

futurpreneur 

# We Are One Shoes

**Business plan**

# 1.0 Executive Summary

## Company Profile Summary

We Are One Shoes understands that consumers no longer shop only on price and quality alone, they want to know that the goods they are buying are created by companies who contribute to the greater social good. We Are One Shoes is capitalizing on this evolution by producing premium footwear made with sustainable and vegan materials by the indigenous workers of Bolivia. We Are One Shoes' product is a premium dress shoe for men and women targeted at urban professionals. The area of focus will be in the Cook Street and Fernwood areas of Victoria.

We Are One Shoes is fully owned by Joe Mediter a tried and tested entrepreneur. Prior to starting We Are One Shoes, he had started and sold a campus laundry service he opened and operated during his tenure at the University of Western Ontario, where he graduated with a business degree from the Richard Ivey School of Business. Regardless of industry, Joe has an innate talent for spotting an opening in the market and seizing it. His hope is to see a future full of social purpose businesses.

## Market Research Summary

The face of retail has changed dramatically in the last 5-10 years. In the Edelman 2012 goodpurpose® study, they uncovered that when quality and price are equal, social good is the most important factor to 53% of consumers making a purchase globally. Footwear in Canada is successfully distributed by both major chains such as Aldo and Town Shoes, as well as by local independent shops looking for unique product. According to Industry Canada the profit margins of chains and independent retailers are relatively equal with the industry as a whole continuing an upward trend in annual revenues. With several players already in the market offering social purpose footwear products, creating a niche will be important. We Are One Shoes will be targeting university educated urban professionals with household incomes of \$70,000 - \$150,000.

## Marketing Summary

We Are One Shoes' key strategy is to establish relationships with the local boutique shoe stores to trial their product in their retail locations. In the Cook Street and Fernwood areas, Joe has identified four locations, split between high traffic commuter pathways and neighbor shopping areas. A secondary strategy will be to promote brand awareness and traffic to the Etsy store through a targeted Facebook ad campaign and Google ad words campaign. To capitalize on existing website traffic, We Are One Shoes will build their online store on the Etsy network and purchase a custom domain that redirects to it, but that can be used in all advertisements.

We Are One Shoes will only have an online store at launch that will be located at: [www.weareoneshoes.com](http://www.weareoneshoes.com). However, the primary marketing goal will be to have product in physical retail locations by end of the first six months. Manufacturing partnerships, marketing costs, and travel costs to ensure manufacturing adheres to corporate social policy will be needed. To ensure quality materials that are produced in a sustainable and

environmentally friendly manner, Joe Mediter is committed to travelling to his global supply chain partners.

## **Finance Summary**

\$27,000 will be needed to start the business with funds coming from the Futurpreneur Canada Start-up Program with Joe Mediter contributing the difference. In the first year of business, while the foundation is built, We Are One Shoes plans on generating approximately \$115,200 in sales (1200 pairs of shoes) with expenses of \$62,800. By the second year plans are to increase its sales by 15% to \$132,480.

# 2.0 Company Profile

## **Business Overview**

We Are One Shoes is a footwear company dedicated to creating premium footwear made with sustainable and vegan materials by the indigenous population of Bolivia. We Are One Shoes was established on 08/09/2012.

We Are One Shoes is a retail footwear company producing premium dress shoes for men and woman that are both stylish, comfortable and socially responsible, providing urban professionals with a product that aligns both with their social conscience and profession.

We Are One Shoes is a product business. We Are One Shoes is a product company offering: Women's slip on vegan ballet slipper with rubber sole in sizes 6 - 10 available in 2 colours. Women's lace up rubber heeled bootie in sizes 6 - 10 available in 2 colours. Men's slip on vegan dress shoe with rubber sole in sizes 7 - 14 available in 2 colours. Men's lace up dress shoe with rubber sole in sizes 7 - 14 available in 2 colours. NOTE: Four colours have been created for each product line. For launch, We Are One Shoes will limit the products to 2 colours to reduce inventory required based on minimum runs, in turn keeping start-up costs low.

## **Company History**

The idea for We Are One Shoes came after a recent trip to South America by Mr. Mediter. There he was introduced to an indigenous group that had established a collective for selling their goods to tourists. Amongst them were traditional shoes made entirely of plant materials that were trumpeted for their durability and water resistance. Mr. Mediter saw this construction ideal for the Victoria market's rainy climate. In the last four months Mr. Mediter has developed tentative agreements with 4 independent boutique shoe stores to begin carrying product in January 2013 based on prototypes of the two shoes. These agreements would procure the sale of 40 pairs of shoes to each location (10/ product).

## **Management**

We Are One Shoes is fully owned and operated by Joe Mediter, who has over ten years of experience in the retail industry. He's worked his way up from store sales associate to regional manager for one of the major clothing retailers in Canada. Most recently he has been in charge of business development for a fair trade soap manufacturer, developing relationships with retail chains to carry the product. He holds an MBA from the Richard Ivey School of Business. Joe Mediter is a proven entrepreneur who has successfully started and sold a campus laundry service he started while at university. Joe Mediter has lived in the Victoria area for the last 3 years and is an ardent supporter of the Victoria business improvement area (BIA). He regularly contributes to the Entrepreneur 101 course at the University of Victoria – his passion for creating a generation of social purpose businesses in Canada evident.

## **Location**

We Are One Shoes will be home based business. We Are One Shoes will be located at 800 Princess Ave, Victoria British Columbia, V8T 1K8. We Are One Shoes will focus on distributing product through established independent boutique shoe stores in the Victoria area, capitalizing on their existing foot traffic and word of mouth advertising. In addition, We Are One Shoes will setup a store on Etsy ([www.etsy.com](http://www.etsy.com)) as a starting point to sell shoes online. This will decrease start-up costs and the complexity of setting up a custom e-commerce store while benefiting from traffic already visiting the Etsy online market. The manufacturing of the shoes will be done in Bolivia by El Pueblo, a company located in the Pucarani Municipality to the West of La Paz.

## **Legal Structure**

We Are One Shoes is a corporation. We Are One Shoes will operate as a corporation to start. This is to reduce personal liability for the owner, Joe Mediter.

We Are One Shoes is not interested in protecting their intellectual property at this time.

## **Vision & Mission**

To be an established brand in the footwear market globally known for a quality product and a commitment to environmentally and socially sustainable business practices.

We Are One Shoes product provides comfortable and durable footwear for consumers that they can feel good about owning.

## **Professional Advisors**

We are One Shoes will rely on the services of Mr. Mediter's long-time lawyer and accountant for matters surrounding the start-up of the business.

## Goals & Objectives

- Steady re-occurring orders from initial four stores in Victoria by July 2013
- Increase of traffic to Etsy store by 50% month over month for first 12 months
- One celebrity endorsement by December 2013

# 3.0 Market Research

## Industry Profile & Outlook

We Are One Shoes operates primarily in the retail industry.

The retail footwear business in Canada is trending upwards according to Industry Canada, with year over year average growth of 1.9%. The retail footwear market is also divided between both chain and non-chain stores with the non-chain distributors increasing in their market share from 2009 to 2010. Sizing and labeling across the industry is voluntary and at the discretion of each business owner. However, the competitive advantage of We Are One Shoes is the socially and environmentally responsible production and materials of the footwear and thus labeling will be paramount to inform consumers, allowing them to make a socially conscience purchasing decision.

The retail footwear industry has few barriers to entry. The largest is the manufacture of the product, which represents the greatest cost input as well as the greatest risk to success. We Are One Shoes has established a minimum run of 120 shoes for each product line. Since the process involves dying the materials at the end, it means that a minimum run for each product line will be divided into 60 shoes in each colour. The fact that manufacturing is unregulated in Bolivia, means that We Are One Shoes will need to develop strong relationships with factory owners to ensure socially responsible employment practices are adhered to and that materials meet the environmentally responsible standards of the company.

The retail footwear industry has witnessed little change in the last 10 - 20 years. However, the rise of social purpose businesses within this sector has increased. Due to the differing styles of women and men, We Are One Shoes sees there is still significant market share to be won. The number of social purpose businesses selling footwear in Canada has risen, although no single company has established themselves as the recognized brand in the space. A consumer's household income is the strongest predictor in their decision to purchase We Are One Shoes. Consumers with annual household incomes greater than \$80,000 are almost four times more likely (3.6 times more likely) to purchase We Are One Shoes than consumers making less than \$40,000. For this reason We Are One Shoes will be looking at targeting independent shoe stores in Victoria neighbourhoods that are populated with urban professionals without dependents and greater disposable income. There are many companies producing discount footwear, We Are One Shoes is not looking to compete in this category. The product will be constructed from natural hemp, organic cotton, and/or recycled polyester and these materials are used on the upper, liner and/or the insole cover. These materials paired with an oiling process unique to the Bolivian people treats the shoes to make them water resistant and

durable, ideal for the Victoria climate.

In reviewing the Eldmen goodpurpose® study, it's been found that in rapid growth economies (RGEs) including China, India, Malaysia, Indonesia, UAE and Brazil, consumers are gaining increased purchasing power and that these consumers are focused to balance their personal gains with societal gains. This trend aligns with the desire of governments to establish a middle class for sustained economic development. We Are One Shoes is at the forefront of this wave, endeavoring to hire employees and create a supply chain that is socially responsible. With companies increasing their focus and branding to promote awareness of the corporate good they are doing, authentic, transparent and measurable social results will play a greater role in branding the footwear company.

## Local Market

In the Victoria area there are currently over 650 stores selling shoes (based on the Yellow pages), including both chains and mixed merchandise stores (Roots, West 49, etc.). However, shoe stores targeting high end unique merchandise is limited to fewer than 100 stores. We Are One Shoes will target independent shoe stores that sell footwear as their primary product, the stores considering tentative agreements to stock the We Are One Shoe product line are in the Cook Street and Fernwood areas of Victoria.

## Key Competitors / SWOT Analysis

	Strengths	Weakness	Opportunities	Threats
<b>Keen Footwear</b>	<ul style="list-style-type: none"> <li>Social purpose business giving back to a variety of non-profit partners</li> </ul>	<ul style="list-style-type: none"> <li>No clear social directive</li> </ul>	<ul style="list-style-type: none"> <li>We Are One Shoes can expand in the outdoor wear market</li> </ul>	<ul style="list-style-type: none"> <li>Could expand to the professional wear market</li> </ul>
<b>We Are One Shoes</b>	<ul style="list-style-type: none"> <li>Social purpose business demonstrated from manufacture to sale</li> </ul>	<ul style="list-style-type: none"> <li>Not an established brand</li> </ul>	<ul style="list-style-type: none"> <li>Target urban professionals with a comfortable, premium work shoe</li> </ul>	<ul style="list-style-type: none"> <li>Keen footwear could start offering a more professional work shoe</li> </ul>

## Target Market

We Are One Shoes is focused on selling to Consumers (B2C).

Target Market profile for We Are One Shoes:

- Men & Women urban professionals
- Holding a university or collage degree (demographics)
- Household income: \$70k plus - \$150k (demographics)
- Consumers desiring products that provide quality and value as well as contribute to the greater social good.
- Consumers looking to support the development and growth of a middle class in emerging markets. Located in Victoria's Cook St and Fernwood areas (initial target scope)

## Keys to Success

A consistent awareness program to alert consumers of where products can be purchased locally, the environmentally friendly nature of the materials and production process they are supporting, and the benefits of their product: durability, water resistant, breathable, and stylish. We Are One Shoes will work to establish celebrity endorsements to raise the visibility of the product line and the desirability of it with urban professionals looking to give back.

A solid manufacturing partner and supply chain to produce shoes of the quality and craftsmanship of the original prototypes that understands and adheres to socially responsible employment practices. We Are One Shoes will establish quarterly physical location spot checks to ensure employment standards are being met and that goods adhere to our environmental standards.

## Customer Survey Summary

10 people who have purchased and worn the first batch of We Are One Shoes produced were all approached to be surveyed. To entice participation, all respondents were entered into a draw for a free pair of We Are One Shoes. Of the 9 people who responded, all but one continued to be impressed with the durability of the shoes and their comfort. Over 50% indicated that they purchased the shoes due to a word of mouth recommendation from a friend. A third of respondents found the shoes when searching online for footwear.

# 4.0 Sales & Marketing

## Pricing Strategy

Prices range from the low end of \$70/pair of shoes to \$260/pair of shoes.

Competition: \$160/pair of shoes

We Are One Shoes: \$85/pair of shoes when sold through an independent retailer

We Are One Shoes: \$135/pair of shoes + shipping when purchased through Etsy or Facebook page

Pricing will reflect the image of premium shoes, while being low enough to encourage consumers to purchase more than a single pair. The goal is to encourage multiple purchases at once.

## Marketing Strategy

- Guerilla Marketing Events

Creating awareness of the We Are One Shoes product line will be critical to the success of the business. With the tentative agreement of local boutique shoe stores to carry the product lines, We Are One Shoes will focus primarily on pop up booths at local markets and events where urban professionals are likely to shop. We Are One Shoes' key strategy is to establish demand for the product through these events and to be seen as a local business providing comfortable and stylish footwear.

- Etsy Online Store

A secondary strategy will be creating a store on Etsy to sell shoes directly to consumers, a common practice for product retailers.

- Facebook Ads

In social media, We Are One Shoes will focus on Facebook as a way to increase brand awareness. Etsy has a partnership with Facebook which allows for the inventory on Etsy to be embedded into the We Are One Facebook page, increasing the potential audience exposed to the We Are One Products.

## Primary Marketing Activity

We Are One Shoes' key marketing activity will be pop up booths in the local community including the Sunday Farmer's market at Beacon Hill Park, the Thursday market at Fernwood Community Centre and seasonal events through the summer and winter months such as the Holiday Market Extravaganza. Representatives will be professionally dressed yet casual at all times and wearing We Are One Shoes. Pop Up booths will consist of a 10 x10 foot standard collapsible white canvas tent easily setup by one person and stored for transport. In addition, two display cases will shelves to showcase 5 pairs of shoes and for easy viewing when trying on the shoes, angled mirrors will comprise the bottom foot of each display case.

To encourage people to try on a pair of We Are One Shoes, there will be canvas chairs in the booth to accommodate sitting down. At each event, We Are One Shoes will transport in Tupperware, two of each of the common footwear sizes for men and women for each model, totaling 48 pairs of shoes in their boxes. The support materials on hand will be postcards promoting the online store and business cards of the local stores selling the We Are One Shoes product lines. 1,000 postcards will be purchased for a cost of \$300.



The idea is to be engaged with shoppers and share the story behind We Are One Shoes, but not do a “hard sell”. If shoppers are interested, they would be given a postcard give a \$5 off coupon code for their online purchase and asked to join the We Are One Shoes mailing list.

The goal will be to attend these events weekly during the transitional spring and fall months when the fashion industry is showcasing new collections and provide We Are One Shoes as the local company providing stylish and durable footwear in a sustainable manner. The weekly costs will range from \$50 to \$100 a week with expected product loss due to transport damage or theft as 1 pair of shoes/month. Expected sales resulting from the local events are expected to be 4 pairs of shoes sold on average with a follow up of 1 pair sold online.

## **Marketing Objectives**

Goal #1: Steady re-occurring monthly orders from initial four stores in Victoria by July 2013

Goal #2: Increase of traffic to Etsy store by 50% month over month for first 12 months

Goal #3: \$120,000 in sales by the end of the first fiscal year.

## **Positioning Statement**

We Are One Shoes is a premium footwear company that creates stylish and durable shoes for men and woman in a socially and environmentally sustainable way.

## **The Sales Process**

The selling processes will involve an informal meeting with casual shoppers at local community events in Cook Street Village and Fernwood areas. The marketing tactic calls for a soft sales approach. Individuals will not be sold initially. Instead, We Are One Shoes will share the story of the company’s inception and the social and environmental foundation it is based on. Once a potential shopper has shown interest in the product, We Are One Marketing will follow up with questions about the shopper’s connection to the area and career. The goal is to establish an authentic dialogue that allows the sales associate to incorporate how We Are One Shoes aligns with the lifestyle of the shopper.

If the shopper continues to show interest, the sales associate will encourage them to try on a pair of We Are One Shoes to test out the comfort. Regardless of whether or not the shopper continues on to purchase the shoes that day, the sales associate will provide them with a coupon for \$5 off the purchase online and encourage them to join the We Are One Shoes mailing list. After a fitting, male shoppers are more likely to purchase on the spot if the product fits well. At which point the sale is closed, but a \$5 postcard coupon will still be given to encourage them to share it with a friend or spouse. After a fitting, female shoppers are likely to take a week to ponder their purchase decision and comparison shop online and in the local market. One week after someone has joined the We Are One Shoes mailing list an introductory email will be sent with the same

\$5 coupon code for online purchase and a list of local stores carrying the product. At that point female shoppers would be ready to buy. Payment is due when the product is purchased. Shipping of online orders will be provided via Canada Post's regular parcel delivery and Express Post service. The choice will be provided at time of checkout. The complete sales process, from initial contact to payment, would take approximately 7 days on average.

There is an alternative sales process that happens online. A user clicks on a Facebook Ad or does a Google search for unique footwear and clicks on a We Are One Shoes ad. Both ads direct the client to the Etsy online store where they can view the product inventory. Review close up and multiple angles of the product. It is expected that click thru rates on the Facebook ads will be 0.13% and for Google Adwords 0.35%. We Are One Shoes recognizes that the keywords for their product "women's dress shoes, men's dress shoes" are competitive in both markets. The approach will be to bid mid-level for the keywords on both Google and Facebook and set up both campaigns to be paid on a cost-per-click basis and not the cost-per-impression model. Doing so, will ensure that We Are One Shoes is paying only when people click the ad and not when the ad is displayed online, making it easier to track the return on investment for each campaign.

Of the clients who visit the Etsy store it is estimated that only 10% of the traffic will make a purchase on first visit. Although the initial sales through this sales cycle are expected to be lower, online shopping is viewed as critical to the success of We Are One Shoes. Online shopping is becoming more mainstream and accepted by consumers and seen as an area for potential growth and future global expansion.

We Are One Shoes sales cycle timeline is 1-2 weeks.

## 5.0 Operations

### **Location(s)**

We Are One Shoes will be set up as a home based business located at 800 Princess Ave, Victoria British Columbia, V8T 1K8. The home based business includes an insulated secure garage that will be utilized for storage of product when shipped in from Bolivia. Mr. Mediter had the garage built to store furniture for a previous reclaimed wood furniture business he operated and therefore the climate controlled garage will be ideal for storage of the We Are One Shoes products. A physical store front is not necessary at this time based on the strategic alliances already built with local retailers and the establishment of an online store with Etsy.

We Are One Shoes website will launch/launched on 01/11/2012.

We Are One Shoes will have a custom domain: [www.weareoneshoes.com](http://www.weareoneshoes.com) that will be redirected to the Etsy store front. The Etsy website will provide an easy to navigate catalogue of inventory, complete with photos, colour swatches, and sizing. It will allow for monetary transactions to occur on the website through the built in e-commerce engine hosted by Etsy. By utilizing Etsy's infrastructure, We Are One Shoes decreases exposure for securely processing payments as these will be handled through Etsy's credit card processing or PayPal. The majority of the content on Etsy will be product inventory for

purchase. In addition to this there will be links explaining the We Are One Shoes social purpose philosophy, links to Facebook and Twitter, We Are One Shoes return policy and contact information both for consumer and for retailers interested in carrying the We Are One Shoes product line. The We Are One Shoes Facebook page will be the primary communication channel. The Facebook page will include a tab to embed the Etsy store into Facebook, a tab for the We Are One Shoes Twitter feed, and the sign up form for their email newsletter. The newsletter will be powered by Campaign Monitor at a cost of \$9/month for up to 500 email records. As part of the We Are One Shoes' third marketing strategy, the Facebook page will be the destination of the Facebook Ads. It is on these pages that the story of We Are One Shoes, with product photos, photos of the Bolivia employees will be posted. New posts will be shared to the Facebook page and Twitter weekly.

The Etsy website will be developed for launch and will be developed by an external developer. In addition to designing the website and developing the Facebook page for launch, the web developer will perform maintenance and support on an as-needed basis. Product photos to be used for website content will be taken by a local Victoria photographer and used to populate the website content.

## **Legal Issues**

We Are One Shoes anticipates the following legal issues:

- business licenses

- import/export

- contract agreements (partnerships, independent contractors etc.)

We Are One Shoes has received approval from BC Registry Services for the name of the business. To complete the remaining steps for registering the business and ensuring the correct municipal business licenses are purchased, We Are One Shoes is purchasing the Complete Business Registration and Import Package from Small Business BC (<http://www.smallbusinessbc.ca/products-and-services/registration-services/complete-business-registration-and-import-registra#more>) at a cost of \$189. Small Business BC will guide Mr. Mediter through the steps necessary to operate a business in Victoria.

## **Human Resources**

We Are One Shoes will have 1 - 10 full time staff.

We Are One Shoes will have 0 part time staff.

We Are One Shoes will start out small with the owner as the only employee. We Are One Shoes will utilize El Pueblo as their manufacturing vendor. Plans are to hire a part-time independent contractor in June of Year 2 (working 10 hours a week) when the need to expand the local market to keep sales from plateauing arises. This will expand the local market further into Fairfield and surrounding areas of Victoria.

## Process/Production

Manufacturer, El Pueblo has agreed to minimum runs of 120 units for each product. Therefore, We Are One Shoes will order a minimum of 480 units to start - 120 of each product. This manufacturer has been selected as they adhere to the We Are One Shoes socially responsible hiring practices. This means that women comprise approximately 50 percent of the workforce and El Pueblo exceeds local labour standards.

Shoes will be constructed from organic cotton and hemp grown in the surrounding area, as well recycled polyester. They will be attached to rubber soles also made locally. Shoes will then be dyed using plant based dyes to one of the two colours each product is available in. The final step will be to seal the shoes through an oiling process unique to the Bolivian indigenous community to make shoes water resistant. Oils are secured from Fair Trade producers that have been certified by Fair Trade International as meeting the Small Producers Standard.

All orders will be made over email, with a guaranteed order once a month for the first year of business. Minimum runs will remain at 120 units. Boxes for the shoes will be manufactured at a subsidiary company of El Pueblo, La Chinchinita located in Pucarani Municipality to the West of La Paz. Boxes will be made in minimum runs of 125 from 80% recycled post-consumer waste and are printed with soy ink. Boxed shoes will be trucked to La Paz and exported via the international airport to Vancouver via air cargo.

In Vancouver the shoes will clear customs and then be trucked from Vancouver to Victoria via Canada Post to the home office location. Canada does not currently have a Free trade agreement with Bolivia but continues Canada-Andean Countries - Free Trade Discussions. It is estimated that customs and freight will be approximately 15% of the product costs. Another 12% for British Columbia's HST will also need to be paid on the product costs.

Mr. Mediter will review all units for quality control upon arrival at the home office location. Lead time from El Pueblo for each order is 6 weeks from order date to arrival in Victoria.

Records are kept and reviewed with the account quarterly for customs, taxes, and import charges, as well as to calculate carbon off-set purchases to maintain a green export/import chain.

Each unit has a sticker affixed to the box with a SKU and scanned into the inventory program by Mr. Mediter post quality assurance inspection. Shoes are scanned prior to travelling to each market to track inventory.

At time of purchase, all shoes are again scanned and the SKU is removed from inventory as sold. If the person supplies their email address this is stored with their purchase.

After three months, clients who have supplied their email address at purchase will be sent a follow up survey to collect feedback. Along with this information a release to use their feedback in promotional materials will be included to post positive feedback on the Facebook page and Etsy website.

## Risk Assessment

We Are One Shoes will spend the majority of its efforts in promoting the brand and

engaging in community events. However, should these efforts prove to be ineffective, a much more concerted effort will be made in Google Ad words and online sales, which is part of the secondary marketing strategy. Depending on the success of this secondary strategy, We Are Shoes may consider expanding to new channels, such as the recently released “Amazon pages”.

We Are One Shoes strength lies in the unique combination of construction and design of the product line. If El Pueblo ceases to be a reliant, considered after the delivery date of two concurrent orders is missed, We Are Shoes will move manufacturing to the Pucarani Municipality co-operative. Minimum runs would remain the same, but lead time would increase from 6 weeks to 10 weeks. The employees of the co-operative are already trained in the oiling process that is critical to the production of the We Are Shoes product.

If, after a full year of business, sales are less than \$78,000 (cumulative) We Are One Shoes would close its door, sell off remaining inventory for discounted \$60/shoes and shut down the Etsy website and Facebook page.

## 6.0 Financials

### Start-Up Costs

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’ll need.

### Break Even

Fixed costs for the year are \$6,900 (includes telephone, booth construction, postcards, carbon off-setting, etc.)

Average sale price is \$96/shoes (assumes a 2/3 sold through local retailers and 1/3 direct)

Average production cost is \$49.53/shoes (material, labour, shipping, customs, and HST)

Break -even point:

$$\frac{\$6,900}{\$96 - \$49.53} = \frac{\$6,900}{46.47} = 149 \text{ units}$$

You would start to make a profit after selling 149 pairs of shoes.

### Sales Forecast

- No online or local market sales in first month, only products sold to local retailers
- Slowest months: Jan – Mar and July/August the fashion ‘off season’

- Products sales broken out 1/3 for direct and 2/3 through local retailers
- Each customer will purchase one pair of shoes
- A quarter of customers would purchase second pair within 12 months

### **Year One Sales Forecast (Including Assumptions)**

Month 1 - \$0 - Launch of business online, extensive online advertising with Google Adwords and Facebook ads to create online presence.

Month 2 - \$1350 - Holiday Market Extravaganza at Fernwood Community Centre in anticipation of the holidays. It is a weeklong event, assuming 10 pairs of shoes sold directly.

Month 3 - \$13600 - Sales already being negotiated with 4 independent shoes stores for 40 units per store. No direct sales during the month.

Month 4 - \$130 - Negotiating deals with additional boutiques. No market sales, 1 sold online.

Month 5 - \$13860 - Negotiating deals with additional boutiques. Renewal of order by four local boutiques. Two online sales.

Month 6 - \$9850 - Sale of 8 pairs of shoes at market and 2 pairs online. Slower start since first month at the market. Along with continued boutique sales. Addition of one boutique to indirect sales ordering 100 units for spring.

Month 7 - \$19700 - Achieved target sales for market for second month. New contract with boutique in Whistler for 200 pairs, 50 per style.

Month 8 - \$17540 - Renewal of order by four local boutiques. One increases to 80 pairs from 40 pairs. Four online sales.

Month 9 - \$540 - Four online sales.

Month 10 - \$26500 - Whistler boutique renews order. Only two boutique re-order for 40 pairs each. Facebook campaign starting to generate traffic to website. Online sales increase to 10 pairs. Only at the market for last two weeks of August.

Month 11 - \$11050 - Booth at One of a Kind Show anticipating 50 pairs sold directly. Direct market sales of 20 and 4 online. 8 direct online sales through increased website traffic.

Month 12 - \$1080 - Eight pairs sold online

### **Year Two Sales Forecast**

#### **Cash flow**

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## **Income Statement**

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