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**Ethnic Force**

**Executive Summary**

*The Creative Justice*

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| --- | --- |
| **Company Background** | **Contact Information**  Troy Brice  (860) 519 1465  troyjahadbrice02@gmail.com  Ethnic Force  14 Wilson Avenue  Windsor, CT  06095  **Year Founded**  2014  \_\_\_\_\_\_\_\_\_\_\_\_\_  **Investment Opportunity**  $3920.00  **Annual Operating Costs**\*  $1368.00  **Annual Sales**\*  $5000.00  **Annual Profit**\*  $2210.00  **Return on Sales\***  44%  **Return on Investment**\*  56%  **Breakeven Units/Month**\*  9 units  *\*Projected* |
| *Business Description*: The Ethnic Force is a retail partnership created by Troy Brice and John Graham. We sell our designs in a varied amount of prints and physical materials. |
| *Business Model*: One unit would be a single print of our designs/art in the form of a sticker, t shirt, phone case, other clothing garment, and much more. We use a site that produces, hosts the merchandise and ships out the shirts and gives us a percentile markup difference as the profit. |
| *Mission Statement*:At the Ethnic Force we aspire to enrich the world with digital art and fashionable design for a reasonable price by acknowledging the things you want to see in circulation doing our best to provide. |
|  |
| **Market Opportunity** |
| *Opportunity*: We use custom designs of a high quality and prestige and provide them to the consumer in many fashionable ways. |
| *Target Market*: Target market of the Ethnic Force is urban youth 14-21, whom follow pop culture and appreciate affordable apparel. |
| Industry Overview: The fashion industry is annually obtaining $1.2 trillion |
| Market Research: A detailed survey, asking the preference of the consumer, powered by google is our main source for research. |
|  |
| **Leadership** |
| *Qualifications:*   * Over a decade of experience in the art field, digital editing and contemporary graphic design * Previous design based internship * Attended a technology themed magnet high school furthering knowledge in the modern means of our specialty * In the process of completing an entrepreneurship course |

**Ethnic Force**

**Business Plan**

*The Creative Justice*

**1. OPPORTUNITY RECOGNITION & BUSINESS STRUCTURE**

**1.1 Business Opportunity**

Our opportunity our market is very peculiar. We are selling art in the form of fashion and other personal prints such as stickers, t-shirts, hoodies, phone cases. The problem is premium street wear brands have been giving overpriced sub-par quality options for the consumers. By acknowledging the things consumers want to see in circulation doing our best to provide those in high quality and availability/ personalization, we are the creative justice.

**1.2 Type of Business**

We are retail business, we decided to go into retail because its best to sell our art and design in mass produced quantities to the public.

**1.3 Type of Business Ownership**

We chose a partnership because neither of us have any assets to protect and this is the most affordable ownership type for us. It makes sense for our business because we have a higher integrity with pressures of guilt for bringing both of us down not just ourselves as individuals.

**1.4 Mission Statement**

At the Ethnic Force we aspire to enrich the world with digital art and fashionable design for a reasonable price by acknowledging the things you want to see in circulation doing our best to provide.

**1.5 Social** **Responsibility**

Fashion is desirable by everybody but not as affordable as we’d like it in most cases, and this indirectly marginalizes social-economic groups. The Ethnic Force seeks to reverse this effect by giving high-fashion designs at affordable prices.

**1.6 Qualifications**

We have over a decade of experience in the art field, digital editing and contemporary graphic design. Previously held a design based internship. We both attended a technology themed magnet high school furthering knowledge in the modern means of our specialty and lastly are in the process of completing an entrepreneurship course. It would help in the future for us to know legal constrictions and rights on all our intellectual properties as a company.

**2. MARKET RESEARCH**

**2.1 Market Research**

The Ethnic Force is in the fashion industry. The fashion industry links directly to our biggest product of t-shirts, and other garments and accessories worn because of how fashionable it is in the appeal of a consumer. The fashion industry makes about $1.2 trillion a year. Our potential market is 318 thousand people in the urban areas of Connecticut as a small start. We conducted a major marketing survey early in the process to see our opportunity and appeal as a company.

**2.2 Target Market**

Demographics: Our customers are in an age group of 14-21, of both genders.

Geographics: People residing in urban areas and suburban areas.

Psychographics: People who follow urban fashion and enjoy pop culture.

Buying Patterns: People that shop for discounts; bargain hunters. Yet still care deeply about the quality of the item they are purchasing.

**2.3 Competitors**

Direct competitors of us would be street wear brands such as 10 DEEP, Stussy, Bape, and other companies providing fashion to urban youth. Indirect competitors would be companies like GOOD WOOD NYC, they provide stock jewelry pre-designed but also offer a custom option for a higher price.

**2.4 Competitive Advantage**

|  |  |  |  |
| --- | --- | --- | --- |
|  | Ethnic Force | Pink Dolphin | Been Trill |
| Factor 1:  Quality of product/service | Great | Great | Sub-par |
| Factor 2:  Personalization | Custom made for consumer | Limited | None |
| Factor 3:  Reputation/ Branding | New | Exemplary | Good |

The Ethnic Force has a brand new reputation; we have high quality design service and can tailor to the consumer personally as where other brands generally don’t.

**2.5 Business Growth**

Collaboration with other local brands prompt our own growth because we gain exposure to the people they reach and we help them by giving them exposure to our established following. I would cooperate with startup skate shops, and street wear stores within the state as well as other brands.

**2.6 Challenges**

If the site crashes then that’d tarnish an established reputation or if we get a bad review from an angry customer it’d do just the same to our sales.

**3. FINANCIAL INFORMATION & OPERATIONS**

**3.1 Definition of One Unit**

One unit would be a single print of our designs/art. It can be in the form of a sticker, t shirt, phone case, other clothing garment, and much more.

**3.2 Production Process OR Delivery of Service (delete one)**

|  |
| --- |
| Description of Process Steps |
| 1. Gain objective or goal for design subject. |
| 1. Draft design |
| 1. Peer review |
| 1. Finalize design |
| 1. Upload design for consumer access |
| 1. Promote |

**3.3 Variable Expenses**

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| **Materials** | | | | | | |
| Material Description | | Bulk Price | Bulk Quantity | | Quantity per Unit | Cost per Unit |
| White t-shirt | | $25.00 | 12 | | 1 | $2.08 |
| **Total Material Costs per Unit** | | | | | | **$2.08** |
|  | | | | | | |
| **Labor** | | | | | | |
| Cost of Labor per Hour | Time (in hrs) to make one unit | | | **Total Labor Costs per Unit** | | |
| $3.00 | 2 hours | | | **$6.00** | | |
|  | | | | | | |
| **EOU** | | | | | | |
| Material Costs | Labor Costs | | | **TOTAL EOU** | | |
| $2.08 | $6.00 | | | **$8.08** | | |

**3.4 Economics of One Unit**

|  |  |  |  |
| --- | --- | --- | --- |
| **Selling Price per Unit** |  |  | $25.00 |
| **Variable Expenses per Unit** |  |  |  |
| Costs of Goods Sold |  |  |  |
| Materials | $7.00 |  |  |
| Labor | $3.00 |  |  |
| Total Cost of Goods Sold |  | $12.00 |  |
| Other Variable Expenses |  |  |  |
| Commission | $1.00 |  |  |
| Packaging | $0.50 |  |  |
| Other |  |  |  |
| Total Other Variable Expenses |  | $ 0.50 |  |
| Total Variable Expenses |  |  | $0.00 |
| **Contribution Margin per Unit** |  |  | **$13.00** |

**3.5 Fixed Expenses for One Month**

|  |  |  |
| --- | --- | --- |
| Expense Type | Monthly Cost | Explanation |
| Insurance | $20.00 | If something needs to be replaced, or refurbished, this will ensure we can get it fixed. |
| Salary | $30.00 | We do not need to pay ourselves too much, because we don’t have many personal expenses to be paid. |
| Advertising | $25.00 | Our guerilla marketing tactic maximizes exposure, while leaving costs low. |
| Interest | $15.00 | We don’t take out many loans, leaving what we pay for interest very low. |
| Depreciation | $39.00 | Most of the equipment we use will depreciate due to new products coming out. |
| Utilities | $20.00 | Using paper, lights, phones, and other appliances. |
| Rent | $10.00 | Because we can run our business from school, we pay little to none to use the space. |
| Other Fixed Expenses | $7.00 | Our cost of goods sold. |
| **Total Fixed Expenses** | **$166.00** |  |

**3.6 Income Statement for First Year of Operations**

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| *A* | **REVENUE** | *selling price* × *units sold* |  |  | $5,000.00 |
| *B* | Gross Sales | *selling price* × *units sold* | $5,000.00 |  |  |
| *C* | Sales Returns | *selling price* x *units returned* | 0 |  |  |
| *D* | Net Sales | *B* – *C* |  |  | $5,000.00 |
|  | **VARIABLE EXPENSES** |  |  |  |  |
|  | Costs of Goods Sold |  |  |  |  |
| *E* | Materials | *cost of materials* × *units sold* | $1,400.00 |  |  |
| *F* | Labor | *cost of labor* × *units sold* | $600.00 |  |  |
| *G* | Total Cost of Goods Sold | *E* + *F* |  | $2,000.00 |  |
|  | Other Variable Expenses |  |  |  |  |
| *H* | Commission | *cost of commission* × *units sold* | $200.00 |  |  |
| *I* | Packaging | *cost of packaging* × *units sold* | $100.00 |  |  |
| *J* | Other | *cost of other costs* × *units sold* | $0.00 |  |  |
| *K* | Total Other Variable Expenses | *H* + *I* + *J* |  | $300.00 |  |
| *L* | Total Variable Expenses | *G* + *L* |  |  | $2,300.00 |
|  |  |  |  |  |  |
| *M* | **CONTRIBUTION MARGIN** | *D* – *L* |  |  | $2,700.00 |
|  |  |  |  |  |  |
|  | **FIXED OPERATING EXPENSES** |  |  |  |  |
| *N* | Insurance | *cost of insurance* × *12 months* | $240.00 |  |  |
| *O* | Salaries | *cost of salaries* × *12 months* | $360.00 |  |  |
| *P* | Advertising | *cost of advertising* × *12 months* | $300.00 |  |  |
| *Q* | Interest | *cost of interest* × *12 months* | $180.00 |  |  |
| *R* | Depreciation | *cost of depreciation* × *12 months* | $468.00 |  |  |
| *S* | Utilities | *cost of utilities* × *12 months* | $240.00 |  |  |
| *T* | Rent | *cost of rent* × *12 months* | $120.00 |  |  |
| *U* | Other fixed expenses | *cost of other* × *12 months* | $84.00 |  |  |
| *V* | Total Expenses | *N* + *O* + *P* + *Q* + *R* + *S* + *T* + *U* |  |  | $1992.00 |
|  |  |  |  |  |  |
| *W* | **PRE-TAX PROFIT** | *M* – *V* |  |  | $708.00 |
| *X* | Taxes (15%) | *W* × 0.15 |  |  | $106.20 |
|  |  |  |  |  |  |
| *Y* | **NET PROFIT** | *W* – *X* |  |  | **$601.80** |

**3.7 Start-up Investment**

|  |  |  |  |
| --- | --- | --- | --- |
| Item | Why Needed | Vendor | Cost |
| iPad | To craft our designs, and communicate with our consumers. | Apple Store | $400.00 |
| iPad | To craft our designs, and communicate with our consumers. | Apple Store | $400.00 |
| Computer | To edit our designs in Photoshop. | Lenovo | $900.00 |
| Computer | To edit our designs in Photoshop. | Lenovo | $900.00 |
| **Total Start-up Expenditures** | | | **$2600.00** |
| Emergency Fund *(1/2 of startup expenditures)* | | | $200.00 |
| Reserve for Fixed Expenses *(covers 3 months of fixed expenses)* | | | $120.00 |
| **Total Start-up Investment** | | | **$2,920.00** |

How much of this start-up investment can you afford to pay yourself? \_\_\_\_\_\_\_\_\_\_\_\_\_

How much of the start-up investment will you need to finance? (Total Start-up Investment- What you can afford to pay) \_\_\_\_\_\_\_\_\_\_\_\_\_\_

**3.8 Financial Ratios**

*Return on Sales (ROS):*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Annual Net Profit |  | $2210.00 | = | **44%** | ≈ | **$0.44** |
| Total Annual Sales | $5,000.00 |

*Return on Investment (ROI):*

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Annual Net Profit |  | $2,210.00 | = | **76%** | ≈ | **$0.76** |
| Total Startup Investment | $2,920.00 |

*Breakeven Units (Monthly)*:

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| Fixed Monthly Expenses |  | $114.00 | = | **$180.00** | ≈ | **9 units** |
| Contribution Margin | $13.00 |

**4. MARKETING & SALES**

**4.1 Marketing Plan**

Target market of the Ethnic Force is urban youth 14-21, whom follow pop culture and appreciate affordable apparel. The benefits of my product is that it promotes itself, these items are the pride in our consumers and so they want to share and let others know of where they found that sticker, sweatshirt, t shirt or whatever it may be the Ethnic Force has designed for them. We have an established dependent web-shop up and running currently, <http://www.redbubble.com/people/imkindadopey> .The site works we always want to make 25% profit off of the designs appealed to general consumers. 35% profit is made off of custom designs.

**4.2 Promotion**

We have active accounts on multiple popular social networking and blogging sites, Instagram, Twitter and Tumblr. We use these accounts to promote our art, updates to inventory for the web-shop and promotional/sales events. We use local models to show that there is no limitation as to who can wear our merchandise and also promote community. We do collaborate with artist in the community as well as other local startups and their publicity links back to us as a form of indirect promotion.

**4.3 Sales Methods**

We rely on a high social presence on the social networking sites such as Twitter, Instagram, and Tumblr. We use said sites to make promotional sales information and updates to our inventory available to them from the comfort of their own natural habitat.

**4.4 Sales Estimates**

Using the site that produces our shirts with no cost to us, there is no cap or minim amount of units that we can produce monthly. We need to sell 9 units per month to break even. There are 318 thousand people we can sell shirts to, based on our market segment. Our optimal season for selling would be Spring/Summer, when appearance is more of a priority than in the cold and harsher months. Holidays will not hinder the production rate but the delivery may be a little slower as for postal constraints on national holidays, etc.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Month | Units | | Revenue | | |
| January | | 9 | | $225 |
| February | | 9 | | 225 |
| March | | 10 | | 250 |
| April | | 11 | | 275 |
| May | | 14 | | 350 |
| June | | 20 | | 500 |
| July | | 23 | | 575 |
| August | | 28 | | 700 |
| September | | 22 | | 550 |
| October | | 15 | | 375 |
| November | | 16 | | 400 |
| December | | 22 | | 550 |
| **Annual Total** | **200** | | **$5000** | | |