


# BUSINESS PLAN [YEAR]




## Clothing Manufacturer

Quality never goes out of style.

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# 1.

## Executive Summary

Mission Statement

Vision Statement

Keys To Success

Financial Summary

Financial needs



#### REMEMBER

Before you think about how to start a Clothing Manufacturer business, you must create a detailed Clothing Manufacturer business plan. It will not only guide you in the initial phases of your startup but will also help you later on.

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#### TIP

Maxwell Clothes, Inc. is an international clothes manufacturing company that will be located in Detroit - Michigan. We have been able to secure a large warehouse in a strategic part of town that will be converted to our clothing manufacturing factory. We were able to outrightly buy over the facility with the help of our bank and support from family and friends.

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## Mission Statement



#### TIP

Our mission is to establish a cloth manufacturing company that will design and produce high-quality official and casual clothes for male, female, young adults, and children; a cloth manufacturing label that will compete favorably with international clothing labels like Ralph Lauren, Polo by Ralph, Tommy Hilfinger, Hugo Boss, Gap, Lacoste, Nike, Levi Straus, Adidas.

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## Vision Statement



#### TIP

Our vision is to establish a cloth manufacturing company whose products will not only be accepted in the United States of America but also in other parts of the world.

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## Keys To Success



**TIP**

It's about fashion and style. We live or die with the look.

The distribution will be critical. Although we start online, to grow we need to get the resonance of appearing in retail:

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## Financial Summary



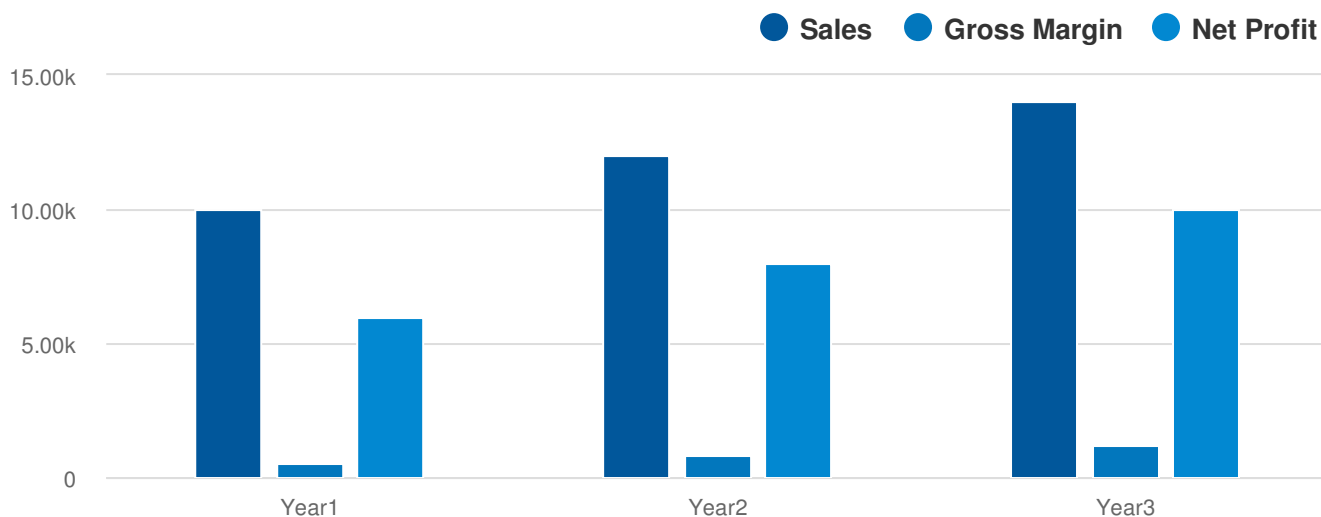
**TIP**

The company's goal is to expand from retail into online, with its own branding, to be sold by the end of the period in other retail stores as well as online.

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## 3 Year profit forecast





**TIP**

Financial Summary	Year 1	Year 2	Year 3
Revenue	\$965,742	\$1,878,611	\$2,718,300

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## Financial needs



**TIP**

We are looking to expand our design line so our owner will put in \$65,000. Further, we are looking for a \$115,000 business loan. Both will be paid back by our second year with our already established customer base and relationships.

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# 2.

## Company Summary

Past Performance

Business Structure

Startup summary



**TIP**

Maxwell Clothes, Inc. is owned by John Moore and his immediate family members. He is an American fashion enthusiast with over two decades of experience in the fashion industry. He will occupy the position of the chief executive officer (CEO) of the organization.

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## Past Performance



**TIP**

We brought our sales up to \$3 million last year, with a 25% gross margin, but no profits. That gross margin was way below industry averages for good reasons as we ramped up, and we project an industry-standard gross of 50% for the future.

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## Business Structure



**TIP**

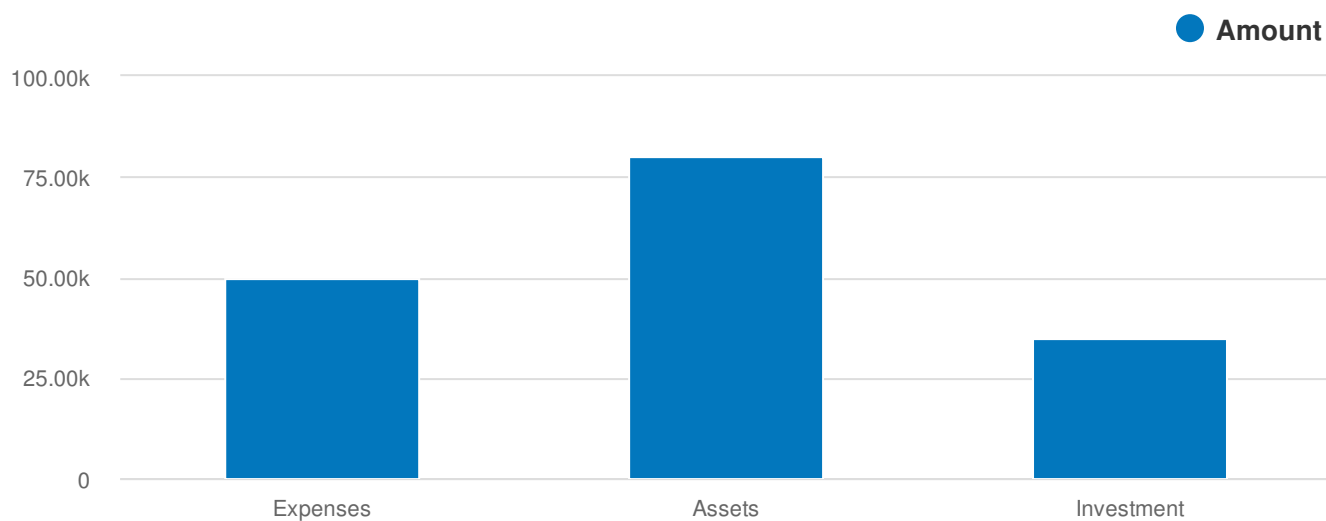
Maxwell Clothes, Inc. is a cloth manufacturing company that intends to start small in Detroit - Michigan but looks to grow big in order to compete favorably with leading clothes manufacturing companies both in the United States and on a global stage.

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# Startup summary

## Startup cost



### Cost distribution

### Amount

<b>Expenses</b>	50000
<b>Assets</b>	80000
<b>Investment</b>	35000

Start-up Expenses	Amount
Legal	\$75,500
Consultants	\$0
Insurance	\$62,750
Rent	\$22,500
Research and Development	\$42,750
Expensed Equipment	\$42,750
Signs	\$1,250
<b>TOTAL START-UP EXPENSES</b>	<b>\$247,500</b>
Start-up Assets	\$0
Cash Required	\$322,500
Start-up Inventory	\$52,625
Other Current Assets	\$222,500

Start-up Expenses	Amount
Long-term Assets	\$125,000
TOTAL ASSETS	\$121,875
Total Requirements	\$245,000
START-UP FUNDING	\$0
START-UP FUNDING	\$273,125
Start-up Expenses to Fund	\$121,875
Start-up Assets to Fund	\$195,000
TOTAL FUNDING REQUIRED	\$0
Assets	\$203,125
Non-cash Assets from Start-up	\$118,750
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$118,750
Cash Balance on Starting Date	\$121,875
TOTAL ASSETS	\$0
Liabilities and Capital	\$0
Liabilities	\$0
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
TOTAL LIABILITIES	\$0
Capital	\$0
Planned Investment	\$0
Investor 1	\$312,500
Investor 2	\$0
Other	\$0
Additional Investment Requirement	\$0
TOTAL PLANNED INVESTMENT	\$695,000
Loss at Start-up (Start-up Expenses)	\$313,125

<b>Start-up Expenses</b>	<b>Amount</b>
TOTAL CAPITAL	\$221,875
TOTAL CAPITAL AND LIABILITIES	\$221,875
Total Funding	\$265,000

# 3.

## Products and services



**TIP**

Maxwell Clothes, Inc. is established with the aim of producing high-quality and highly fashionable clothes for men, women, young adults, and children. We know that quality is a key factor that will help us sell our brand, which is why we hired a competent quality assurance team that will ensure that all our clothes meet and even surpass our customers' expectations.

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# 4.

## Market Analysis

Market Trends

Target Market





#### REMEMBER

The most important component of an effective Clothing Manufacturer's business plan is its accurate marketing analysis. If you are starting on a smaller scale, you can do marketing analysis yourself by taking help from this Clothing Manufacturer business plan sample or other Clothing Manufacturer business plans available online.

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## Market Trends



#### TIP

In recent times, the fashion industry relies more on mass-market sales for them to make the kind of income that will sustain the business. The mass market takes care of a wide range of customers that cuts across both the rich and the poor. Most of the new clothing lines that are trying to catch up with the market ensure that they produce ready-to-wear clothing.

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## Target Market



#### TIP

When it comes to selling clothes, there is indeed a wide range of available customers. In essence, our target market can't be restricted to just a group of people, but all those who reside in the locations where we intend to open our clothes manufacturing company.

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# 5.

## SWOT Analysis



TIP

Maxwell Clothes, Inc. intends to build a world-class clothes manufacturing business that will manufacture both corporate and casual clothes for men, women, young adults, and children. We will be based in Detroit - Michigan, but we will not restrict the sale of our clothes to the U.S market alone, we will sell our product in other parts of the world.

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## Strengths

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Perhaps one of our strongest strengths could be attributed to the quality of employees and the latest machines and equipment that we have in our clothing manufacturing factory. Our chief executive officer, Mr. John Moore will be bringing his vast wealth of experience to the table.

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## Weaknesses

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A major weakness that may count against us is the fact that we are a new clothes manufacturing company and we don't have the financial capacity to compete with multibillion-dollar fashion labels when it comes to controlling the market or dictating the trend.

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## Opportunities

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One thing is certain, whether good or bad, people will always look for clothes to wear and on the average, they go for casual clothes because it is cheap. Besides, the opportunity for clothing lines to sell their clothes is massive and we hope to leverage these opportunities to sell our clothes.

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## Threats

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Just like any other business, one of the major threats that we are likely going to face is an economic downturn. It is a fact that the economic downturn affects purchasing power. Another threat that may likely confront us is the arrival of a new clothes manufacturing company in the same location where our target market exists who may want to adopt the same business model like us.

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# 6.

## Strategy & Implementations

Sales Plan

Advertising Strategy

Pricing Strategy

Milestones & Metrics



#### REMEMBER

After identifying the market demand, market trends, and the potential customers of the startup, the next step is to define an effective strategy for attracting those customers. Like marketing analysis, sales strategy is also an important component of a Clothing Manufacturer business startup and must be properly planned before you think about starting your business.

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## Sales Plan



#### TIP

Maxwell Clothes intends to build a sales team that will be tasked with generating sales leads on a regional and national basis. They will also be responsible for establishing connections with retail outlets.

A key factor in the success of Maxwell Clothes will be the ability to establish connections with retail outlets. To unlock help try Upmetrics!

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## Advertising Strategy



#### TIP

Publicity and advertising as it relates to the fashion industry involve being in touch with the organization's target market and being very creative and proactive.

Beyond every reasonable doubt, the media plays a significant role in the success of a clothing manufacturer. To unlock help try Upmetrics!

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## Pricing Strategy




#### TIP


We at Maxwell Clothes, Inc. will make sure that we design and manufacture corporate and casual clothes that will meet the financial capacity of different classes of people in different parts of the world. The prices of all our corporate and casual clothes will be affordable and at the same time competing with what is obtainable in the fashion industry.

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## Milestones & Metrics

 <b>TIP</b>	<b>Milestone</b>	<b>Due Date</b>	<b>Who's Responsible</b>
	Plan vs. actual review	[Due Date]	CEO

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# 7.

## Financial Plan

Important Assumptions

Break-even Analysis

Projected Profit and Loss

Projected Cash Flow

Projected Balance Sheet

Business Ratios



#### REMEMBER

The last component of the Clothing Manufacturer business plan is an in-depth financial plan. The financial plan crafts a detailed map of all the expenses needed for the startup and how these expenses will be met by the earned profits. It is recommended that you use [our financial planning tool](#) for guiding you through all financial aspects needed to be considered.

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#### TIP

The company will be financed by John himself and he will control the direction of the business to make sure that it is expanding at the forecasted rate. As for the Clothing Manufacturer business start-up, no equity funding or outside loans will be required. With the help of financial experts, John has developed the following financial plan for his start-up business, which outlines the financial

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## Important Assumptions

The financial projections of the company are forecast on the basis of the following assumptions. These assumptions are quite conservative and are expected to show deviation but to a limited level such that the company's major financial strategy will not be affected.

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10,00%	11,00%	12,00%
Long-term Interest Rate	10,00%	10,00%	10,00%
Tax Rate	26,42%	27,76%	28,12%
Other	0	0	0

## Brake-even Analysis

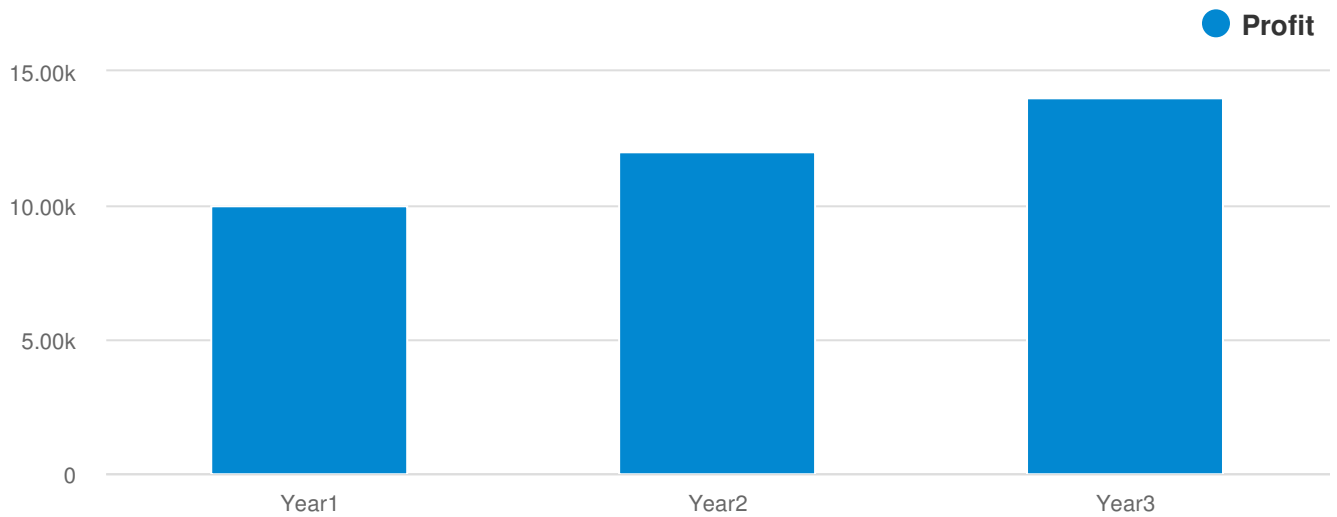
Monthly Units Break-even	5530
Monthly Revenue Break-even	\$159 740
<b>Assumptions:</b>	
Average Per-Unit Revenue	\$260,87
Average Per-Unit Variable Cost	\$0,89
Estimated Monthly Fixed Cost	\$196 410



## Projected Profit and Loss

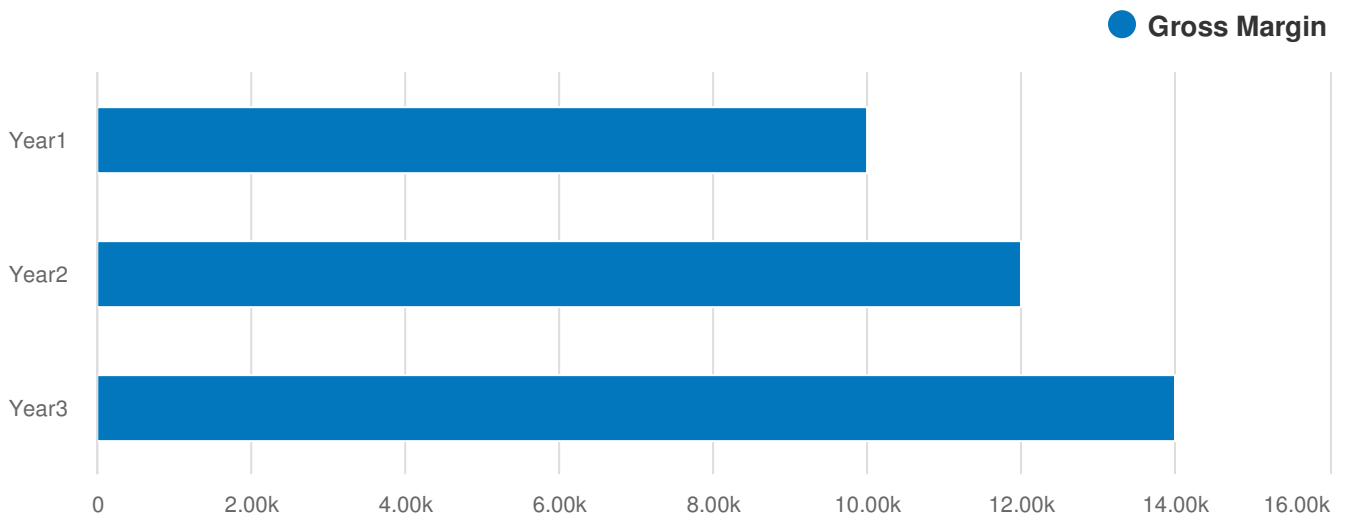
	Year 1	Year 2	Year 3
<b>Sales</b>	\$309 069	\$385 934	\$462 799
Direct Cost of Sales	\$15 100	\$19 153	\$23 206
Other	\$0	\$0	\$0
<b>TOTAL COST OF SALES</b>	\$15 100	\$19 153	\$23 206
Gross Margin	\$293 969	\$366 781	\$439 593
Gross Margin %	94,98%	94,72%	94,46%
<b>Expenses</b>			
Payroll	\$138 036	\$162 898	\$187 760
Sales and Marketing and Other Expenses	\$1 850	\$2 000	\$2 150
Depreciation	\$2 070	\$2 070	\$2 070
Leased Equipment	\$0	\$0	\$0
Utilities	\$4 000	\$4 250	\$4 500
Insurance	\$1 800	\$1 800	\$1 800
Rent	\$6 500	\$7 000	\$7 500
Payroll Taxes	\$34 510	\$40 726	\$46 942
Other	\$0	\$0	\$0
Total Operating Expenses	\$188 766	\$220 744	\$252 722
Profit Before Interest and Taxes	\$105 205	\$146 040	\$186 875
<b>EBITDA</b>	\$107 275	\$148 110	\$188 945
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$26 838	\$37 315	\$47 792
Net Profit	\$78 367	\$108 725	\$139 083
<b>Net Profit/Sales</b>	30,00%	39,32%	48,64%

## Profit Yearly



Financial Year	Profit
Year1	10000
Year2	12000
Year3	14000

## Gross Margin Yearly



Financial Year	Gross Margin
Year1	10000
Year2	12000
Year3	14000

## Projected Cash Flow

Cash Received	Year 1	Year 2	Year 3
<b>Cash from Operations</b>			
Cash Sales	\$40 124	\$45 046	\$50 068
Cash from Receivables	\$7 023	\$8 610	\$9 297
<b>SUBTOTAL CASH FROM OPERATIONS</b>	<b>\$47 143</b>	<b>\$53 651</b>	<b>\$59 359</b>
<b>Additional Cash Received</b>			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
<b>SUBTOTAL CASH RECEIVED</b>	<b>\$47 143</b>	<b>\$53 651</b>	<b>\$55 359</b>
<b>Expenditures from Operations</b>			
Cash Spending	\$21 647	\$24 204	\$26 951
Bill Payments	\$13 539	\$15 385	\$170 631
<b>SUBTOTAL SPENT ON OPERATIONS</b>	<b>\$35 296</b>	<b>\$39 549</b>	<b>\$43 582</b>
<b>Additional Cash Spent</b>			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
<b>SUBTOTAL CASH SPENT</b>	<b>\$35 296</b>	<b>\$35 489</b>	<b>\$43 882</b>
<b>Net Cash Flow</b>	<b>\$11 551</b>	<b>\$13 167</b>	<b>\$15 683</b>

<b>Cash Received</b>	<b>Year 1</b>	<b>Year 2</b>	<b>Year 3</b>
<b>Cash Balance</b>	\$21 823	\$22 381	\$28 239

## Projected Balance Sheet

Assets	Year 1	Year 2	Year 3
<b>Current Assets</b>			
Cash	\$184 666	\$218 525	\$252 384
Accounts Receivable	\$12 613	\$14 493	\$16 373
Inventory	\$2 980	\$3 450	\$3 920
Other Current Assets	\$1 000	\$1 000	\$1 000
<b>TOTAL CURRENT ASSETS</b>	<b>\$201 259</b>	<b>\$237 468</b>	<b>\$273 677</b>
Long-term Assets			
Long-term Assets	\$10 000	\$10 000	\$10 000
Accumulated Depreciation	\$12 420	\$14 490	\$16 560
<b>TOTAL LONG-TERM ASSETS</b>	<b>\$980</b>	<b>\$610</b>	<b>\$240</b>
<b>TOTAL ASSETS</b>	<b>\$198 839</b>	<b>\$232 978</b>	<b>\$267 117</b>
<b>Current Liabilities</b>			
Accounts Payable	\$9 482	\$10 792	\$12 102
Current Borrowing	\$0	\$0	\$0
Other Current Liabilities	\$0	\$0	\$0
<b>SUBTOTAL CURRENT LIABILITIES</b>	<b>\$9 482</b>	<b>\$10 792</b>	<b>\$12 102</b>
Long-term Liabilities	\$0	\$0	\$0
<b>TOTAL LIABILITIES</b>	<b>\$9 482</b>	<b>\$10 792</b>	<b>\$12 102</b>
Paid-in Capital	\$30 000	\$30 000	\$30 000
Retained Earnings	\$48 651	\$72 636	\$96 621
Earnings	\$100 709	\$119 555	\$138 401
<b>TOTAL CAPITAL</b>	<b>\$189 360</b>	<b>\$222 190</b>	<b>\$255 020</b>
<b>TOTAL LIABILITIES AND CAPITAL</b>	<b>\$198 839</b>	<b>\$232 978</b>	<b>\$267 117</b>
<b>Net Worth</b>	<b>\$182 060</b>	<b>\$226 240</b>	<b>\$270 420</b>

## Business Ratios

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	4,35%	30,82%	63,29%	4,00%
<b>Percent of Total Assets</b>				
Accounts Receivable	5,61%	4,71%	3,81%	9,70%
Inventory	1,85%	1,82%	1,79%	9,80%
Other Current Assets	1,75%	2,02%	2,29%	27,40%
Total Current Assets	138,53%	150,99%	163,45%	54,60%
Long-term Assets	-9,47%	-21,01%	-32,55%	58,40%
TOTAL ASSETS	100,00%	100,00%	100,00%	100,00%
Current Liabilities	4,68%	3,04%	2,76%	27,30%
Long-term Liabilities	0,00%	0,00%	0,00%	25,80%
Total Liabilities	4,68%	3,04%	2,76%	54,10%
NET WORTH	99,32%	101,04%	102,76%	44,90%
<b>Percent of Sales</b>				
Sales	100,00%	100,00%	100,00%	100,00%
Gross Margin	94,18%	93,85%	93,52%	0,00%
Selling, General & Administrative Expenses	74,29%	71,83%	69,37%	65,20%
Advertising Expenses	2,06%	1,11%	0,28%	1,40%
Profit Before Interest and Taxes	26,47%	29,30%	32,13%	2,86%
<b>Main Ratios</b>				
Current	25,86	29,39	32,92	1,63
Quick	25,4	28,88	32,36	0,84
Total Debt to Total Assets	2,68%	1,04%	0,76%	67,10%
Pre-tax Return on Net Worth	66,83%	71,26%	75,69%	4,40%
Pre-tax Return on Assets	64,88%	69,75%	74,62%	9,00%
<b>Additional Ratios</b>				
Net Profit Margin	19,20%	21,16%	23,12%	N.A.
Return on Equity	47,79%	50,53%	53,27%	N.A.

	Year 1	Year 2	Year 3	Industry Profile
<b>Activity Ratios</b>				
Accounts Receivable Turnover	4,56	4,56	4,56	N.A.
Collection Days	92	99	106	N.A.
Inventory Turnover	19,7	22,55	25,4	N.A.
Accounts Payable Turnover	14,17	14,67	15,17	N.A.
Payment Days	27	27	27	N.A.
Total Asset Turnover	1,84	1,55	1,26	N.A.
<b>Debt Ratios</b>				
Debt to Net Worth	0	-0,02	-0,04	N.A.
Current Liab. to Liab.	1	1	1	N.A.
<b>Liquidity Ratios</b>				
Net Working Capital	\$120 943	\$140 664	\$160 385	N.A.
Interest Coverage	0	0	0	N.A.
<b>Additional Ratios</b>				
Assets to Sales	0,45	0,48	0,51	N.A.
Current Debt/Total Assets	4%	3%	2%	N.A.
Acid Test	23,66	27,01	30,36	N.A.
Sales/Net Worth	1,68	1,29	0,9	N.A.
Dividend Payout	0	0	0	N.A.

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