



# Create-Ive Soles Business Plan

Bura Mwangi, Haydn Nason, Michael Pellatz

**"The shoe that fits one person pinches another; there is no recipe for living that suits all cases"**

-Carl Jung

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## II. Executive Summary

### Industry Background

Shoes have always been an important part of a daily outfit. The U.S shoe retail industry has about 30,000 stores with revenue ranging around 25 billion every year. Though the economic downturn has slowed down the shoe market, the shoe marketplace has not been discontinued. Shoe manufacturing in the United States has become non-existent. Companies like Nike and Adidas are off shoring their products to cut cost and gain a larger profit.

### Our Company

Create-Ive Soles is based in Portland, Oregon. Portland is the home to NBA team, an international airport, universities, large commuter traffic coming from around the Pacific Northwest. Portland is known for its tax free shopping and the unique shopping experience. Our location is perfect because we can hit different market places. People come to Oregon from Washington for the shopping and the deals and visitors have the chance to learn about this new opportunity. Our shoes are for everyone and our location makes it possible for people to learn more about our company as well as create a buzz around the community. The shoe company provides shoes for everyday consumers guaranteeing quality made shoes at good prices. The prices of shoes range from 70-220\$. This is dependent on the material and customer preference.

### Our Concept

We are a small company that provides custom made shoes. We have employees that follow the current fashion trends. Our employees are trained in the art of making shoes as well as

helping customers create their shoes. Our shoes range from casual, athletic, and formal. When our customers look for shoes they depend on, shoes that are “reliable and stylish”, we provide shoes that fit every customers need. The customer sits in with a consultant and picks from a screen how their shoe will look, what colors it will be, as well as the style. After the customer has completed their look, the product is priced and the design is sent off to be made. During the initial shoe making process the customer can change things about the shoe. We send the customers pictures through cell phones and emails showing the process throughout and allowing the customer to see the step by step development. In the initial makings of the shoe, the customer may choose to change the look of the shoe.

### Our Management

Our management team consists of eleven people. They are all knowledgeable about the evolving shoe market. They know about managing groups of people and how to work under pressure. The management knows what it takes to have a successful business. Our management has worked in the fashion industry before or worked for shoe makers like Steve Madden. The one thing that makes our management work is they understand the needs of the customers and of the workers, incorporating it into the structure of the company.

### Our Competition

Our competition includes surrounding shoe boutiques plus Nike Inc. Nike is one of the largest shoe manufactures in the world and Nike Inc. has discount stores all over Oregon. What gives us the advantage is the customers get one on one attention from our staff as well they get to participate in every aspect of the shoe making process. Our shoes are for the young, middle aged and elder persons. We accept people no matter what shoe size they are and we try to fit in the

customers need no matter what they may ask, there are never any judgments all shoes are our specialty.

### **III. General Company Description**

#### Mission Statement

Create-Ive Soles' mission is to provide Portland with quality and customized assortments of shoes to accommodate all varying styles and shapes in regards to the customers liking.

#### Company Goals

Create-Ive Soles is a partnership between Bura Mwangi, Haydn Nason, and Michael Pellatz. As a company we make a promise to our customers that they will have the option to design and create a shoe customized to their liking and to the extent that we can allow. Create-Ive Soles key to success includes the highest amount of customer satisfaction and hope for the reputation of our company to grow into a popular trend maybe even creating more stores across Oregon then larger to the United States.

#### Company Objectives

The objectives for the first three years of operation include:

1. To create a product that is custom designed for each customer satisfying their personal needs.
2. To increase the client retention to 50% after the first year of being in business.
3. To develop a start-up business, surviving off of our own cash flow and profiting solely after the third year.

## IV. Marketing Plan

Create-Ive Soles will be located in Portland, Oregon city limits in Multnomah County. The city of Portland has about 540,00 people that live in the city limits, 390,000 of which are over the age of 25, 310,000 are in the labor workforce, and about 57,000 people are over the age of 65.

With our product one area we will target is those people over the age of twenty-five. The reason for this is that as people grow older and more mature they tend to care more about the comfort ability of shoes instead of style. While we will try to produce the most stylish shoe possible it has to compete with giants such as Nike and Reebok in the area of teens and young adults because they seem to care solely on style of shoe. Our shoes will be specialize in comfort and being able to wear either dress or casual shoes to any occasion and you won't have to change shoes just to walk home or take your dog for a walk. With people over the age of 25 this tends to be more of an issue; having shoes that you can wear wherever you need to go.

Another target market we will have is that of the working class. Our shoes are not expensive or only for the rich, but they are also are not cheap. With targeting the working class we can make sure that the targets are at least able to purchase our product. The last market we will target is that over the age of sixty-five. The reason is that elderly people usually either have a medical issue with walking or their legs are just not strong enough to walk comfort. With our shoes we can offer back, arch, foot, and ankle support which makes the senior market a high target of ours.

## Trends

According to Suite101.com, the newest trends in shoes for women are loafers and oxfords, which are two traditional “comfy and casual” shoe styles. With our company we would definitely be offering multiple styles for women’s loafers. For men, the three styles that Suite101 says are in style are hiking boots, dress shoes, and working shoes. Our company will offer all three of these styles because we will try to make of those people that work walk more comfortably. Also we want to be able to offer walking shoes such as hiking boots that people can rely on comfort while they walk.

## Market Penetration

To penetrate the market we will try to take customers away from competitors but also try to get new people to wear work or walking shoes. To add new people to the market for dress shoes we will try to show that you can wear nice, stylish shoes for any occasion that are also comfortable and reliable. To take customers away from competitors we will show through price and non-price competition that our shoes are more comfortable, medically better for your body and at the same time they do not compromise your style of shoe.

## Potential Sales Revenue

The biggest market that we can see sales revenue coming from is from people that work in the restaurant business. The reason for that is because people in the restaurant business are constantly on their feet walking around and while fashion and style is important to everyone, we can provide comfort to people who need it for their job and need comfort to be successful.



## V. Operational Plan

### Production

Since Create-Ive Soles is an owned and operated company located in Portland Oregon, our products are solely derived from the area, which benefits the time period in which we can produce a shoe and deliver it to the customer as promptly as possible. As a shoe store we value our customer service techniques of being able to fit shoes while having a vision of what the customer is thinking throughout the design process. Since we provide a company that allows the customers to design their own shoes, our staff are all trained in custom shoe-making while also having had design experience in all different fields, this allows us to be able to pay healthy wages to our staff members equally. Our production development timeline ranges from the first meeting to the second meeting with a two week maximum time period in between, proceeding with the final input giving the client their shoe in no more than four weeks after first entering Create-Ive Soles.

### Suppliers

Key suppliers for Create-Ive Soles range from our athletic department supplier which is directed to Sports Authority, to our casual shoe supplier which is the Red Wing Shoe Store, and our formal shoe supplier in Portland is Charlottes Weddings & More.

Charlottes Weddings & More  
8925 SW Beaverton Hillsdale, Portland  
(503) 297-9622  
<http://www.charlottesweddings.com/>

Red Wing Shoe Store  
11908 SE Division, Portland  
(503) 761-9656  
<http://redwingshoestore.com>

Sports Authority  
1766 N. Jantzen Beach, Portland  
(503) 978-1141  
<http://www.sportsauthority.com/>

Location

We will be located at 1238 NW Glisan, Portland, Oregon in the Pearl Division of downtown. This is an amazing area to have Create-Ive Soles because not only it is a historical part of Portland giving it a good reputation, but was also a warehouse at one point so the structure best suites our needs for our company. It is 435 square feet and also comes with an additional office condo on site.

Historical Chown Pella  
1238 NW Glisan,  
Portland, OR 97209

## VI. Financial Plan

### Pro Forma: Profit and Loss

|  | Year 1    | Year 2    | Year 3    |
|--|-----------|-----------|-----------|
| Sales                                  | \$159,263 | \$22,342  | \$25,874  |
| Direct Cost of Sales                   | \$55,704  | \$84,172  | \$97,020  |
| Other Production Expenses              | \$0       | \$0       | \$0       |
| Total Cost of Sales                    | \$5,570   | \$84,172  | \$97,020  |
| Gross Margin                           | \$83,558  | \$124,757 | \$142,529 |
| Gross Margin %                         | 50.00%    | 50.00%    | 50.00%    |
| Expenses                               |           |           |           |
| Payroll                                | \$55,200  | \$78,400  | \$80,400  |
| Sales and Marketing and Other Expenses | \$1,200   | \$1,200   | \$1,200   |
| Shoe Display Inventory                 | \$7,000   | \$5,000   | \$5,000   |
| Utilities                              | \$1,000   | \$1,000   | \$1,000   |
| Insurance                              | \$1,500   | \$1,500   | \$1,500   |
| Rent                                   | \$22,800  | \$22,800  | \$22,800  |
| Payroll Taxes                          | \$0       | \$0       | \$0       |
| Other                                  | \$0       | \$0       | \$0       |
| Total Operating Expenses               | \$89,056  | \$110,256 | \$112,256 |
| Profit Before Interest and Taxes       | (\$5,498) | \$14,501  | \$30,273  |
| Interest Expense                       | \$255     | \$224     | \$37      |
| Taxes Incurred                         | \$0       | \$4,283   | \$9,071   |
| Net Profit                             | (\$5,753) | \$9,994   | 8.91%     |
| Net Profit/Sales                       | -4.13%    | 4.81%     | 8.91%     |

### Cash Flow Analysis

|  | Year 1    | Year 2    | Year 3    |
|--|-----------|-----------|-----------|
| Cash Received                            |           |           |           |
| Cash Sales                               | \$139,263 | \$207,929 | \$237,549 |
| Subtotal Cash from Operations            | \$139,263 | \$207,929 | \$237,549 |
| New Long-term Liabilities                | \$0       | \$0       | \$0       |
| Subtotal Cash Received                   | \$144,263 | \$207,929 | \$237,549 |
| Expenditures                             | Year 1    | Year 2    | Year 3    |
| Cash Spending                            | \$55,200  | \$78,400  | \$80,400  |
| Bill Payments                            | \$78,704  | \$118,797 | \$133,576 |
| Subtotal Spent on Operations             | \$133,904 | \$197,197 | \$213,976 |
| Principal Repayment of Current Borrowing | \$1,260   | \$3,000   | \$740     |
| Other Liabilities Principal Repayment    | \$0       | \$0       | \$0       |
| Dividends                                | \$0       | \$0       | \$0       |
| Subtotal Cash Spent                      | \$135,164 | \$200,197 | \$214,716 |
| Net Cash Flow                            | \$9,099   | \$7,732   | \$22,833  |
| Cash Balance                             | \$29,131  | \$36,863  | \$59,697  |

Startup costs will be financed through a combination of owner investment, short-term loans, and long-term borrowing. The cash flow chart shows the distribution of financing. Also attached is a list of expenses for which we will require either start-up capital or financing. These items include buying supplies, getting a computer, equipment and fixtures, tooling, and start-up expenses. These expenses are included in our monthly cash flow projection to indicate the continuous requirements for cash along with our pro forma chart.

## VII. Resumes

### Haydn A. Nason

Haydn Nason, Unit # 2354 Linfield College

McMinnville, OR 97128 406.698.0649

[hnason@linfield.edu](mailto:hnason@linfield.edu)

#### EDUCATION

Currently enrolled at Linfield College

Class Standing: Sophomore

Anticipated Degree Date: 2013

#### ACCOMPLISHMENTS

All Conference Tennis, 2008-2009

Principals Leadership Award, 2006

All State Tennis, 2007-2009

Freshman Volleyball, 2005

Varsity Choir, 2007-2009

Piano, 1998-2008

#### EXPERIENCE

Summer 2007-present

Rituals Dayspa & Salon

Sandy Schafer

Receptionist and spa attendant Billings, MT

Summer 2007

Kountry Korner Café

Betty Nason

Waitress and caterer Bozeman, MT

Summer 2006-2007

Babysitting

Yolanda Hutton

Nanny Billings, MT

#### EXTRA CURRICULAR ACTIVITIES

Phi Sigma Sigma Sorority 2009-present

KSLC Broadcast 2010-present

Tennis, 2005-present

Choir, 2005-present

#### REFERENCES

Yolanda Hutton

406.248.7175

1325 Crawford Dr.

Billings, MT

Sandy Schafer

406.252.8332

1220 Cenral Ave.

Billings, MT

Jan Dietrich

406.256.8977

2018 Green Terrace Dr.

Billings, MT

## Nyambura Mwangi

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190 SW Brumback St

(253)879-9275

McMinnville, Oregon 97128

[nmwangi@linfield.edu](mailto:nmwangi@linfield.edu)

### **Objective**

*Shoe Business coordinator*

### **Experience**

Ram Restaurant and Brewery

May 2010

- Helped select and create summer menu
- Making all the salad
- Learning all ingredients in dessert shots
- Know about hiring and running of a Small businesses
- 

### **Education**

- High School: Charles Wright Academy; Student Government, Key Club, Community Service leader.
- Working on Business Degree at Linfield College

### **Qualifications**

- Knows about what customers expect out of businesses
- Good with Computers
- 5 Years of Experience
- Worked as intern for Steve Madden
- Knows what customers want
- Customer service

### **Affiliations**

- Community Service Varsity letter, Basketball Varsity Letter,

**Michael Pellatz, Tualatin, OR 97062**

**Phone: 503-504-1370 Email: mjpellatz@comcast.net**

## **Experience**

### **Baggenstos Farm Store 2009-Present**

Baggenstos Farm Store is a family farm located on Roy Rogers Road in Sherwood Oregon. I work there primarily in sales and customer service working in the store behind the counter. However, I also have driven tractors for pumpkins and cut and stocked corn.

### **Umpire 2008-Present**

During the summer each of the past couple of summers I have umpired baseball for the 14 and 15 year old age group.

### **Basketball Score Keeper 2006-2010**

During High School on Sunday nights I would run a score clock and referee a Men's basketball league for three to four hours each Sunday night.

## **Education**

### **Tualatin High School 2006-2010**

I graduated from Tualatin High School with a 3.7 GPA and I graduated with honors in Business, Math, Science, and History.

### **Linfield College Fall 2010-Present**

I am enrolled at Linfield College and am set to graduate in the spring of 2014. My planned major is International Business with Spanish as a foreign language and a minor in Mass Communication.

## **Skills**

Skills that I possess include people skills and working with others. I feel like I can work in big or small groups and be either a leader of the group, take orders from others or lead with multiple people. I am good with numbers, research, and marketing products or businesses. I can also use Microsoft Word, Power point, Excel and Entourage.



## VII. Appendices

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