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I. Executive Summary

In today's economy, a new and innovative idea is hard to come by. Leg Décor's Limited Liability Corporation is one exception. With an investment of three million dollars, Leg Décor's new Big-Toed Pantyhose will make a profit slightly over one million dollars within the first year. Big-Toed Pantyhose share a wide market and many features and benefits that will promote success for Leg Décor.

Leg Décor manufactures and sells its Big-Toed Pantyhose to the department stores and other various retail stores at its wholesale price of \$3.00 per unit. Leg Décor's big-toed pantyhose are unlike typical hosiery. Like standard pantyhose big-toed pantyhose are made up of a combination of nylon and spandex in an 85% to 15% ratio. The nylon and the spandex create a thin covering amidst the leg. The difference, however, is that Leg Décor's big-toed pantyhose have a unique design, unlike any other. The big toe is cut out separately from the remaining four toes. This separation in the pantyhose allows more flexibility with fashion demands such as thong shoes (a strap runs between the big toe and the second toe). With flexibility comes comfort, beauty, and business. Leg Décor's big-toed pantyhose allow a woman to feel her best on the runway or at the business table.

Leg Décor's main operation of business is to manufacture and sell big-toed pantyhose. Leg Décor's Big-Toed Pantyhose are unlike typical hosiery. Like standard pantyhose, big-toed pantyhose are made of nylon and thread creating a thin covering amidst the leg. The difference, however, is that Leg Décor's Big-Toed Pantyhose have an unique design. The big toe is cut out separately from the remaining four toes. This separation in the pantyhose allows more flexibility with fashion demands such as thong shoes (a strap runs between the big toe and second toe). With flexibility comes comfort, beauty, and business. Leg Décor's Big-Toed Pantyhose allow a woman to feel her best on the runway or at the business table.

Reaching these women is a simple task. With at least 72 percent of women employed in business or service related industries, business-professional women between the ages of 26 and 64 will be the primary demand. Middle-class women who are college educated create another major target market within the United States. These women look to magazines for trends and ways to feel good about their appearance, and an advertisement in Good Housekeeping or Seventeen Magazine will make the need for Leg Décor's Big-Toed Pantyhose become even greater. Once one woman buys a pair of big-toed pantyhose and likes them, she will stay loyal to Leg Décor and its makings. Leg Décor's Big-Toed pantyhose will reach a vast majority of the employed female population. Hunting men will also look to find successful ways of preventing chiggers from burrowing into their skin. A camouflage dyed "mantihose" creates this unbreakable barrier from chigger to man.

Support from a hopeful customer base of 56 million people, Leg Décor's future looks bright with its big-toed pantyhose. Leg Décor has much room for expansion within its industry ranging from the size of the company to a mass increase in product sales. With fashion being a worldwide language, Leg Décor will look to expand outside the nation to countries overseas such as England, France, China, Australia, and Spain. Women throughout the world need an easy, more flexible type of pantyhose to maintain their self image without limits in their shoes. Pantyhose are a necessity in the business world, but also a growing fashion trend. Leg Décor's Big-Toed Pantyhose will always be needed.

The investment of three million dollars, which we are proposing, will be turned into profit in the opening year. Leg Décor will be able to repay the original investment over a five year period by paying installments of \$600,000 per year. Also, on top of the investment repayment plan the investor will receive a percentage of the net profit.

In conclusion Leg Décor has much to offer throughout the professional and fashion industries. Women all over the world need pantyhose with an astonishing 56 million within the United States. Leg Décor's Big-Toed Pantyhose will always be needed in today's working society and will not lose its place. From comfort to flexibility to company uniform, Leg Décor has much to offer to women and their senses. Fashionable shoes will no longer be limited to women, but in fact expand a woman's sense of work and fashion in more ways than one. Men will need Leg Décor's camouflage pantyhose Leg Décor's Big-Toed Pantyhose on every hunting trip and those rivers fishing to prevent strange animals from burrowing into the skin. Leg Décor's mantihose are light weight, flexible, and a necessity in a man's recreational activities. Leg Décor's Big-Toed Pantyhose are the new hosiery that many women and men will be eager to try and then repeat their sales.

II. General Company Description

Comfort is related to the market in which we will be working with. The goal of Leg Décor is to provide women with an improved and innovative way of wearing pantyhose.

Mission Statement: To provide a comfortable and affordable pair of new and augmented pantyhose to women who are in business or casual dress.

Company Goals and Objectives: Leg Décor wishes to have the number one pantyhose brand in the nation. The company would like to have a healthy and successful company; one that never stops growing. In the future, Leg Décor hopes to expand in the sense that we wish to create more than one style of our pantyhose. Leg Décor wants to be able to give women the comfort that they crave while dressing professional. Professional dress no longer has to be a topic to lament over. Our objectives will include the following:

- To gain customer support for the pantyhose design
- To have created an advertisement to get the product out to the public
- To have a financial plan that suits the company's needs and fulfillments
- To perform trials to show others the difference between the standard pantyhose and the big-toed pantyhose

Business Philosophy: Customer satisfaction is important to the company. The company wants everyone who tries on and owns a pair of big-toed pantyhose to feel better than they did before (when having the standard pair of pantyhose). Also, Leg Décor would like to provide a better standard of living to all of its customers. Comfort is everything when you have to be in a work environment, wearing uncomfortable articles of clothing. Leg Décor offers more choices when it comes to what types of shoes the customer wishes to wear. Women would no longer have to change what they are wearing due to their pantyhose being uncomfortable with the shoes they are wearing.

Leg Décor will market the big-toed pantyhose to all women who are working in a business profession or who just want to wear them for casual dress. Leg Décor will target women of all ages. However, the majority of Leg Décor's sales will be to women who are of forty years of age and above. These women make up the majority of the market that Leg Décor is stepping into. Women of all ages are being targeted; however, most women who wear pantyhose are of an older age. Also, there is a growing population of men who are involved with hunting who are wearing pantyhose. This market seems to be increasing more rapidly than the market for the women who have to wear pantyhose.

Leg Décor is stepping into a stagnate industry that has remained fairly constant since 1990. The number of women wearing pantyhose has been a constant number since the year 1990, being that it hasn't increased much but hasn't decreased either. This industry has the potential to increase in size with the addition of Leg Décor's big-toed pantyhose.

Leg Décor's strengths rely on its vision. The vision is simple; to provide comfort. The standard view of pantyhose has remained the same for a great amount of time. No one has ever suspected that view to change. Leg Décor will provide the comfort that women would like to have while working or while in casual dress. Leg Décor's big-toed pantyhose will also provide men who hunt the satisfaction of not being bitten by chiggers and other various types of insects while out and about in the woods.

Legal form of ownership: Leg Décor will be a Limited Liability Corporation (LLC). The company has chosen to be involved in a Limited Liability Corporation due to the factors that are incorporated with the big-toed pantyhose. If one employee were to have a mishap, the responsibility of that issue would not fall directly on the others involved in the business, but on the company itself. This creates a better work environment for all who are involved in the Limited Liability Corporation. There will be less controversy throughout the business while being involved in a Limited Liability Corporation.

III. Products and Services

Big-toed pantyhose is a new and improved design of the original pantyhose. It provides women with extra comfort while working or even while in casual dress. The design is simple; instead of a solid toe cap, there is a cut out for the big toe which allows for the wearer to wear shoes that contain a thong for the toes. These types of shoes are those that resemble the look of a sandal, but with the style of a dress shoe. This design allows for the maximum level of comfort while providing a professional look to any outfit.

Some factors that may give the big-toed pantyhose a competitive advantage over the competition would be that the cost is so affordable. With the cost being \$3.00 a pair, the various stores and department stores will be able to easily purchase the pantyhose from Leg Décor and then sell them to the targeted markets and customers-. Other brands cost more than big-toed pantyhose, therefore increasing the chances of the big-toed pantyhose to sell more and expand its horizon. Another advantage is the quality of the big-toed pantyhose. Leg Décor obtains the machinery and the equipment needed to make "top of the line" pantyhose. The overall design of the big-toed pantyhose is an advantage just as well. This design provides comfort to the markets we are targeting in their entire entirety. It is a step up from the standard, basic design of pantyhose. A disadvantage may be that the big-toed pantyhose is a new design. It may take some time to get the idea out to women about this new and improved design. Some may not feel it necessary to change the style of their pantyhose.

The projected wholesale price of the big-toed pantyhose is set at \$3.00 a pair. Leg Décor is holding this projected wholesale price to its retailers, being the various stores and department stores. Leg Décor feels that this price is reasonable and affordable.

IV. Marketing Plan

	Northeast Region US	US South Region	US Midwest Region	US West Region
Population	Based on the 2000 census, 53,594,378 people and 20,285,622 HH.	Based on the 2000 census, 100,236,820 people and 38,015,214 HH.	Based on the 2000 census, 64,392,776 people and 24,734,532 HH.	Based on the 2000 census, 63,197,932 people and 22,444,733 HH
Diversity	48.3% male 51.7% female	48.9% male 51.1% female	49.0% male 51.0% female	49.9% male 50.1% female
Age	27.0% <20 6.2% 20-24 30.3% 25-44 22.7% 45-64 13.8% >65 Median age is 37 years old	28.4% <20 6.9% 20-24 30.2% 25-44 22.1% 45-64 12.4% >65 Median age is 35 years old	28.8% <20 6.7% 20-24 29.5% 25-44 22.1% 45-64 16.7% >65 Median age is 36 years old	29.9% <20 7.1% 20-24 30.8% 25-44 21.2% 45-64 10.9% >65 Median age is 34 years old
Income	Median HH income = \$45,481 Medium Family income = \$54,820	Median HH income = \$38,790 Medium Family income = \$45,664	Median HH income = \$42,414 Medium Family income = \$51,471	Median HH income = \$45,084 Median Family income = \$51,426
Housing Units	22,180,440 (20,285,622 occupied: 16,651,302 owner occupied, 7,634,320 renter occupied)	42,382,546 (38,015,214 occupied: 25,987,886 owner occupied, 12,027,328 renter occupied)	26,963,635 (24,734,532 occupied: 17,373,745 owner occupied, 7,360,787 renter occupied)	24,378,020 (22,444,733 occupied: 13,802,820 owner occupied, 8,641,913 renter occupied)
Education	Population 25 years or older: High School graduate or higher= 81.6% Bachelor's degree or higher = 27.5%	Population 25 years or older: High School graduate or higher= 77.7% Bachelor's degree or higher = 22.5%	Population 25 years or older: High School graduate or higher= 83.5% Bachelor's degree or higher = 22.9%	Population 25 years or older: High school graduate or higher = 80.5% Bachelor's degree or higher = 26.2%
Job Market	78.6% of the employed population works in management, professional, service, or sales and office related occupations	73.8% of the employed population works in management, professional, service, or sales and office occupations	72.3% of the employed population works in management, professional, service, or sales and office related occupations	77.1% of the employed population works in management, professional, service, or sales and office related occupations
Competitors	Hanes, Beauty Rose, Berkshire Hosiery, Chock, DeFFego, Dosty, Hosiery Plus, Jaffa Hosiery Imports, L'eggs, Leg Resource, and Levante USA	Hanes, Control Top, Great Lookin Legs, No Nonsense, Lynlocke Lingerie, L'eggs, Silver Lining, and Merona	Hanes, Juzo Compression, The Hosiery Shop, Run Guard, East5th, and Sheer Caress	Hanes, Fox Well Hosiery, Leg Avenue, Tatumirage, Simply Vera, and Worthington

US Northeast Region— The largest portion of the population (30.3%) is between the ages of 25 and 44. Marketing efforts via direct mail, magazine advertisements, and online advertisements will focus on comfort and fashion for business professionals. The second area of focus for this market area will be between the ages of 45 and 64 which make up almost 23% of the market. Marketing efforts via magazine advertisements, cable direct sales through QVC, internet promotions and SMS-direct text messaging all of which will focus on the comfort and practicality of the Big Toe Panty hose. This community has the highest income of my four marketing areas with 27.5% of the population, 25 years and older, with a bachelor's degree or post graduate education, marketing efforts will focus on the business professionals.

US South Region-- The largest portion of the population (30.2%) is between the ages 24 and 44. Marketing efforts will be focused towards the management, professional, and service occupations (73.8%) via magazine advertisements and newspaper handouts within the majority of the population. The second target focus consists of professionals between the ages of 45 and 64 consisting of almost 22% of the total population. Marketing efforts via magazine advertisements, cable direct sales through QVC, internet promotions and SMS-direct text messaging all of which will focus on the comfort and practicality of the Big Toe Panty hose. The South Region, being the most heavily occupied target zone, our product will advertise to a vast majority of the working population.

US Midwest Region-- There are 64,392,776 people in this focus region predominately 25-44 years old (29.5%). Marketing efforts will target the educated business professionals via magazine advertisements and newspaper handouts. The second target area, making up a near 22% of the population, consists of the 45-64 year olds. Marketing efforts will focus on their education and new comfort and fashion in business. Marketing efforts via magazine advertisements, cable direct sales through QVC, internet promotions and SMS-direct text messaging all of which will focus on the comfort and practicality of the Big Toe Panty hose.

US West Region-- Over 77% of the working population is employed in service related areas, an occupation of business professionals. The target market is between the ages of 25 and 44 (30.8%). Marketing efforts will be focused in magazine advertisements and an online website. The next target group makes up 21% of the highly educated population consists of 45-64 year olds. Major marketing efforts will include magazine advertisements, cable direct sales through QVC, internet promotions and SMS-direct text messaging all of which will focus on the comfort and practicality of the Big Toe Panty hose.

Economics

The total size of Leg Décor's market is 56 million people. Ranging from young women dressing professionally for the first time to the business women to the new trend towards men, Leg Décor's Big-Toed Pantyhose reach a vast majority of the market as approximately 75 percent of women in the job market work in business and clerical professions. Leg Décor has a broad market within the United States and will pursue markets Europe and Asia.

Current demand in this market comes from young professional and working women. These women consist of 60 percent of the target market. Though today's workplace is more casual, new fashion trends in thronged women's shoes has expanded a need for Leg Décor's Big-Toed Pantyhose within the target market.

Trends in today's target market are greatly associated with the need for big-toed pantyhose. Growth of pantyhose sales are slowly including men. In the fashion world however, pantyhose are an important fashion accessory for women. From body sculpting pantyhose to knee highs, women are wearing pantyhose to complete their attire. Continuing with fashion trends, thong shoes (a strap between the big toe and second toe) are being dictated from casual attire to the workplace. Big-toed pantyhose are being demanded in conjunction with today's fashion trends.

Leg Décor will offer great growth potential. Pantyhose are a worldwide market with special interest in China and Asia. The people of China are the new "X" Generation waiting to break out from traditional culture. In China thong shoes and hosiery are a new trend traditional women are looking to be a part of. International expansion is a strong thought for the future in Leg Décor's Big-Toed Pantyhose.

Entering the market will present several barriers for Leg Décor. Consumer acceptance and brand recognition will be the hardest obstacle to overcome. Middle-class people are loyal to brands and companies, with Leg Décor's Big-Toed Pantyhose a lot of marketing and customer trust will be needed to create a loyal customer base. To insure sales, high marketing costs will create another barrier, but are a necessity. Therefore marketing will have direct focus in QVC shopping network, magazines, samples, and retail stores.

A change in the economy will likely affect Leg Décor, and could slow down its proposed growth. Fashion is what drives need for big-toed pantyhose which will remain strong. If a change in the thong shoes market occurs then Leg Décor can convert its machines to manufacturing regular pantyhose. With this change, Leg Décor will keep its customer base and maintain its sales in regular pantyhose.

Features and Benefits

Features

- Single cutout for the big toe
- Made of 85%nylon
- Made of 15% spandex

Benefits

- More comfort and selection with thong shoe choices
- Same great quality you would expect with pantyhose with strong fibers and silky hand.
- Flexible and sculptured feel to the leg.

Leg Décor's Big-Toed Pantyhose are your new and improved professional legs. They allow easy comfort with both thong and regular shoes while keeping your legs covered in a business atmosphere. Just like normal pantyhose, our Leg Décor's big-toed pantyhose are made of nylon in many basic colors including, shades of beige, tan, black, and white. For hunting, Leg Décor's Big-Toed Pantyhose will be available in ca as well. Completing the big-toed pantyhose, patterns will range from plain coverings to unique patterns such as simple flowers. The Leg Décor big-toed pantyhose fully cover your big toe, separated from the rest of your toes. The separated big toe allows comfort with fashion.

Niche

Leg Décor's Big-Toed Pantyhose are a unique part in the market. From business to fashionable women, as well as the growing male market, Leg Décor's Big-Toed pantyhose are a must. These big-toed pantyhose provide a unique market with both comfort and fashion in association with the new fashion statement of thong shoes. The expanded line will be for a men's market, Manti hose for men wearing hosiery while hunting to prevent tick and other insect bites.

Demand

The need for Leg Décor's Big-Toed Pantyhose is becoming increasingly greater. A maximum of 56 million women are Leg Décor's demand for the big-toed pantyhose. This information came from the 2000 census based on the educated population and women in the service or clerical work industries. Based on our research, middle-class and highly educated women are most susceptible to buying Leg Décor's Big-Toed Pantyhose. With a male market growing much faster than a female market, men are beginning to demand pantyhose.

Need

Leg Décor's Big-Toed pantyhose are needed for women who must maintain a professional look while remaining fashionable. Women need the professional look of pantyhose, but style is dictating that thong shoes (Shoes with the strap between the big toe and second toe) are to be worn. On average, a woman who wears pantyhose will buy 12 pairs a month, due to the delicate materials easily ripping. For a loyal customer, 144 Leg Décor Big-Toed pantyhose will be needed per person annually. With normal pantyhose this style is uncomfortable and ruins pantyhose, but Leg Décor's Big-Toed Pantyhose are both painless and fashionable in conjunction with the style. The need for ease and comfort in a business atmosphere is becoming a way of the future. At any given time there is more than 3,600 pair of panty hose on display for sale in Culpeper County alone. With the turnover of stock every eight weeks this would prove to be 23,000 pair of panty hose sold within Culpeper a year alone.

Promotion

To reach Leg Décor's total market of 56 million people, several forms of advertising will be used. The first and least expensive of these methods will be a sales pitch through QVC shopping network. QVC is one of the largest retailers in America and will expose Leg Décor to many new customers. QVC will present Leg Décor wide exposure to a needed fashion accessory for it million of consumers.

Multi-media advertising campaign will be launched beginning with full page ads in middle class women's magazines, accompanied with coupons, such as Seventeen, Good Housekeeping, and

Redbook. Vogue and Elle magazines advertizing will reach our high end customer base. Big-Toed Pantyhose will become a new trend through magazine articles. Leg Décor's primary market, both educated and trendy consumers dictate fashion and trends, therefore dictating the need for big-toed pantyhose. Another concept to introduce Leg Décor to the market will be sponsoring fashion shows that would feature thong shoes and our big-toe pantyhose.

An additional promotional draw will begin with the introduction of big-toed pantyhose with the use of footies (sample pantyhose for women to try on with dress shoes) in shoe and retail stores where shoes are sold. The women will use the footie to try on thong shoes and will then be able to purchase Leg Décor's Big-Toed Pantyhose for their use.

The use of the Internet advertising, which can track the behavior and our targeted ads, will directly impact our new consumer market by directly appealing and educating our prospective customers about big-toed pantyhose. Links from our website will direct customers to local retail stores within their zip code. Banner ads will effectively used for our 16 to 32 age group of women.

Our SMS Marketing (Short Message Service) will allow us to send text messages over consumer cell phones to teens in particular of promotions, sales, and additional product items for their consumption. Advertising over cell phones is becoming very popular to the younger market that can use big-toed pantyhose.

Lastly, Leg Décor's affordable big-toed pantyhose at a wholesale value of \$3.00 will be sold in Wal-Mart stores, largest retailer in the world, which will increase our affordable fashion market to households looking to make affordable fashion purchases staying within a family budget. Leg Décor's Big-Toed Pantyhose will be sold to department stores for the consumers' fashion purchases.

Promotional Budget

Our promotional budget is considerable because we are educating the consumer in a pull-me form of advertising. We at Leg Décor understand that the industries formula for advertising and promotion is five percent of gross sales, however, when introducing a product all rules are gone, and a saturated market will be our goal. The first year's advertising budget is 19 percent, \$1,492,000. An amount we feel that will help us reach a new market for a new product, using the promotions described above. In the next four years, we will spend 17 percent, \$1,536,760 the second year, and 9.8 percent of gross sales the third, fourth, and fifth years. This will ensure the continued growth of the product market and will continue to supplement advertising as other manufacturers enter the market and become our competition. We understand that Hanes Inc. is our number one competitor with 80 percent market share of the manufacturing sales in the United States. We look forward to competing with them for the big-toe market with the initial introduction of our new product.

Proposed Location

Leg Décor will be located on an industrial sight at Brandy Road in Culpeper, Virginia in an 11,000 square foot building at \$45.45 per square foot. This location allows for direct access to route 29, Route 3 and indirect to Interstates 95, 64, and 81. The least expensive form of shipping can be accessed by the railroad line from the Brandy Road property. Brandy Road is very convenient for trucks and the easy distribution of big-toed pantyhose. The manufacturing of pantyhose in Culpeper will revive hosiery manufacturing within Virginia while creating well paying jobs to the community.

Pricing

Big-Toed Pantyhose are affordable, yet quality hosiery. To be competitive and still make a profit, big-toed pantyhose are being sold at a wholesale value of \$3.00. Leg Décor's competitors range in their retail pricing. In department stores, Hanes and Sheer Caress pantyhose are sold at retail value between six and fifteen dollars. Shoe stores sell their pantyhose for approximately \$1.50 a pair. Pharmacies carry L'eggs pantyhose and No Nonsense ranging from \$4.00 to \$7.00 dollars in retail. Wal-Mart, a family friendly supermarket, sells pantyhose ranging from \$1.00 to \$6.00 depending on style and brand.

Leg Décor is selling its pantyhose to retailers at three dollars as a competitive price giving the retailer plenty of margins for their mark-up. Our position in the market place will be competitively priced able to turn a profit to our investors the first year.

Distribution Channels

Leg Décor's Big-Toed Pantyhose channels of distribution will be sales directly to retailers in the United States and overseas. Our regional and national distribution will be freight lines and the use of the railroad to our regional and national retailers. This location allows for direct access to route 29, Route 3 and indirect to Interstates 95, 64, 66 and 81. Shipping lines through waterways will be our most economical method to reach our overseas market. The use of the Hampton Roads ports, the busiest shipping port in the United States, will prove to be very convenient to the Culpeper location.

V. Operational Plan

Materials

The machinery needed to produce Leg Décor's Big-Toed Pantyhose include knitting machines, toe closing machines, line closing machines, gusset seamers, preboarding machines, dyeing equipment. Materials needed in the manufactory include 85% nylon, 15% spandex, and water. The per unit cost of \$0.15 includes these described material costs. Other material expenses in making Leg Décor's Big-Toed Pantyhose will be typical machine maintenance.

Shipping and packaging include another set of materials in finishing Leg Décor's Big-Toed Pantyhose. The women's Big-Toed Pantyhose will be packaged in a cardstock, resembling a woman's handbag, while the camouflage "mantyhose" for men will be packaged in a similar box fully covered in the camouflage colors. This package will be sent to us from the manufacturer for our stuffing and shipping. The fully completed and packaged pantyhose will then be boxed, in corrugated shipping containers for their transfer to trucks, trains, or container shipping.

How the product will be delivered

Our product will be packaged at our facility and distributed to retail stores. The way we will be delivering the product is by using containerized freight shipping as described above. A \$0.28 price per unit packaging and shipping costs are based on the truck, rail, and coastal shipping methods.

Personnel

To start Leg Décor's business, there will be 34 employees. The majority of the labor will be skilled employees including assemblers, packagers, and shippers (24 personnel). The remaining managers (3), clerical workers (3), and salesmen (4) will be professionals with experience in their respective areas.

In the manufacturing operations the employees will be paid \$17.00 per hour, working an eight hour day five days a week, 52 weeks a year. A 3% increase in the labor will occur every year. There will be a need for five knitting machinist; two toe closer's; two gusset assemblers; four dyers; two line closers and two pre boarders. There will be a two fork lift operators and the remain personnel will be in packaging and shipping. Finding the right employees will depend on the field into which they are entering. Assemblers need to be both hard working but also must understand how to follow basic instructions, such as how to operate a machine, and have obtained a high school degree. Packagers and shippers must have also obtained a high school degree and are required to understand and follow basic instructions as well as the importance of customer service.

Managers, salesmen, and the clerical staff all need to have obtained a minimum of an associate's degree. Managers must have strong leadership qualities combined with previous knowledge of how to run a business. Managers will be controlling Leg Décor and need to know everything about Big-Toed Pantyhose and the mission statement of Leg Décor. The general manager will be paid a salary of \$70,000 a year for the first two years with the two Assistant managers being paid a salary of \$50,000 a year for the first two years. The sales staff will have a base salary of \$30,000 with a 2% commission of gross sales per year. The clerical staff will be earning \$30,000 for the first year with a 3% increase salary increase every year after.

Location

Leg Décor will be located in an 11,000 square foot, industrial building, for a total rent of \$60,000 annually. Total utilities in the 11,000 sq. ft. building of electricity, water/sewage, heat, phones, and Internet will equal \$119,400 in the first year. A 3% inflation cost is included for each additional year of the five year forecast. Leg Décor's location will be affordable to manufacture and distribute big-toed pantyhose while maintaining a friendly environment. Leg Décor is located at an industrial site on Brandy Road with easy accessibility for trucks and other forms of distribution. (See appendices).

Inventory

Leg Décor will need to maintain an inventory of thread, nylon, spandex, and needles that will be used in the manufacturing process of the Leg Décor Big-Toed Pantyhose. A 30 day inventory will be kept to meet our shipping needs.

Ordering raw materials must be placed six months in advance to allow cushion to receive necessary materials. Seasonal build ups will be placed preceding poor weather seasons, especially during the winter because of ice and snow storms. In fear of weather conditions effecting Leg Décor materials from efficiently reaching their locations, the six month time allotment will allow room for a mishap.

VI. Management and Organization

Management Structure

During a five day working week the assistant managers will be controlling manufacturing and packaging operations. Assistant managers are required to make sure day to day activities run smoothly and efficiently. The head manager will be critiquing the assistant managers' ability to run a business as well as opening Leg Décor each day. During the working hours of 7:00 AM to 4:00 PM the manager will be controlling every aspect of business from analyzing sales to overseeing the total success of Leg Décor. The production manager will keep track on inventory, place material orders well in advance. The office administrator will be responsible to take care of the typical secretarial jobs in creating spreadsheets and documents. Each secretary will be required to meet certain credentials.

The total management payroll for the first year will be \$170,000 plus two percent commission on sales. The sales staff of four representatives totals a \$120,000 payroll plus the additional \$149,760 on the two percent commission on sales for the first year. The clerical staff of three will be paid \$90,000 within the first year of business with an additional three percent bonus each following year. Labor costs make up \$1,006,992 of the total payroll including benefits. The total payroll including taxes and benefits of 35% of Leg Décor is \$1,082,168 in the first year.

Professional and Advisory Support

Leg Décor will receive professional support primarily from an account for taxes and payroll obligations. To aid in legal situations and fees an attorney will also be necessary. Consultants will be called on when necessary to aid in improving the business. Lastly, an insurance agent will insure all the machines, building, cars, and liability.

VII. Financial Management

Fixed Costs	Year 1	Year 2	Year 3	Year 4	Year 5
Sales 1/per region	\$ 120,000	\$ 120,000	\$ 120,000	\$ 120,000	\$ 140,000
2% commision on Sales	\$ 149,760	\$ 179,712	\$ 209,712	\$ 199,227	\$ 189,266
Management	\$ 170,000	\$ 170,000	\$ 175,100	\$ 180,353	\$ 185,764
Clerical (3)	\$ 90,000	\$ 92,700	\$ 95,481	\$ 98,345	\$ 101,295
Total salaries	\$ 529,760	\$ 562,412	\$ 600,293	\$ 597,925	\$ 616,325
Payroll taxes & Benefits	\$ 185,416	\$ 196,844	\$ 210,103	\$ 209,274	\$ 215,714
Payroll	\$ 715,176	\$ 759,256	\$ 810,396	\$ 807,199	\$ 832,039
Rent (11,000 square ft)	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000	\$ 60,000
Utilities					
Electricity	\$ 49,200	\$ 50,676	\$ 52,196	\$ 53,762	\$ 55,375
Water/sewage	\$ 45,600	\$ 46,968	\$ 48,377	\$ 49,828	\$ 51,323
Heat	\$ 15,600	\$ 16,068	\$ 16,550	\$ 17,047	\$ 17,558
Phone/mobile	\$ 6,000	\$ 6,000	\$ 6,180	\$ 6,180	\$ 6,365
Internet	\$ 3,000	\$ 3,000	\$ 3,090	\$ 3,090	\$ 3,183
Total utilities	\$ 119,400	\$ 122,712	\$ 126,393	\$ 129,907	\$ 133,804
Maintenance					
Machinery	\$ 38,000	\$ 39,140	\$ 40,314	\$ 41,524	\$ 42,769
Copier	\$ 1,200	\$ 1,236	\$ 1,273	\$ 1,311	\$ 1,351
Vehicles	\$ 1,800	\$ 1,854	\$ 1,910	\$ 1,967	\$ 2,026
Total Maintenance	\$ 41,000	\$ 42,230	\$ 43,497	\$ 44,802	\$ 46,146
Insurance					
Building	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,600	\$ 3,600
Equipment	\$ 13,800	\$ 13,800	\$ 14,400	\$ 14,400	\$ 15,000
Vehicles	\$ 1,250	\$ 1,250	\$ 1,250	\$ 1,288	\$ 1,288
Liability	\$ 8,500	\$ 8,500	\$ 8,500	\$ 8,755	\$ 8,755
Total Insurance	\$ 27,050	\$ 27,050	\$ 27,650	\$ 28,043	\$ 28,643
Professional Fees					
Accounting	\$ 3,500	\$ 3,500	\$ 3,600	\$ 3,700	\$ 3,800
Legal	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,500	\$ 2,500
Consultants	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000	\$ 2,000
Total Professional Fees	\$ 7,500	\$ 7,500	\$ 7,600	\$ 8,200	\$ 8,300
Other Expenses					
Advertising	\$ 1,492,960	\$ 1,536,760	\$ 1,029,000	\$ 976,209	\$ 927,399
Vehicles	\$ 13,750	\$ 20,900	\$ 20,350	\$ -	\$ -
Office Supplies	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259
Fuel	\$ 2,400	\$ 2,472	\$ 2,546	\$ 2,623	\$ 2,701
Equipment	\$ 50,781	\$ 77,188	\$ 75,156	\$ 12,500	\$ 12,500
Travel & Entertainment	\$ 1,200	\$ 1,250	\$ 2,000	\$ 2,100	\$ 2,250

Dues & Subscriptions	\$ 1,100	\$ 1,500	\$ 2,000	\$ 2,500	\$ 3,000
Total Expenses	\$ 1,580,191	\$ 1,658,610	\$ 1,150,148	\$ 1,015,601	\$ 968,109
Total Fixed Costs	\$ 2,550,317	\$ 2,677,358	\$ 2,225,684	\$ 2,093,751	\$ 2,077,041

Variable Costs

	Year 1	Year 2	Year 3	Year 4	Year 5
Labor	\$ 725,920	\$ 747,698	\$ 770,129	\$ 793,232	\$ 817,029
Benefits	\$ 254,072	\$ 261,694	\$ 269,545	\$ 277,631	\$ 285,960
Materials	\$ 2,071,680	\$ 2,486,016	\$ 2,901,016	\$ 2,755,966	\$ 2,618,167
Total Variable Cost	\$ 3,051,672	\$ 3,495,408	\$ 3,940,690	\$ 3,826,830	\$ 3,721,157

	Per Unit
Packaging & Shipping	\$ 0.28
Labor w/benefits	\$ 0.40
Materials(85% nylon,15% spandex)	\$ 0.15
Total	\$ 0.83

Projected Income Statement/ Budget

	Year 1	Year 2	Year 3	Year 4	Year 5
# of Units	2,496,000	2,995,200	3,495,200	3,320,440	3,154,418
Unit Price	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.00
Total Fixed Costs	\$ 2,550,317	\$ 2,677,358	\$ 2,225,684	\$ 2,093,751	\$ 2,077,041
Total Variable Costs	\$ 3,051,672	\$ 3,495,408	\$ 3,940,690	\$ 3,826,930	\$ 3,721,157
Startup Costs	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000	\$ 600,000
Expenses	\$ 6,201,989	\$ 6,772,766	\$ 6,766,374	\$ 6,520,681	\$ 6,398,198
Income	\$ 7,488,000	\$ 8,985,600	\$ 10,485,600	\$ 9,961,320	\$ 9,463,254
Profit	\$ 1,286,011	\$ 2,212,834	\$ 3,719,226	\$ 3,440,639	\$ 3,065,056
Total \$ in Bank (35%)	\$ 835,907	\$ 2,274,249	\$ 4,691,746	\$ 6,928,162	\$ 8,920,448
Total \$ in Bank (45%)	\$ 707,306	\$ 1,924,365	\$ 3,969,939	\$ 5,862,291	\$ 7,548,071

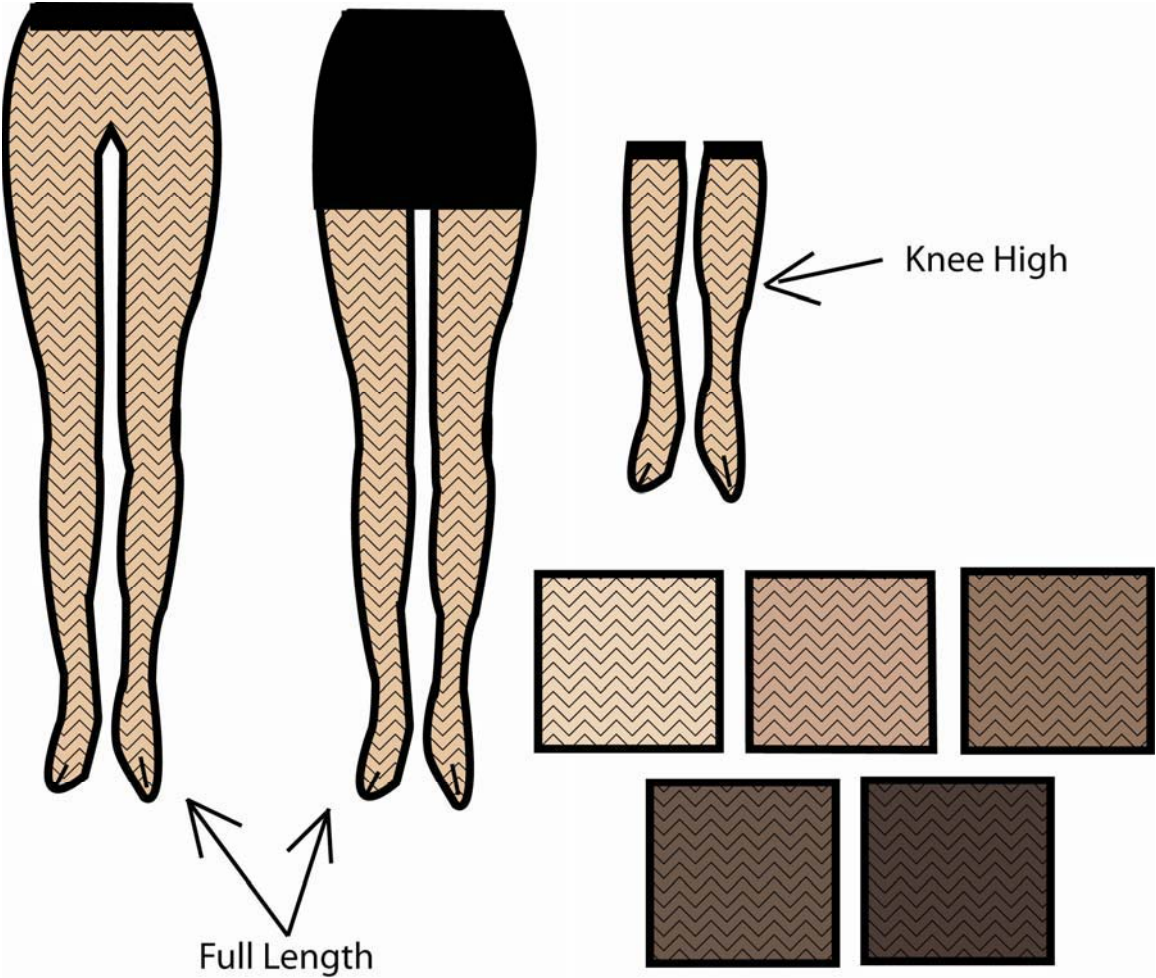
Venture Capital

\$ 3,000,000

Depreciate the startup cost of \$3,000,000 over 5 years

ROI (35%)	15%	26%	43%	40%	36%
Investor's Return	\$ 450,104	\$ 774,492	\$ 1,301,729	\$ 1,204,224	\$ 1,072,770
ROI (45%)	19%	33%	56%	52%	46%
Investors Return	\$ 578,705	\$ 995,775	\$ 1,673,652	\$ 1,548,288	\$ 1,379,275

VIII. Appendices



Prototype



Location

