

ADEGOKE-ALAGBE SAMUEL CHARLES

18/ENG03/006 CIVIL ENGINEERING

### **PEGGY WEARS RETAIL BUSINESS PLAN**

1. **EXECUTIVE SUMMARY:** Peggy wears is a new apparel store that caters to the citizens in Lagos, Nigeria. As our name suggests our focus is to provide western wear apparel and accessories, and position ourselves as the top retail store servicing those in Lagos state.

We are the first and only African-American owned western apparel store in the city of Lagos. Our intentions are to obtain 80% market share and become a central hub of shopping activities for both federal and private universities student population as well as others who enjoy wearing western apparel in the country.

#### **OBJECTIVES:**

1. To create a shopping environment that caters to the apparel needs of the students of the various citizens
2. To earn 80% market share and become the number one ethnic western wear apparel in Lagos state.
3. To receive a 50% profit margin within the first year
4. To be an active member in the community supporting agricultural events, and equestrian organizations working with children.

### **2. COMPANY SUMMARY:**

Peggy wears is organized as a sole proprietorship among the two partners of Adegoke-alagbe Samuel Charles.

We will be located at 245/123 Mclean Rd, Maryland, being the epicenter of African-Western community on the west of Lagos.

The hours of operation will be Monday- Tuesday 10am-6pm, Wednesday-Saturday 10am-8pm, and Sunday 12pm -6pm. There will be extended special hours designed during the Lagos Eyofestival season and during the Christmas holiday shopping season.

All merchandise will be purchased according to the company's mission and customer focus of outfitting all sizes including women's plus sizes and men's big and tall.

### **Company ownership**

Peggy wears is organized as a sole proprietorship . who will handle all administrative and managerial duties.

### **Startup summary**

The company eill start with three months inventory on hand for apparel and accessories as this the main revenue generator .The majority of the company's assets will reside in inventory. The Opening days cash on hand balance will be \$384

**START-UP FUNDING:**

Start-up Expenses to fund	₦ 9,416
Start-up Assests to fund	₦ 14,384

**TOTAL FUNDING REQUIRED** **\$23,800**

Assets

Non-cash Assets from start-up	₦14,000
Cash Requirements from start-up	₦ 384

**TOTAL LIABILITIES** **₦ 18,700**

Planned investment

Capital

Owners investment-cash	₦ 5,100
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Others

### **3. PRODUCTS**

Peggy wears will carry nationally recognized African western wear brands. Our selection will range from the basics of wrangler to the trendy western side of western ethics. We will be purchasing through sales representatives and

manufactures in a variety of sizes, color and style to fit our target market base. The greatest percentage of merchandise will be in apparel, followed by accessories, hats and gifts.

Management will rely on customer feedback, suggestions and sales reports to introduce or eliminate certain brands, styles and sizes.

### **Product description**

The company will provide a selection of brands that fall within our mission statement. Our goal is to carry a selection of labels from the hardcore western wear to the more sophisticated African western styles.

Some of the labels we will carry are listed below:

Cinch - Rouchrider of Circle T

Circle Y of Yoakum - Silver Strike Buckles

Cowboy Hardware - Sunbody Hats

Hat 'N' Han - 20X by Wrangler

Lawman Jeans - Urgent Gear

Panhandle Slim - Western Ethics

Rocky Mountains - Wrangler

### **Competitive Comparison**

Peggy Wears has a number of advantages that will allow us to build our brand identity, add value to our merchandise and build a loyal customer base while standing apart from our competitors.

We will be the first African-American-owned western wear apparel retailer in Lagos, Nigeria.

The Peggy wears will entitle customers to a 15% discount after ten purchases.

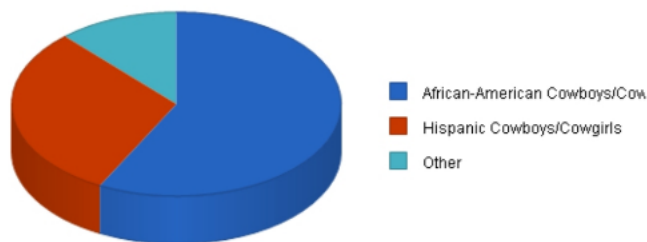
We will offer clothing to fit plus-size women and big and tall men.

#### 4. Market Analysis Summary

The primary target customer of Peggy Wears will be the African-American located in the western part of Lagos. As we are situated in the epi-center of their residential community we believe they will make up the largest percentage of our customer base.

The last target customer of Peggy wears is listed as other. As popularity about the store increases we expect to see an assortment of curiosity seekers, and local residents from the community as well as seasonal purchasers during rodeo season.

Market Analysis (Pie)



## 5. STRATEGY AND IMPLEMENTATION SUMMARY

Peggy Wear's goal is to provide apparel to the under served market of the African-American community. The major western apparel retailers have left a hole in this market by not providing a larger assortment of sizes.

Our intention is to gain 80% of this market share by focusing on our niche positioning, neighborhood location, brand that we sell, southern hospitality and special promotions.

### Competitive Edge

The Peggy wears which allows the customer a 15% discount after ten purchases.

Our location in the community will offer closer access to our target customer base.

We will offer plus sizes for women and big and tall sizes for men.

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## 6. MARKETING STRATEGY

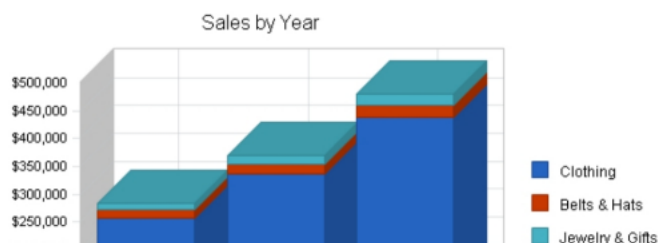
Our marketing strategy will focus heavily on sales promotion, niche positioning in the market and customer service with loyalty and retention in sales.

The marketing budget will not exceed 5% of our gross annual sales.

Our promotions will always stay in tune with our company objectives and mission statement.

### Pricing Strategy

Peggy Wears will maintain a flexible pricing strategy. We base the product lines that we carry on their reputation and quality as western wear apparel. Most of our lines come with a suggested retail price that we will follow. We will also utilize the standard practice of



keystoning as well.

## **Management Summary**

Employees will be encouraged to work within their creative, physical, and intellectual boundaries. All duties will be divided and delegated according to strengths and weaknesses. At Peggy wears we will expect a high degree of customer service skills and personality as this is essential to our success.

The manager will assess the productivity and perform informal employees evaluations of all employees every six months. These bi-annual evaluations are conducive to the continued growth of our small business.

### **Organizational Structure**

Peggy Wears is a small business and therefore requires a simple organizational structure. The Manger will act a general manager. All decisions are made in-line with the company objectives. Employee tasks are delegated based upon their level of expertise, creativity, strengths and weaknesses.

## Management Team

I and general manager will be responsible for all administrative functions, purchasing, inventory control, and promotions. we will also act as a part-time sales representative. We have spent over 10 years in accounting, finance and operations management. The general manager was also the owner of Tattletale's, an e-commerce toy store for three years. He has extensive background in purchasing, inventory control, and marketing.

## Personnel Plan

The personnel plan is included in the following table below. There will be one full-time employee and two part-time employees working 20-30 hours per week. The full-time employee will be paid at a rate of \$10.00 per hour and the two part-time employees will be paid at a rate of \$8.00 per hour. All employee's will benefit from a one day paid holiday on their respective birthdays and one week of paid vacation after twelve months of employment.

### PERSONNEL PLAN

#### YEAR 1 YEAR 2 YEAR 3

Owner	₺ 11,475	₺ 12,623	₺ 13,885
Full-time position	₺ 20,400	₺ 22,440	₺ 24,684
Part-time position	₺ 12,240	₺ 13,464	₺ 14,810
TOTAL PEOPLE	3	3	3
Total Payroll	₺ 44,115	₺ 48,527	₺ 53,379

## 7. FINANCIAL PLAN

The growth of Peggy Wear will be moderate and the cash balance will always be positive. Being a retail environment we will not be selling on credit. We will accept cash, checks, and all major credit cards. TeleCheck Services will be used as the check guaranty system to



help reduce the percentage of loss on bad checks. Marketing and advertising will remain at or below 5% of sales. We will continue to reinvest residual profits into company expansion, and personnel.

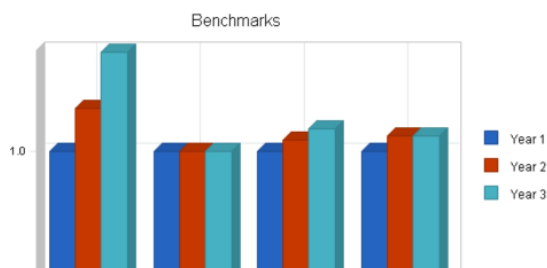
### Important Assumptions

Peggy Wear does not sell on credit nor do we offer layaways at this time. We accept cash and checks, Visa, MasterCard, Discover and American Express. All sales paid via credit cards will be deposited in our business checking account within 48 hours. Our business checking account will be with Washington Mutual. They have reported the interest rate as those listed below.

### Key Financial Indicators

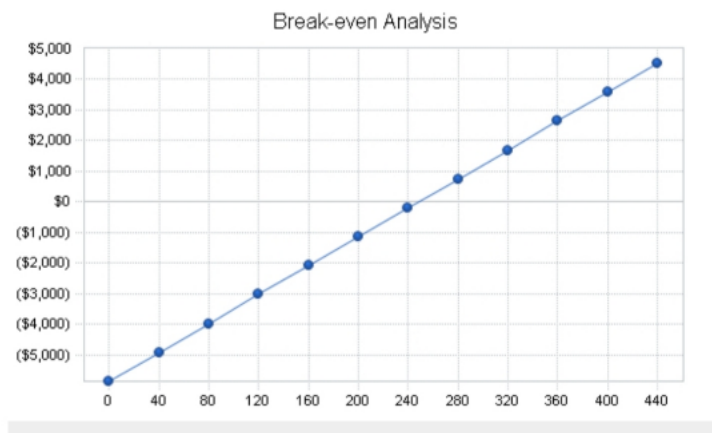
The following chart shows the benchmark figures for Mahogany Western Wear.

	YEAR 1	YEAR 2	YEAR 3
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0



## Break-even Analysis

A break-even analysis table has been completed on the basis of average costs/prices. With fixed costs of \$5,800, ~\$47 in average sales, and \$23 in an average variable costs, we need \$11,700 per month in sales to break even.



## BREAK-EVEN ANALYSIS

Monthly Units Break-even ₦ 248

Monthly Revenue Break-even ₦ 11,712

Assumptions:

Average Per-Unit Revenue ₦ 47.21

Average Per-Unit Variable Cost ₦ 23.60

Estimated Monthly Fixed Cost ₦ 5,856

## Projected Profit and Loss

The following chart and table will indicate projected profit and loss.



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## PRO FORMA PROFIT AND LOSS

### YEAR 1 YEAR 2 YEAR 3

Sales ₦ 284,200    ₦ 369,460    ₦ 480,290

Direct Cost of Sales ₦ 142,100    ₦ 184,730    ₦ 240,145

Other Production Expenses 0    \$0

TOTAL COST OF SALES    ₦ 142,100    ₦ 184,730    ₦ 240,145

Gross Margin ₦ 142,100    ₦ 184,730    ₦ 240,145

Gross Margin %    50.00% 50.00% 50.00%

## Expenses

Payroll	₦ 44,115	₦ 48,527	₦ 53,379
Sales and Marketing and Other Expenses	₦ 15,448	₦ 15,523	₦ 15,834
Depreciation	₦ 0	₦ 0	₦ 0
Telephone / Pagers/ Cell	₦ 1,800	₦ 1,800	₦ 1,836
Utilities	₦ 4,500	₦ 4,800	₦ 4,896
Payroll Taxes	₦ 4,412	₦ 4,853	₦ 5,338
Other	0	0	0
Total Operating Expenses	₦ 70,275	₦ 75,502	₦ 81,283
Profit Before Interest and Taxes	₦ 71,826	₦ 109,228	₦ 158,862
EBITDA	\$71,826	₦ 109,228	₦ 158,862
Interest Expense	₦ 1,491	₦ 1,175	₦ 845
Taxes Incurred	₦ 21,100	₦ 32,416	₦ 47,405
Net Profit	₦ 49,234	₦ 75,637	₦ 110,612
Net Profit/Sales	17.32%	20.47%	23.03%

## Projected Cash Flow

The following table explains projected cash flow.



## 8. APPENDIX

### SALES FORECAST

MONTH 1	MONTH 2	MONTH 3	MONTH 4	MONTH 5	MONTH 6	MONTH 7	MONTH 8	MONTH 9	MONTH 10	MONTH 11	MONTH 12
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#### Unit Sales

Clothing	0%	325	350	350	400	400	475	500	475	500	500
	450	450									
Belts & Hats	0%	15	15	15	20	20	30	30	35	35	30
	20	20									
Jewelry & Gifts	0%	40	40	40	40	40	65	65	50	50	
	50	40	40								
TOTAL UNIT SALES			380	405	405	460	460	570	595	560	585
	580	510	510								

Unit Prices	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11
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Month 12

Clothing	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00
	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00
	\$50.00				

Belts & Hats	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00
	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00	₦ 50.00
	\$50.00				

Jewelry & Gifts	₦ 20.00	₦ 20.00	₦ 20.00	₦ 20.00	₦
20.00	₦ 20.00	₦ 20.00	₦ 20.00	₦ 20.00	₦ 20.00

Sales

Clothing	₦ 16,250	₦ 17,500	₦ 17,500	₦ 20,000	₦ 20,000
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Belts & Hats	₦ 750		₦ 750		₦ 750
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₦	₦ 1,000		₦ 1,000		₦ 1,500
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TOTAL SALES		₦ 17,800		₦ 19,050	
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₦ 19,050

₦ 21,800	₦ 21,800		₦ 26,550		₦ 27,800
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