Executive Summary

Mad Style Furnishings is a home store that directs its products toward the eccentric teenager and young professionals just starting their career and needing to furnish their first home. It provides eco-friendly furnishings and accessories in unique styles and themes unlike that which is found in other retail stores.

The store is located in a diverse area with heavy traffic flowing in and out of the city daily. Conway, Arkansas is known as the college town because there are so many different colleges located there. The physical location of the store is off the interstate which allows many travelers to see our signs and promotions. Conway is located in a prime part of the state because it is not too far away from Little Rock and is near other college towns within the state.

1.1 Objectives:

1. To provide more eco-friendly products so as to be a good steward.
2. Devote ourselves to selling only those products that are of good quality yet affordable enough for the average college student to purchase.
3. To add 3 people to the payroll and still have a profit.
4. To have at least a 5% profit the first year and to double it each year for the next 5 years.
5. To provide a service to take customer’s old furniture and donate it to the local Habitat for Humanity.
6. To be a part of the community and help periodically with Habitat for Humanity.

1.2 Mission:

To be a positive place in the Conway community that provides furniture and accessories for the eccentric people who also care for the environment.

1.3 Keys to Success:

1. To provide the consumer with a variety of different home merchandise.
2. Always searching for innovative eco-friendly products that still have the right quality for our customer.
3. To never use high-pressured sales tactics.
4. To always be honest with the customer so as to build a good relationship.
5. To use the building as advertising, because of its prime location, to cut down on expenses.

Company Summary

Mad Style Furnishings is organized as a sole-proprietorship under Kaylie Lassiter. The store is located in Conway, AR off of I-40. Office hours will be Monday—Thursday 10am to 6pm, Friday 10am to 9pm, Saturday 9am to 9pm, and Sunday 1pm to 5pm. Merchandise will be purchased based on the target market and the mission of the company.

2.1 Company Ownership

Mad Style Furnishings is organized as a sole-proprietorship under Kaylie Lassiter. I will be the one responsible for the financial and managerial aspects in the day to day operations.

2.2 Start-up Summary

Mad Style Furnishings yearly start-up cost are listed below:

* Start-up Expenses
  + Rent $30,000
  + Grand Opening Event/Advertising and promotions $3,000
  + Telephone and Utilities $8,400
  + Travel-- Dallas Market Buying Trip $260
  + Business Insurance/Renters Insurance $2,500
  + Store Fixtures and Decorations $1,500
  + Computer/Cash Register $950
  + Sign (including permits) $1,000
  + Organizational Dues and Subscriptions $125
  + Business/Office Supplies $100
  + Other $500
  + **TOTAL** Start-up Expenses $48,335

The company will start with $75,000 of inventory. The majority of the assets will be inventory. The opening day’s cash on hand balance will be $1,000. The purpose of the business plan is to secure $122,335 loan. This loan covers everything needed for one year.

* Start-up Assets
  + Cash required $1,000
  + Start-up inventory $75,000
  + **TOTAL** Assets $76,000
* Start-up Liabilities
  + Owner’s Investment—Cash $2,000
  + **TOTAL** Planned Investment $2,000
* **TOTAL REQUIRED FOR LOAN** $122,335

2.3 Company Location and Facilities

Mad Style Furnishings is located at 500 Amity Rd, Conway, AR, 72032. It has 2500 square feet and is leased for 5 years for $30,000 a year. The location is great because we are surrounded by colleges and people wanting to start furnishing their homes. It is close to other major towns and cities which allows for more exposure. All business deliveries and shipments will be handled at this location.

Products

We will not be a brand specific store or gallery. If a well-known brand does come up with a new modern or classy take on a furniture piece, then we will try to have that represented in the store. The unique modern-ness of the furniture is more important than being known for carrying a specific brand.

3.1 Product Description

The products I am looking to sell are those that are functional but are interesting to the eye. I am looking to work with young designers like John Nouanesing and with some of the well-known brands that have the style trend I am looking to sell in the store. Eco-friendly designs will also be incorporated, so Polywood will be a line represented in the store.

Our products will also include a wide range of comforters and sheet sets, curtains, shelving, cooking utensils, some small appliances, and other accessories necessary to furnish a first apartment or home.

3.2 Competitive Comparison

* I will work with young, new designers to offset pricing by offering advancement in advertising.
* Mad Style Furnishings location is central to at least 3 colleges in a growing city.
* The store will offer furniture that make people stop and stare.

3.3 Sales Literature

* At the beginning of each fall semester I will print full colored flyers to advertise the store around each college campus within the area.
* When students come back for the spring semester I will set up flyers again as a reminder about the store.
* At graduation time flyers will go up again so that the graduates who are about to move out and purchase their first house or rent an apartment will see the furniture store ad.
* A website will be created and upgraded as funding allows.
* Radio ads will be used if funding allows.

3.4 Sourcing

* I will purchase furniture from the Dallas Market.
* I will buy from young furniture designers so that they have a place to showcase their designs.

3.5 Technology

Peachtree will be the accounting software used to run the store. A security system will be set in place as well. A cash register will also be used. The store can forego everything else to save money to use elsewhere.

3.6 Future Products

We will carry those brands that are frequently requested by customers so as to show our loyalty to them so they keep coming back. The website will be upgraded once funding allows the store to do so.

Market Analysis Summary

The target customers are those people that are eccentric and love for their home to show their style. These people care for the earth and want to see the green revolution continue. They want more earth-friendly products and want them to be more accessible than just the upper class.

4.1 Market Segmentation

The target market consists of teenagers who are just starting to want to decorate and lay claim to their own space, along with college students who want to add to their asylum like rooms or people who have just purchased their first home or apartment. The people that fall into these categories are more prone to follow new trends and find ways to differentiate themselves from the crowd. As a furniture store, I am catering to the ideal of being different from the rest. With this in mind, other age groups may fall into this category for wanting new takes on the way they view furniture, however the ideal customer tends to fall into the previous age ranges.

Since the furniture is aimed to be more earth-friendly as well as modern, I am catering to the supporters of the green revolution. This could be either extremists or people who are just excited about the trend.

4.2 Target Market Segment Strategy

The goal of Mad Style Furnishings is to cater to those individuals who pride themselves on being different and unique who like to keep up with trends and want to help support causes that are earth-friendly.

4.2.1 Market Needs

It is hard to find trendy furniture and accessories that are made to be more earth-friendly and affordable enough for the typical college student to buy. Mad Style Furnishings is trying to serve these people by offering this along with neat designs and styles that are unique.

4.2.2 Market Trends

The green revolution is a major trend that does not seem to go away. There are always people passionate about the earth and these people will support and buy things that align themselves with the same goals.

Another interesting trend is the new comebacks for the popular culture from the late 90s and early 2000s. With this, I can select merchandise that I believe will appeal to those of us seeking nostalgia and incorporate these items into the unusual and unique aspect of the store.

4.2.3 Market Growth

According to the City of Conway, “Conway and Faulkner County continue to be ranked as one of the fastest growing job markets in the United States. Faulkner County is among the top 25 places for job growth, according to recent rankings by *CNN Money - a service of CNN*, *Fortune Magazine* and *Money Magazine*.

With a job growth rate of nearly 35 percent from 2000-2011, Faulkner County is No. 13 on *CNN Money*’s 2012 list of counties with the highest percentage of job growth. In 2013, *CNN Money* ranked Faulkner County as having the 19th fastest-growing job market between 2010 and 2012.”

4.2.4 Industry Analysis

Furniture stores—typically sell to a wide variety of people so they would have some merchandise that might cater to the same target market as Mad Style Furnishings.

All stores that sell furniture—some discount stores and large chain stores that are able to buy in bulk can sell furniture for less than small businesses.

Home furnishings and accessories stores—some of these stores sell more unique designs than other home stores which would mean competition.

4.3 Main Competitors

(Closest competitors with similar target markets)

H3 Home + Décor—1.8 miles from Mad Style Furnishings, offers design assistance

Hank’s Fine Furniture—1.3 miles from Mad Style Furnishings, middle to upper class

Cleo’s Furniture and Mattress—1 mile from Mad Style Furnishings, furniture for lower income people

Kirkland’s—0.6 miles from Mad Style Furnishings, home goods store with unique décor designs

Bates Furniture—1.9 miles from Mad Style Furnishings, family owned store,

Furniture Factory Outlet—580 Amity Rd., furniture for lower income people

Furniture Row—200 Amity Rd., middle to upper class market

Strategy and Implementation Summary

The goal is to provide new trendy items and bizarre designs to the college community of Conway. We are hoping to become the first stop for every college student or eccentric person’s furnishing needs.

5.1 Competitive Edge

* The location is our biggest advantage which is in the middle of our target market base.
* The styles we offer will be consist of those that most furniture stores would not handle because it is unfamiliar or too odd.

5.2 Marketing Strategy

We will focus on niche marketing along with customer service which ties into loyalty in our customer base.

* Promotions will always be in line with the mission of the company.

5.2.1 Pricing Strategy

Price will be determined by the amount a savvy trendy person would be willing to pay for such merchandise. The mark-up will be enough to provide a profit for the store but not so high that a college student could not pay it off by financing it.

5.2.2 Promotion Strategy

The prime location of the store allows us to spend less money on promotions and the money we do spend will be based around the college schedules in and around Conway.

* The Grand Opening will be the start of the fall semester for the colleges nearby.
  + When students arrive on campus from summer and winter breaks, flyers will be posted around the campuses.
  + The website will be upgraded once funding allows.
  + Radio ads will also be used once the funding allows.

5.2.3 Distribution Strategy

The location is what will help build our customer base.

5.2.4 Marketing Programs

The flyers will be the main part of the marketing program. Radio ads will be added at a later time along with upgrades to the website.

5.2.5 Positioning Statement

Mad Style Furnishings will provide furniture and home goods that are works of art yet functional and small-scale so that those moving into a dorm or their first apartment or home will be reassured that the merchandise will fit.

5.3 Sales Strategy

* We will utilize Peachtree Accounting software for customer databases, inventory, sales transaction, and interactions with vendors.
* We will utilize the customer database to send out emails of new product lines that match previous purchases.
* Our return policy will be a 72 hour return/exchange as long as it is in the same condition it left the store.
* We will provide delivery services free or for a flat rate of $10 (depending on amount and size) within a 20 mile radius.

5.3.1 Sales Forecast

The following table shows our forecasted sales. We have forecasted conservatively for 3 years and expect profits to increase as word of mouth of satisfied customers spreads.

We plan a growth rate of 15% from year one to year two because we will be a new trendy business and people will be interested in finding out more. Year two and year three has a 10% growth because of a forecasted downward trend in the economy.

|  |  |  |  |
| --- | --- | --- | --- |
| Sales Forecast | | | |
| Unit Sales ($) | | | |
|  | Year 1 | Year 2 | Year 3 |
| Living room | 80,200 | 92,230 | 101,453 |
| Kitchen | 75,698 | 87,053 | 95,758 |
| Bedroom | 73,978 | 85,075 | 93,583 |
| **TOTAL** | **229,876** | **264,358** | **290,794** |

5.4 Milestones (2016)

|  |  |
| --- | --- |
| Secure Retail Location Lease | February 3 |
| Place Inventory Orders | February 8 |
| Federal Employee ID# | February 17 |
| State Registration | February 17 |
| Arkansas Sales and Use Tax Permit | February 17 |
| Order Colored Flyers | June 20 |
| Purchase Computer/Cash Register | July 1 |
| Contact Utility Company | July 5 |
| TeleCheck | July 20 |
| Create Store Policies | July 25 |
| Grand Opening | August 15 |

Management Summary

Due to the limited number of employees, the first hire will need to be well-rounded. They must be able to do things from cleaning the floor to helping create visual merchandising displays. There will be informal evaluations but everything will be documented every six months on the progress or regress of the employee. The employee needs to be trust worthy and understand basic interior terms.

6.1 Organizational Structure

The store is a small business run as a sole-proprietorship. Kaylie Lassiter will be making the decisions with input from customers and my employee(s). Everything will be considered with an open mind and discussed before I make the final decision.

6.2 Management Team

Kaylie Lassiter, the president, is in charge of all aspects and daily operations for the business. She will act in all capacities as required for operation of the business. I have a basic knowledge of Accounting with a minor in management, and this experience will help me with the business operations. My experience with visual merchandising will help with the store layout and the vignettes.

6.3 Personnel Plan

The starting pay is $9/hr and will increase to $9.25 if employee is doing well and the company can afford it. The employee will get a raise every 6 months, after the evaluations, of $0.25 if they do well and the company can afford to give them a raise. The employee will get a paid day off and 7 sick days of which they will receive half their normal pay. We will not provide health insurance but at the end of year 3 if things are going well, we will provide a basic retirement plan. The company will need to be able to match contributions up to 3%.

|  |  |  |  |
| --- | --- | --- | --- |
| Personnel Plan | | | |
|  | Year 1 | Year 2 | Year 3 |
| President | 19,350 | 19,760 | 20,800 |
| Full-time | 19,350 | 19,760 | 20,800 |
| Part-time | N/A | 9,360 | 9,880 |
| TOTAL PEOPLE | 2 | 3 | 3 |
| Total Payroll | 38,700 | 48,880 | 51,480 |

Financial Plan

We will finance. We will also accept most major credit cards, cash, and checks. The TeleCheck system will help with this area. Residual profits will be reinvested into the store and personnel.

7.1 Important Assumptions

We will accept cash and checks along with these credit cards: Visa, MasterCard, Discover, and American Express. Financing will be offered to those that apply and there will be a $20 fee involved for paperwork. Payments are due every 30 days and the first installment needs to be paid before delivery. On the first missed payment, the person has a 5 day grace period in which to get the money to the store. If they still do not pay, then we will reclaim the merchandise. Financing is only done for 6 months and with each late payment the grace period decreases starting with 5 days, then 3 days, and the last one being 2 days. The bank the store will be using is Simmons Bank in Conway, AR. There will be 2 separate accounts; one for checking and one for credit card transactions.

7.2 Key Financial Indicators

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| |  |  |  |  | | --- | --- | --- | --- | |  | Year 1 | Year 2 | Year 3 | | Sales | $229,876 | $131,531.00 | $144,685.00 | | Operating Expenses | $48,335.00 | $44,385.00 | $44,385.00 | |



7.4 Projected Profit and Loss



7.6 Projected Balance Sheet

