng) and [Global Affairs Canada: Trade](http://www.international.gc.ca/international/index.aspx?lang=eng).

**Insurance Issues**

Basic Liability Insurance will be obtained through Atkinson and Terry Insurance and will be paid in monthly instalments to help increase monthly cash flow.

**Human Resources**

**Owner/Sales/Designer/Manufacturer:** Jennifer Martinez. Responsibilities include building relationships that lead to sales, design work and changes, sewing, cutting and shipping & handling. Jennifer plans to employ staff to take over the manufacturing, shipping and handling during the first 6 months of operation. The role will be paid a starting salary at: $32,500 per year and will aim for 40 - 60 hours per week.

**Packaging/Shipping/Handling:** Position is currently filled by family members on a pro bono basis, which will continue until approximately month 6. Position requires approximately 10 hours per week, with responsibilities include boxing, labelling, packaging, organizing and shipping orders. The role will be part-time, starting at $11 per hour.

**Manufacturing Assistant:** Position will begin as part-time during months 3 and 4 becoming full-time in month 5. Responsibilities will focus on the manufacturing and assembly work (sewing, cutting, gluing, etc.). This role is key in enabling Jennifer to plan for and attend shows and trade fairs. The role will be part-time leading to full-time starting at $15 per hour. This role would be suitable for a recent design graduate.

**Marketing Designer:** Linda Holsworth bringing with her 8 years of marketing experience. Position is on a contract basis at approximately $40 per hour and is on an ‘as needed’ basis.

**Process/Production**

Production Flow and Delivery Method of Products and Services

**Products/Services Production Flow:** Raw materials will be ordered 2 months in advance, allowing approximately 30-45 days of manufacturing time to maintain sufficient. Cutting is done in as as large batches as possible and prepared material is organized near the assembly station. Sewing and assembly of the materials happens in 3-day runs and stacked near the assembly tables for attachment of branding and labelling. A Quality Assurance examination is then undertaken for each piece and signed off before moving products to the shipping table to be packaged. Packaging and shipping preparation can be completed in approximately 2 hours per week with items shipped each Wednesday. Greater efficiencies are anticipated once La Baque employs Shipwire as the fulfilment centre during year 2 of operation.

**Distribution Strategy:** The strategy for most of Year 1 includes small vending (weekend markets, popup shops, etc.), online opportunities and attendance at 2 major industry trade shows. La Baque is currently moving an average of 16 units per month. Year 2 strategy will include phasing out small vending (markets and popup shops), attending 6 major trade-shows, outsourcing packaging and fulfilment to a distribution service and leveraging relationships with purchasers for major department stores and smaller Canadian and American retail chains.

**Immediate Distribution Channels:** Etsy, local network of friends and family, XXXX Boutique (Vancouver), XYZ Boutique (Vancouver), ABC Boutique (Edmonton), Local markets and popup shops (Raineer Provisions, XYZ Christmas Market, ABC Weekend Market).

**Distribution Channels in Development:** ABC Seattle Trade-show, XYZ New York Trade-show, Toronto Fashion Exhibit, Purchaser Trade show Las Vegas, Nordstrom, Macy’s, The Gap, Bootlegger, The Bay, Banana Republic, Harry Rosen, Moores.

Suppliers

|  |  |  |  |
| --- | --- | --- | --- |
| Supplier Name | Product/Service | Pricing | Terms & PoliciesLocation |
| Cal industries Inc. | * Industrial leather sewing machine
* 6” leather skiving machine
* Hot Foil Stamping Machine
 | * $1,500
* $2,600
* 600
 | * 30 days shipping
* Southern California, USA
 |
| Arcdale Leather | * Vegetable tanned leather hides
* Provides entry-level materials as well as premium materials
* Vegan and alternative leathers available
 | * $4 - $45 per sq. ft.
 | * Minimum order time of 14 days in advance
* 30 day order time for material not in stock
* North Vancouver, Canada
 |
| BC Calzado Leather SL | * Premium, authentic Spanish leather hides
* Unique hides finished with traditional Spanish carving patterns
 | * $2 - $35 per sq. ft.
* Additional $5 per sq. ft. shipping
 | * Up to 65 days custom clearance
* Min order of 5 hides
* Madrid, Spain
 |
| Mackrelmoto Media | * Website design and development
* Digital marketing campaign management
* Print and banner design work
 | * $5,000
* $800 per month
* Per project
 | * Vancouver, Canada
 |

**Risk Assessment**

Cash flow is dependent on making estimated sales at 2 trade shows per year:
First trade show is already confirmed. Jennifer will apply to attend multiple shows.

Illness or inability for Jennifer to work:
Jennifer has family with the skills to help run the business temporarily if needed. She has confirmed this option with the family members as a back-up strategy.

Suppliers going out of business or raising rates:
Jennifer will maintain relationships with more than one supplier of any given material so as to reduce the chances of a dependency.

Injury Claims:
Jennifer will maintain at least 5 million dollars in liability insurance as well as the standard Workers Compensation Insurance.

**6.0 Financials**

**Start-Up Costs & Break Even**

The example business plans do not include start-up costs, cash flow or income statement example content. To review how to create these elements for your business, please visit <http://futurpreneur.ca/en/bplan> and use the free online business plan writer. Not only does it provide tips and tricks on what to include, but it outputs a custom spreadsheet with all the formulas you need.

Cash Flow Template: This is a comprehensive Excel template that includes worksheets for Past Purchases, Start-up Costs, Cash Flow Year 1, Cash Flow Year 2 and Income Statement. A step by step process is provided and Instructions & Tips to help you complete the required information.

[Crash Course: Financials: getting the most for each start up dollar](http://www.futurpreneur.ca/en/resources/start-up-business-planning/crash-courses/financials-getting-the-most-for-each-start-up-dollar/)

[Crash Course: Financials: tackling your cash flow](http://www.futurpreneur.ca/en/resources/start-up-business-planning/crash-courses/financials-tackling-your-cash-flow/)

**Breakeven analysis**

Average Overhead cost per month: $18,000
Average Product Price: $153
Average Product Cost: $49

In order to break even, La Baque will need to sell on average 173 units per month

**Sales Forecast**

Year One Sales Forecast Including Assumptions

Month 1
A conservative estimate of 19 sales, based on similar sales in previous 2 months employing no marketing efforts during this time and attending half of the markets/pop-ups that will be attended during month 1. Low inventory costs due to materials already on hand. Owner’s draw: $0

Month 2
A slight increase in bag sales to 23 due to increased marketing spend and efforts. 10 purse sales is a conservative estimate based on the launch of this new product at markets and announced through social media and professional bloggers. $1500 owner’s draw

Month 3
25 standard handbags sold at a conservative increase of 2 units over previous month. 10 premium handbags sold with similar results expected for this new product launch as experienced the previous month with the launch of the purse. 15 purse sales at an increase of 5 units over previous month due to affordable entry- level price. $3100 owner’s salary. $8300 advertising and promotion with the majority of this expense for sales trade show entry, plane tickets, and hotel booking.

Month 4
28% sales increase across products due to first sales trade show attended. Numbers are conservatively estimated at 30% less than similar vendors from last year’s show who reported during Jennifer’s research. Increased advertising budget due to employing more professional bloggers

**Appendix**

Documents included

* Business Registration Documents
* Customer Survey details
* Product photos and website screenshots
* Sample floor plan of new 1,000 sq. ft. facility
* Photocopy of Driver’s License
* Letters of intent to purchase
* Fashion Sales & Trade Shows