



# Novelty Shop

## THE GREAT PRETENDER

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555 Main St.

Ten Rivers, MI 49887

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*This plan is an example of a business capitalizing on a venture with a proven track record, but in a market with no existing competition. A previous gag and novelty store stopped doing business in the area, but not because of lack of customers, so this owner will start a similar business in its place. In this case, interest has already been established, so this experienced entrepreneur will be in a good position for success in her market.*

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## EXECUTIVE SUMMARY

Everyone is familiar with the summer tourism season in Ten Rivers. The Great Pretender, a unique novelty, gag, costume, and collectible retail store, plans to exploit this market by opening an 1100 sq. ft. store in the heart of the Downtown Shopping District on E. Mitchell Street. Its market segment includes the estimated 27,000 people in Emerald County and the surrounding communities, not to mention the influx of summer residents and tourists.

A former store of its kind did phenomenal business, so the need has already been established. The location is close to anchor businesses that draw year round traffic, such as JCPenney, Bentley's and Record World, which make it, without question, the best possible location. The idea is something I planned to do in December of 1998, but this location is prime-- my best opportunity is now.

Competition for The Great Pretender is scarce. The closest store of its kind is in downtown Traverse City. The store will carry things that can't be found at other stores... things found in your imagination. The fact that there is no immediate competition, coupled with the great location, will make this a profitable business.

The Great Pretender will be a sole proprietorship founded by Marianna Peters, sole owner. The idea began from a past management position of a successful, similar store. I will bring four years of accumulated customers and knowledge to The Great Pretender. I feel this gives the business a sales and marketing edge by using this existing customer base.



To date, I have applied for Michigan State Tax License, Assumed Name and Wholesale Suppliers. I have invested \$1,000 to hold the building at 555 Main St., Ten Rivers, I am seeking an additional \$25,000 in loans to start the sole proprietorship. Major costs include

- Shop rent
- Inventory
- Remodeling
- Equipment
- Salaries

This totals approximately \$24,000 allowing for last minute items.

Projected sales during the first three months. based on market and past experience. should average close to \$4,000 per month. The main piece of profit per year is the month of October, when sales should be over \$24,000 for the month: With proper budgeting the large profit from that month, approximately \$14,000, with pay rent/utilities for the quieter months we all experience here in Northern/Michigan. Although, the established anchor stores on either ends of the block will help generate winter business tremendously

Opening day is planned for Saturday June 20, 1998, at the very beginning of our summer season. Loan payoff can be achieved by December 1998, at which time I receive my trust fund of \$47,000. Along with the trust fund for collateral, I am also willing to put up clear titles to both my 1989 Ford Ranger and 1987 Manistique Mobile Home (see financial chapter). I also have a cosigner, if necessary.

While The Great Pretender has the potential for high growth in the current market, it's first two to three years will be largely dedicated to achieving company financial stability.

## THE COMPANY

The Great Pretender has been an idea of mine for three to four years. It is something I've been planning to do in December 1998 when, on my 30th birthday, I will receive my trust fund totaling \$47,000.00. I believe there is need for a novelty, collectible, gag, and costume retail business in this area. My previous management of a similar store will bring not only experience but a lengthy customer following as well. Many of the customers from the previous store have expressed interest to me about such a place. I feel this gives me an inside look about what people want and are willing to pay for.

The company's immediate goals are to achieve opening by June 20, 1998, in time to reap the rewards of a lucrative summer tourism season. I will employ parttime help in the months of October, otherwise I will be the sole employee .

The Great Pretender is in the process of securing \$25,000 in start up financing, which will be paid in full in eight months. I wish to have enough financing to cover inventory, beginning advertising, salary and utilities.

## PRODUCTS AND SERVICES

The Great Pretender is a retail store that will sell a wide variety of specialty items.

- Practical jokes and gags
- Magic tricks and cards cards
- Juggling and clowning supplies
- Costumes
- Collectibles

Literally something for everyone, by no means your ordinary gift shop. During specific seasons, the largest



being Halloween, The Great Pretender will sell large quantities of both adult and childrens costumes, wigs, makeup and other accessories.

Having been a former manager of this type of store, I have experienced the need first hand. Since that store is no longer operating (not due to financial reasons), many former customers have expressed to me a need for such products. There is no such speciality shop in the immediate area, the closest being Traverse City. It will appeal to many different people through its enormous selection of products.

Though The Great Pretender will only employ myself in the beginning, next summer I hope to have staff for both clowning and magic shows for various events, such as birthday parties. Again, this is a need already expressed to me.

Rental costumes and mascots are also something I am investigating for the future. Not only would they be profitable in the Halloween season, but throughout the year for use at such events as grand openings and parades. I feel they would be a great investment.

The building I have rented at 555 Main St., Ten Rivers has 1100 sq. ft. in the main level. It also has a finished basement with an additional 1500 sq. ft., which for now will be utilized as the needarises.

## PRODUCTION

The Great Pretender will obtain products at wholesale prices from multiple suppliers. Because items are purchased by the dozen or gross, cost is kept to a minimum, which allows for a markup of 200%-250% . Shipping and delivery time varies from one to two weeks making products easily accessible when needed.

The Great Pretender will have a storage unit in the basement. Because the products come prepackaged, ready for sale, production is almost eliminated. Each, carton will be inspected for quantity and damage as it arrives. Items will be priced and put on the shelf or in storage.

Currently, inventory will be handled on paper, but in the future a computerized inventory system will be implemented. By having inventory kept on computer, I can have an accurate daily count and never run out of a much-needed item.

## MARKET

The Great Pretender will encompass: extremely wide market. Its unique products will appeal to both young and old, male and female. It will be stocked with something for all economic backgrounds: items for children, teens, working people, homemakers, retirees, collectors. retirees, collectors....literally something for everyone.

Recent demographics compiled by the Ten Rivers Chamber of Commerce show over 27,000 residents in Emerald County and nearly three time/that number in the busy summer months. Tourism continues to be a major economic force and has now grown include to winter attractions as well.

The Great Pretender will be centrally located at 555 Main St. in the heart of the Downtown Shopping District. It will also neighbor well-established businesses that attract year round traffic. Pedestrian traffic is heavy along Mitchell Street, which is used year round by students, the working class for lunch, evening stroll, and shopping.

## COMPETITION

Generally speaking, there is not another store of its kind the immediate area, so competition is very limited. The closest store to purchase novelties, magic tricks, etc. would be in Traverse City, over a one hour drive.

Seasonal items such as the costumes and accessories can be found at department stores, such as WalMart and KMart.



The main weakness common to competitors is the fact that they have a limited stock of styles and variety. Much of their space and capital is used for other products. Human physiques and tastes vary considerably in a county of 27,000 and our wide selection will draw customers who can't find what they're looking for elsewhere.

During the month of October, which by far is the busiest month for The Great Pretender, I will counter the threat of department stores with extra advertising, including print and radio. Also, the great display window in the downtown area lends itself to excellent advertising at no additional cost.

## MARKETING

The main advertising of The Great Pretender will be its store display window. Since significant numbers of pedestrians pass the shop window each day, I will use a variety of displays changed at two-week intervals. I will also have an advertisement in the local phone guide yellow pages listed under Costumes and Novelties.

For the StartUp advertising and Grand Opening, will be placed in the Ten Rivers News Review, The Guardian-Review, and The Image publication, which is read by thousands of tourists weekly.

During seasonal events, The Great Pretender will have 30-second radio spots and flyers in the newspapers. We will also participate in downtown events such as July 4th and Christmas parades.

## RISKS

The most serious risk to The Great Pretender is a very tight budget. If we fail to draw customers the first few months, we may default on our loan payments. To counter this, I plan to open at the busiest time of the year and limit overhead, such as payroll by only employing myself. For the first four months, due to summer heat and longer daylight hours, utility is reduced.

Another risk is the winter months, which are considerably slower for the downtown retailers. This is anticipated and planned for with proper budgeting from the profitable month of October. We will also counter that slow time by capitalizing on the increasing popularity of such holidays as New Year's and St. Patrick's Day. Having surrounding anchor stores close by will also increase winter traffic.

The products are quickly accessible, eliminating the need for high dollars tied up in backstock. The Great Pretender will use caution when ordering and only order the necessary quantities.

## FINANCES

### Personal Financial Statement

Income	
Salary/Wages	\$14,560
Dividend/Interest	
Capital Gains from Trust	\$2,030
TOTAL ANNUAL INCOME	\$16,590
Debits	
Dept. Loans	
Visa (\$50/mo)	\$600
Real Estate	



Lot Rent (\$165/mo)	\$1,980
(mobile home)	
Taxes	
Delinquent State Tax Owed (\$80/mo)	\$720
Insurance Premiums	
Auto	\$900
Living Expenses	
Utilities	\$3,060
Home/Personal	\$2,640
Other Expenses	
Medical Bills	\$1,200
Auto Repairs	\$800
TOTAL ANNUAL DEBITS	\$11,900
Personal Financial Statement	
Income After Expenses	
Total Annual Income	\$16,590
Total Annual Debits	\$11,900
TOTAL INCOME AFTER EXPENSES	\$4,690

## Personal Financial Statement

Assets	
Automobiles	
Car	\$3,500
Stocks/Bonds etc.	
Trust Fund Due December 1998	\$46,400
Other Assets	
Mobile Home	\$5,000
TOTAL ASSETS	\$54,900

Personal Financial Statement Liabilities	
Credit Cards	
Visa	\$400
Other Liabilities	
Delinquent Taxes Owed	\$720

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## Business Financial Statement

Cost of Sales			
	Expected Sales	Cost/Sale	Total Cost of Sales
Costumes	\$30,000	45%	\$13,500
Gags/Novelties	\$22,000	35%	\$7,700
Magic	\$15,000	40%	\$6,000
Total (per year)	\$67,000		\$27,200
Total (per month)	\$5,583		\$2,267
Operating Expenses			
Wages			\$1,100
Rent			\$1,100
Insurance			\$100
Utilities			\$150
Bookkeeping			\$50
Advertising			\$50
Loan Payment			\$600
TOTAL MONTHLY OPERATING EXPENSES			\$3,150
Profit and Loss			
Total Sales Revenue			\$5,583
Total Cost of Sales			-\$2,267
Total Operating Expense			-\$3,150
PROFIT			\$166
Start Up Costs			
Beginning Inventory			\$13,000
Equipment			\$5,000
Marketing			\$500
Loan Payment			\$5,700
TOTAL STARTUP			\$24,200
Bank Loan*			\$25,000

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Wages			\$1,100
Rent			\$1,100
Insurance			\$100
Utilities			\$150
Bookkeeping			\$50
Advertising			\$50
Loan Payment			\$600
TOTAL MONTHLY OPERATING EXPENSES			\$3,150
Profit and Loss			
Total Sales Revenue			\$5,583
Total Cost of Sales			-\$2,267
Total Operating Expense			-\$3,150
PROFIT			\$166
Start Up Costs			
Beginning Inventory			\$13,000
Equipment			\$5,000
Marketing			\$500



Cost of Sales	Expected Sales	Cost/Sale	Total Cost of Sales
Loan Payment			\$5,700
TOTAL START UP			\$24,200
Bank Loan*			\$25,000

## MILESTONES

1994-1998	Idea in the making
April 8, 1998	Saw building for rent
April 15	Started business plan
April 20	Applied for tax # and assumed name
April 21	Secured building 442 E. Mitchell Street for \$1,000
May 1	Present loan application
May 15	Loan secured
May 18	Ordered inventory
May 19	Construction, painting, shelving begin
May 26	Secure cash register
May 27	Obtain sign
June 1	Construction, painting, shelving complete
June 1	Lease begins
June 3	Inventory begins arriving
June 12	Ads begin running
June 17	Signs hung
June 20	Opening Day
July 4	Grand Opening Celebration
October 1998	Peak season - longer hours
	Hire 2-3 part-time employees
December 1998	Loan pay off
June 1999	Expand to basement

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