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The Information shall remain the property of C&C Sales and shall be returned to C&C Sales promptly at its request together with all copies made thereof.

Recipient acknowledges that no remedy of law may be adequate to compensate C&C Sales for a violation of this Agreement and Recipient hereby agrees that in addition to any legal or other rights that may be available in the event of a breach hereunder, H&R Sales may seek equitable relief to enforce this Agreement in any Court of competent jurisdiction.

Date

Signature

*This is a business plan and does not imply an offering of securities.*

# C&C Sales

## **Contact Information:**

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This document contains confidential information. It is disclosed to you for informational purposes only. Its contents shall remain the property of C&C Sales and shall be returned to C&C Sales when requested.

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## 1. Executive Summary

C & C Clothing and Accessories is a small retail clothing business located in Marks, Mississippi. It began through the part-time efforts of Mr. James Name in 1995, in Mississippi. From 1995 through 1997 C & C operated its business with little direction, and few efforts in marketing. During mid August of 1997, C & C was informed that the space housing the business was no longer available for lease. No other building in the city of Sledge was found adequate to house the business. The store closed its doors of operation at a time when the business had begun to grow.

At that time the James Name spent much time studying the market. They read books and took any courses available in an effort to get a better understanding of the market. The business recently reopened at a new location on Main Street in Mississippi. The James Name has hired one full-time sales person to help implement their marketing strategy. With commitment to a direct marketing strategy (personal selling), the business's should increase revenues substantially. To date the business has steadily increased sales each month as a result of word-of-mouth and radio advertising. The James Name will continue to focus on the strength of the business, low overhead, a professional environment, strong clientele base, and an established reputation.

C & C Clothing and Accessories will market name brand and quality off brand labeled clothing. Its target markets includes, households with incomes of \$30,000 or less. The strategy consists of developing and expanding the current customer base through direct mail. A database will be developed and used for marketing to the repeat customer. A newsletter will be sent to the business's customers.

C & C will need additional capital (\$36,198) to finance expansion. The funds will be used to as stated in the business plan. This sum, together with additional cash investment of 4,002 will finance transition through the expansion phase so that the business can operate at a higher level of profitability. Projected returns show that the business should generate a \$ \_\_\_\_\_ profit after one year and \$ \_\_\_\_\_ after the second year.

## 2. Business Description

C & C had its beginning as the part-time endeavor of James Name. A worker at the Quitman County Hospital, James Name used her background in sales to generate extra income for the family. James Name went part-time at the hospital and continued to retail clothing and accessories to locate residents living in the targeted area. James Name eventually opened up a store on Main Street in Marks. Over the past year their customers has grown.

C & C clothing has distinguished itself from conventional clothing stores. Because it is located on Main Street, the James Name kept overhead extremely low. This combined with their ability to buy from some of the nations largest manufacturers and suppliers, enabled them to offer clothing and accessories at extremely low prices. Marketing consist of word-of-mouth and radio advertisement. The business employed a full time sale person and a part-time consultant. Since it's beginning, annual sales have increased from \$118,000 to over \$125,000. The business is open 8 hours a day, Monday through Saturday. The business successfully built a loyal following because of personal attention, a professional environment, assistance given to the customers, and extremely low prices.

C & C Clothing sales are in two areas; the clothing market, and to a lesser degree, the marketing of accessories. The James Name feel that the latter field has great potential, but have done very little to develop this area.

Another area of success has been among "professionals." C & C has developed a network among professionals. this is in part because the James Name are willing to retail one of a kind clothing and accessories to professionals and bring them to their home or office.

Sales for the business are broken down as follows: Namebrand labels, 36 percent of the total sales, offbrand label clothing 38 percent, accessories, 11 percent, professional, 15 percent.

To serve customers better, and in an attempt to increase walk-in-traffic, the business recently moved to Main Street. The business maintained a professional image. There is a large display area, but the selling takes place in a sophisticated setting. The owner has plans to employ a second sales person. The business will offer a expert clothing coordinator at no cost to the customer. Customers so assisted will have a sense of competence and sophistication associated with their selections.

### 3. Industry Analysis

Today, the consumer has many options when purchasing quality clothing. Traditional retail outlets, the family owned stores, are decreasing in number as large retail chains continue to expand. There are more than 25 stores within a 35 mile radius of C & C. Small stores with annual sales of less than \$75,000 account for 35 percent of all clothing stores, yet they have less than 8 percent of all sales. By contrast, stores with annual sales of more than \$1 million account for 4 percent of the industry and have approximately 30 percent of total sales. Other sources for clothing include the growing number of discount stores, such as Wal-Mart. Catalog sales have not fared well. In 1996, as reported by JCK Almanac, 70.7 percent of all clothing sales purchased were at department stores, 13.4 percent at family owned businesses, 7.3 percent at discount stores, and the balance at other sources. Clothing sales have continued to increase steadily since 1982 and are expected to continue to climb at an annual rate of 9 percent through 1999. In 1997, sales topped \$12 billion.

Today's markets are more diversified. Shoppers are more segmented than in the past. Recent survey published in the Clothing Circular Deystone have indicated that the younger markets are attracted largely by price. More mature clothing buyers are concerned with quality and service.

In the latest study of how clothing sales are distributed, namebrand clothing sales are distributed, namebrand clothing was the highest category of clothing sold across the industry. Sport/Casual wear were the top category for most stores, followed by professional and offbrand labels. Total namebrand clothing sales for small to medium-sized stores were approximately 30 percent of their total revenues. In larger stores, 40 percent of their sales were sportswear. Smaller stores dominate in the area of discount off brand label sales.

It appears that the large variety in distributors serves a wide variety of market niches. Large chains and department stores offer the most variety in merchandise They heavily promote credit purchases. They often use promotional sales, using high markups to allow for promotional markdowns. Another market segment is served by the smaller chains or upper-scale independent stores. These stores target the more affluent buyer and focus on quality and service. Still another group are the "mom and pop" operations that rely heavily on years of past performance and an established clientele. These stores offer a variety of services and products at a moderate price. They represent a "vanishing breed," as the previously mentioned groups are taking away their small market share.

The traditional clothing store work on a high-markup basis The average markup for chain stores runs between 300 percent and 400 percent. The following information was obtained in an interview with a manager of a Miami-based medium-sized chain. The interviewee asked to remain anonymous to avoid any problems with his employers The business marks clothing up an average of 300 percent, striving for a 60 percent gross margin. Twenty-five percent of this margin is for salaries and expense, and the balance contributes to profit. Many items are marked up much higher than 300 percent to maintain the average. He stated that the use of even higher markups followed by "50 percent off sales used to be a key strategy, but that consumers are much wiser today; thus, the strategy is no longer used. To

compensate, this store has kept markups level and decreased its advertising budget considerably. It also has found that putting more of its advertising dollar into increased merchandise has helped improve sales and profits.

## 4. Market Conditions

The market for clothing and related products has been increasing and is projected by most experts to continue. business Trend Analysts, of Commack, New York, predicts a 9 percent annual growth rate in sales of clothing through 1999. Another indicator is DeBeers, which controls 85 percent of the world's namebrand clothing. In its 100- year history of reading the market and its signs, it has an enviable record of being right. DeBeers is convinced that in 1999, demand for quality nameband clothing will surpass last year's records. For clothing marketers that is a strong vote of confidence in continuing consumer demand. Even with the recent slowdown in the economy, the clothing stores of the USA has maintained sales even with last year. With the new location and with increased marketing efforts, sales should increase.

### 4.1 Target Market

C & C has identified three specific markets that it will target.

#### The Professional

The professional considered to be the business man or woman, generally between the ages of 35 and 45. More women are entering the business world and have increasing clothing needs. Circular Keystone reports that professionals spend more than any other group on each purchase, making them more profitable for service for the time and effort invested. Large stores are targeting this market; however, C & C has a unique advantage in that it will have salespersons that will go to the customer. This service will be successful because the professional often does not have time to shop. Salespersons will follow strict guidelines as to the amount of merchandise they may carry and the process of screening potential clients. Another advantage of targeting this market is that the salespersons will be actively involved in marketing incentives.

#### The Younger customers

This market is an area in which C & C has been able to excel . This market is targeted at ages 14-25. By word-of-mouth the business will be able to personally call on youth after school sales persons to let the younger clientele know of the latest fashion trends available at C & C.

#### Other Customers

Customers in a blue collar job

In the lower to middle income bracket

Lives or works within 45 miles of the business location.

## 5. Marketing Plan

C & C will use the following marketing strategies:

1. James Name will hire one full-time salesperson in the first year. This salesperson will be trained by suppliers regarding the apparel industry in the first few weeks. He or she will prospect through a program of telemarketing and direct selling supported by mail. Twenty Five professionals will be contracted each week, first by mail and then by follow up phone calls. They will be approached for incentive awards as well as personal clothing and accessories purchases.
2. James Name will continue to recruit young people at the local high school to act as referents in return for a finders commission. No more than 3 out of store sales persons will be recruited the first year.
3. James Name will develop a customer database to keep track of anniversaries, birthdays, and other occasions that might be an occasion for a clothing or accessory purchase. Reminders will be sent at these times. She will also mail a monthly newsletter.
4. Having moved to the new location on Main Street will give C & C exposure to some street traffic in the business district of Marks. Frequent displays will be set up in the display area of the building to attract new business.

C & R has had some success with all the strategies mentioned; however, it has not been consistent in implementing any of them. In the last year, James Name hasn't fully implemented any of the above strategies because of personal time restrictions. Even without any marketing efforts, the business has continued to grow. With the addition of a new staff member, and James Name reducing her hours at the hospital to part time, James Name will again concentrate on generating new business.