



QUICK-LAUNCH: THE ONE-DAY BUSINESS PLAN

GRIFFIN-HAMMIS ASSOCIATES, LLC

SAMPLE ONE-DAY BUSINESS PLAN

ANNA'S NATIVE ARTS

PROPRIETOR: ANNA RUIZ, ALBUQUERQUE, NEW MEXICO

Discovery: (Background information for use in understanding the Business Plan). Anna Ruiz is 32 years old and lives in an apartment, with her roommate Pauline, in Albuquerque, New Mexico. Her parents live within several miles, and she has a sister in Cimarron, about 40 miles northeast. Anna receives Vocational and Residential support services from the local Cerebral Palsy Center (CP). The Vocational Program allocation is \$13,000 for community employment services. Both Anna and Pauline receive residential assistance daily which includes help with shopping, cooking, physical therapy routines, and transportation around the city for medical, recreational, and professional purposes (Anna and Pauline are People First Board Members).

Anna's father is a machinist who works for Sandia Labs, a major defense contractor. Anna's mother is a portrait artist and part-time high school art teacher. Anna's older sister teaches graphic design at Santa Fe Community College. Anna inherited the "artist's eye" as her mother likes to say. She has collected Native American style jewelry and pottery since she was a child, although her collection is small due to the high prices sometimes involved. Anna also has a love of computers that her father taught her to use after he learned later in life how to use CAD and to program a CNC machine at work. She uses a computer on loan to her through CP's Assistive Technology Department which allows Anna to order groceries on-line, practice her spelling and writing, and work on learning functional math. Anna uses typing cuffs and dowels along with word-completion software to speed things along.

For the past 2 years, Anna has been spending about 10 hours a week visiting Flea Markets, the New Mexico Artist's Cooperative (where she volunteers in return for occasional classes in painting and design), and learning how to buy and sell on Ebay. Her family and artistic connections led to her idea of selling jewelry from Indian Country on Ebay. Her Employment Specialist helped Anna connect with some of the jewelry-makers at the local Indian Market and negotiate a deal for wholesale pricing on their pieces. Since many of these part-time jewelers do not use the Internet, the relationship represents an opportunity for them to develop a new market channel and maybe reduce time spent selling to tourists in Old Town Square. This also partially solves Anna's problem of accessing historic shops that do not accommodate her wheelchair, and also allows her to provide buyers with a Certificate of Authenticity for each piece.

DRAFT BUSINESS PLAN

ANNA'S NATIVE ARTS

Overview:

Anna Ruiz is the sole owner of Anna's Native Arts. Her business model is simple: she buys original Indian Jewelry, and related items, and re-sells to admirers and collectors internationally on Ebay. Anna is creating a network of local suppliers through family and business associates and will employ at least one part-time assistant within 18 months of start-up.

Mission:

Anna's Native Arts sells quality, handcrafted Native American Jewelry worldwide.

Goals:

1. To establish a self-sustaining business
2. To hire at least one part-time staff person within 18 months
3. To develop an international repeat-customer base
4. To become known as the Ebay leader in authentic Native jewelry sales

Products & Services:

Anna's Native Arts is designed to buy in small volumes from an array of local Native American jewelry-makers. Her suppliers represent a network of artisans looking to increase sales volume while decreasing their time commitment to face-to-face sales. Anna is a member of the local New Mexico Artist's Cooperative and as such is using her connections there to solicit participating artisans. To date she has 6 jewelry-makers each offering her wholesale pricing on silver earrings, bracelets, and necklaces featuring various traditional stones (turquoise, garnet, sapphire, et al.) and polished bone ornamentation.

The market for Native and hand-crafted jewelry continues to grow both in the U.S. and internationally. The market is wide and varied with buyers at all price points. Anna's niche will be moderate cost with high authenticity. Monitoring Ebay for the past 6 months, it appears that high cost jewelry does not sell well. Investigating this with jewelers locally, Anna found that they are of the opinion that people want to touch expensive items before they purchase for fear of being ripped-off. Anna's primary customer, the daily jewelry user, is not risking large amounts of money so they remain willing to purchase using just a digital picture and the written description as their guide. To further comfort buyers, Anna maintains a 100% customer satisfaction score as an Ebay seller.

Anna's primary outlet will be Ebay, although opening a store in Old Town is long-term dream. Over the past year, Anna has concentrated on jewelry sales on-line, buying locally at Flea Markets and yard-sales. Her Employment Specialist assists her in taking digital pictures of the items and in reviewing her item descriptions. Anna writes up the auction descriptions in MS Word and has saved over 3 dozen description templates that she can use to save time when adding new items at auction. She accepts personal checks (she waits until they clear the bank before shipping the merchandise), cashiers checks, and has a Paypal account for those wishing to do bank transfers or credit card purchases.

According to CBS News, over 250,000 Americans have quit their day jobs to open full-time companies on Ebay. The U.S. Dept. of Commerce believes this estimate is low, and also notes that Ebay has created an underground form of commerce responsible for launching over a million "hobby" businesses. Ebay makes its money by charging sellers an Insertion Fee (for a Fixed Starting Price or Reserve Price auction) and a Final Value Fee based on a percentage of the closing price. Anna's father is helping with the pricing and has determined that at start-up Anna should, from past sales success, be capable of selling approximately:

- 30 - \$15 items per month (mostly silver earrings)
- 10 - \$50 items per month (mostly bracelets)
- 2 - \$100 items per month (mostly necklaces with semi-precious stones)

Ebay fees for a \$15 item are approximately \$1.09; for a \$50 item \$2.60; for a \$100 item \$5.77

Anna estimates that **50%** of her buyers will use Paypal. Paypal's rate structure indicates that she'll pay \$.30 for each transaction plus 2.9% of the sales price. Costs for the above sales estimates are:

- 15 - \$15 items: $\$4.50 + 6.53 = \11.03
- 5 - \$50 items: $\$1.50 + 7.25 = \$ 8.75$
- 1 - \$100 item: $\$.30 + 2.90 = \$ 3.20$

In this estimate of monthly sales, Anna will Gross \$1150 and pay \$93.22 for her channel strategy (i.e. Ebay/Paypal sales commissions). Anna sells her jewelry at approximately a 50% markup over her wholesale cost. So, the \$15 earrings cost her \$7.50; \$50 bracelets are \$25; and the \$100 necklaces and precious-stone earrings are \$50.

Customers, Competitors, Marketing and Sales:

As noted above, Anna has designed a business model that fits her personal interests, capitalizes on the skills and talents of those who assist her, and augments her value in the artist's community she is so fond of.

Anna's Products and Services:

1. Authenticated hand-made silver jewelry from the heart of Indian Country
2. Moderately priced for the discriminating buyer
3. Wide range of designs providing for the growth of repeat buyers
4. Money-back guarantee if the description or quality are perceived as less than described on Ebay

Primary Customer: American women seeking tasteful and unique, moderately-priced jewelry for school and office.

Secondary Customer: Women from across the world, especially Europe, Australia, and Japan seeking professional and recreational jewelry that shows off their worldliness and taste at sensible prices.

Anna's Native Arts is designed for these specific customers, it does not cater to high-society buyers, nor does it offer customized items. Anna's business model is designed to meet the needs of busy students and professionals, making it as-easy-as-possible to buy quality, authentic items. Anna will grow a repeat-customer foundation by ordering varied designs from her small array of jewelry-makers, and will ask customers to recommend her Ebay Store to their friends. Anna will investigate the effectiveness of incentives (discount coupons) for repeat buyers during year two of the start-up.

Anna's Native Arts is differentiated by its:

Sole location on Ebay;
Quality at a good price;
Super fast shipping;
Ease of Purchase;
Location in the heart of Indian Country.

How will customers find Anna? Ebay is the world's largest retailer. Anna's takes advantage of this channel strategy that pulls customers instead of pushing them. Anna is using a tried and true approach to sales commonly referred to as "listing." Traditional advertising finds customers by invading their daily routines; listing instead puts products and information in places where customers are likely to be looking. Anna's volume will be enough to maintain cashflow and to offer real choice to her customers on-line.

Business Feasibility:

To date, Anna has sold over 100 jewelry items on Ebay, netting a profit of \$500. This experience has helped refine the process, the wording of each auction, and clearly define the items that customers want the most. A search of Ebay jewelry items finds 1000s of auctions, but few sellers specializing in Anna's niche of authentic southwest Native American jewelry, and most sellers are individual sellers offering items they no longer wear. Anna is estimating \$1150 per month in gross sales during her first 6 months, and when that is achieved, she will double sales volume in month 7 to test the growth potential. She expects another increase in November and December as a result of the

holiday season. Over the past 6 months she has polled 40 of her buyers and discovered that almost unanimously they want to bid on additional similar items.

A minor investment is being requested for initial inventory, equipment, software, and assistance considering the potential for a long-term, self-supporting business.

Promotion & Distribution:

Promotion and Distribution are integral to the Ebay business model. Enhanced background templates for showing-off jewelry are available at minimal cost from Ebay, and repeat sales and buyer “buzz” about their new jewelry will be encouraged through incentives and relationship building with each customer. Anna’s will communicate directly to each buyer, via e-mail, re-stating that the quality and authenticity are guaranteed or their money back. Anna’s will also maintain a 100% buyer satisfaction score on Ebay, and will utilize Paypal and other payment strategies that make it easy and convenient for customers. There will be a statement in each auction description noting that Anna’s has no secret shipping charges, just the costs for Priority Mail (\$3.85) and a padded envelope & small jewelry box (Anna pays \$1.00 for these, but adds \$1.00 for her time to print a label and seal the mailer). Her average shipping cost to the buyer is only \$5.85, less than the average seller on Ebay.

Anna will depend on CP to provide an Employment Specialist and transportation to/from her suppliers and the Post Office, as well as to her art classes and volunteering at the Artist’s Co-op. Her Employment Specialist also uses her personal digital camera and assists Anna in getting those pictures on Ebay. In year two, Anna plans to hire an assistant to help with these duties 10-15 hours a week. Anna will also need accounting assistance. Her family is helping with setting up on-line banking and connecting her to additional artisans interested in having Anna carry their goods.

Anna is also preparing a press-release on her business to increase local sales, and her sister and father are helping her design a web-site that will feature monthly “specials” on bracelets, earrings, and necklaces. Once that is up and running, Anna will add the line “if you would like to see more authentic items like this one, please visit my website at www.annasnativearts.com” to her Ebay auction descriptions.

Sales Forecast:

Please see attached Sales Projection for 2005. Note that Anna is planning to start selling approximately 42 items per month on Ebay. She anticipates selling 30 pairs of earrings at an average sales price of \$15; 10 bracelets or higher priced earrings at an average sales price of \$50; and 2 precious-stone necklaces at an average sales price of \$100. In July she will double her offerings on Ebay knowing that her market is more clearly defined, her shipping procedures are better developed, and her customer base has grown. She also anticipates a slight bump in sales as the holidays approach. Anna’s is projecting gross sales of \$21,576 for the year.

Start-up Budget and Costing:

ITEM	COMMENT	SOURCE	AMOUNT
Desktop Computer & Printer	To replace the borrowed unit. Essential for running her business, printing shipping labels, processing digital pictures, et.al	CP or VR	\$ 2,500.00
Computer Consultant	To assist with adaptations, macro development, templates	CP or VR	\$ 1,500.00
Digital Camera	For product pictures	CP or VR	\$ 300.00
High Speed Internet Connection	Annual fee	CP, VR or from operating income	\$ 400.00
Transportation	Visiting jewelry suppliers, Post Office, Researching new suppliers, art classes (mix of public & private transportation)	CP, VR, or from operating income	\$ 2,000.00
Accounting & Tax Prep	Bookkeeping & tax service	CP, VR, or from operating income	\$ 600.00
Starting Inventory	Earrings, bracelets, necklaces	CP, VR, family loan	\$ 1,000.00
Shipping Supplies	Start-up	CP, VR, family loan	\$ 100.00
Website development	For improved sales & customer service	CP, VR, or from Operating income	\$ 500.00
Total			\$ 8,900.00

Note for training participants: Through CP's Employment Specialist (Vocational Program funding) and Residential Follow-along, Anna is assured enough assistance to cover trips to suppliers and the bank at least once per week and visits to the Post Office to send shipments at least twice per week. Anna is an SSI recipient, and as such she has access to a PASS Plan once she has earnings to shelter. For simplicity's sake the positive impacts of a PASS have been excluded from this training, but a PASS would make a substantive impact on her financial status.

Also, in Anna's case, CP is using most of their annual allocation to cover training and supervision of the business during the first year. For example, if Anna requires 6 hours per week from an Employment Specialist (this doesn't include the Residential personnel also available) this equals 312 hours per year at a cost to CP of approximately \$40 per hour or \$12,480, or most of their \$13,000 allocation (again, not including Residential staffing available). Therefore it is likely VR would be approached for start-up cash. WIA funded programs could also contribute, but at present, except for Customized Employment projects, few One-Stops will fund small business due to conflicts with Dept. of Labor Performance Indicators. Still, WIA funds remain an option.

Consider also that if Anna is successful, she plans to hire an assistant in year two which will cut CP's time on-site significantly. CP may choose to finance the business in year one knowing that they will make the money back in the coming years while providing minimal assistance to Anna.

Budget and Breakeven:

See attached. Anna's Native Arts is an exciting new venture with high growth potential. Anna's business will be profitable by the end of the year even without funding. However, that profit, estimated at \$1,930 constitutes her entire wage for the year. If funding is provided as requested (\$8,900), her earnings reach \$10,930 before taxes and she is well situated to grow her business and eventually add an assistant. Anna's use of a PASS will also bolster the business, stabilizing operations into the distant future.