

Business Plan

CommuniTea

"Building a community of tea lovers"

Owner: Nick Light

816-456-6793

NLight10@cornellcollege.edu

This business plan has been submitted on a confidential basis solely to selected, highly qualified investors. The recipient should not reproduce this plan or distribute it to others without permission. Please return this copy if you do not wish to invest in the company.



Table of Contents

1. Executive Summary
 - 1.1 Mission Statement
 - 1.2 Objectives
 - 1.3 Keys to Success

2. Description
 - 2.1 Products and Services
 - 2.2 Customers
 - 2.3 Store Appearance
 - 2.4 Unique Features

3. Location

4. Competition
 - 4.1 Iowa City Competitors
 - +New Pioneer Co-op
 - +The Java House
 - +Starbucks
 - +The Tobacco Bowl
 - +The Red Avocado
 - 4.2 National Competitors

5. Inventory
 - 5.1 Initial Tea Menu
 - 5.2 Tea Accessories

6. Marketing
 - 6.1 General Strategy
 - 6.2 College Students
 - 6.3 Baby Boomers
 - 6.4 Retaining Existing Customers

7. Social Business

8. Management
 - 8.1 Owner Profile
 - 8.2 Employees

9. Financial Statements
 - 9.1 Start Up Costs
 - 9.2 Income Statement

Section 1: Executive Summary

CommuniTEA is an Asian Inspired tea room that will be located in downtown Iowa City. CommuniTEA will be a Limited Liability Corporation managed by its owner Nick Light. Nick is a knowledgeable tea expert who has spent the past six years studying tea and its Chinese origins as a relaxing and healthy beverage. His passion for tea will help ensure a smooth transition for this new tea shop.

CommuniTEA will offer a large variety of loose leaf teas, primarily from Asian countries such as China, Japan, and India. In addition, CommuniTEA will also offer light snacks, brewing tools, tea accessories, and Asian artwork and decorations. The staff at CommuniTEA will be highly trained and experienced in brewing high quality loose leaf tea.

The specialty tea market has shown great growth potential over the past decade. According to the Sage Group, US Tea Sales are expected to top \$10 Billion in 2010, and in addition many specialty tea lines are showing double digit growth of up to 15% annually. In addition, the Iowa City market looks particularly ripe for growth since there are not any direct tea shop competitors in the area.

Our market in Iowa City will primarily consist of local college students, the local residents of the community, and tourist that visit Iowa City. The college students will be drawn in by the opportunity to learn about the diverse and interesting history of tea in Asian culture as well as the opportunity to drink high quality tea that is difficult to find in the city. Local tea drinkers will be enticed by the high quality tea that we will offer and also the chance to network with other local tea drinkers during a tea ceremony or even during normal store hours. We will entice new tea drinkers through a variety of outreach programs and classes designed to dispel the myths about loose leaf tea.

While we have no direct competitors in the form of tea houses, there are many local coffee houses which we will likely be competing with. After some market analysis our top two local competitors will likely be Java House, a coffee shop with a limited menu of loose leaf tea options, and the new pioneer coop which sells loose leaf tea. In addition, we will face competition from the numerous online tea retailers including Mighty Leaf, Adagio, and Upton Teas. Through partnerships with the New Pioneer Co-op we hope to provide tea classes as well as sell some of our loose leaf tea through their store.

1.1 Mission Statement

Our goal is to serve high quality tea in an environment that brings the local community together to learn about the history and culture of tea and the tea masters and processes that they use to produce tea.

1.2 Objectives

- To run a successful tea business in terms of profits and also in terms of community engagement.
- Expose customers to a healthy alternative to coffee and engage them in learning about the rich history associated with the tea plant.
- To build a solid base of 150 loyal customers by the end of the first year growing to 300 by the end of the third year
- To have a net profit by the end of the second year and have strong profits by the end of the fourth year
- To help build the Iowa City community and establish ourselves as a leader in the community

Building a Community of Tea Lovers

- To illustrate the human rights issues that still affect many citizens of Asian countries
- To help insure the continued education in loose leaf tea

1.3 Keys to Success

- Successful Community Outreach: Through classes, tea tastings, and marketing strategies, we need to convince community members about the benefits of drinking tea
- Strong Customer Service: Every interaction needs to be positive and staff will take on the role of helping customers become familiar with loose leaf tea
- Connecting Experiences with Stories: Every tea and tea accessory must come with some story to connect these teas with the rich culture and traditions in these tea growing countries. Each tea will come with a profile of the grower and a description of the process to create that tea
- Build social capital by demonstrating green credentials and by doing our part to ensure the strong future growth of Iowa City as a whole
- Ensuring that we have a strong capital Position
- High Quality Products

Section 2: Description

2.1 Products and Services

CommuniTea will offer over 30 different teas including white, green, yellow, oolong, black, and pu-erh teas. CommuniTea will order tea from four primary distributors who serve high quality teas and work hard to establish solid relationships with sustainable farmers in China, Japan, and India. These distributors are Shang Tea, Seven Cups, Den's Tea, and Adagio Teas. In addition, we hope to expand our product line in the future to include Taiwanese Teas, Korean Teas, Nepalese Teas, and Herbal Teas such as yerba mate, rooibos, seven treasures, and chamomile. With these tea products we will include detailed sheets that include information about the tea master, growing region, preparation methods, and steeping information.

We will also sell a variety of tea accessories to enhance the experience and to help our customers brew the loose leaf tea that they purchase in our stores. From China we will have a variety of tea tables, gaiwans, yixing teapots, and tea tools that would be used in a gong fu ceremony. From Japan we will offer tokoname teapots, chawans, and other tools for the Japanese tea ceremony of Chanoyu and the preparation of matcha. In addition, we will also offer a variety of different teacups, modern teapots, tea scales, and other gadgets that are useful for all tea lovers. Lastly, we will also offer a collection of tea books both for our customers to read within the tea shop and also to purchase.

In addition, the tea shop will feature 2-3 themed tea rooms where customers can sit down, learn about the different cultures, and enjoy their tea. Almost all of the items in these rooms will be available for sale to the customers so that they can buy a piece of the culture to enjoy in their own homes.

The tea shop will also offer a variety of services to customers and local restaurants. For customers we will host a number of tea seminars and courses to not only teach the basics of tea, but also to teach classes about the history of tea, different growing regions, different cultures, and many other different topics. In addition, we will host private tea ceremonies within our tea room and we will also host tea ceremonies at private parties. For local restaurants we will host courses for restaurant owners to learn

Building a Community of Tea Lovers

how to incorporate high quality loose leaf tea into their menus. In addition, we will also hold private seminars with owners looking for more in depth and customized help.

All of our teas will come from sustainable farming operations in the countries of origin, and also tea accessories that we sell will be directly sourced from the specific regions where they originated.

2.2 Customers

Iowa City has a population of around 60,000 residents and is also connected with nearby Cedar Rapids, which could also bring in a number of customers. I will be focusing heavily on two main market groups, including the college aged students as well as the baby boomers, which research indicates are the most likely group to embrace tea as a part of their daily lives. The college aged crowd makes up about $\frac{1}{4}$ of the population in Iowa City, whereas the baby boomers comprise around $\frac{1}{6}$ of the population in Iowa City. In addition, Cedar Rapids has about 70,000 baby boomers that would be likely to visit CommuniTea.

In addition, we will also focus on attracting tourists to come and visit our shop. Tourists often visit Iowa City to attend a sporting event or to tour the college, and so we expect to see a number of customers that drop by the shop when they are in town.

2.3 Store Appearance

As you enter the store you will find the main retail section where you can purchase a variety of loose teas as well as place your order for our wide selection of hot teas that we will offer. On the first floor, we will have our Chinese themed tea room and Japanese themed tea room where customers can sit and enjoy the atmosphere and occasionally Chinese (Gong Fu) and Japanese (Chanoyu) ceremonies. In the basement we will have another themed tea room which will likely be where we host private parties and our tea classes. In all of our tea rooms we will have a large table which can be used for group events and presentations, and along the edges we will have a number of smaller tables and chairs where our customers can sit and enjoy their purchased teas.

2.4 Unique Features

CommuniTea will feature a number of unique features that cannot be found at the coffee shops in Iowa City. In general we will focus on being extremely transparent to our customers. When a customer purchases a bulk amount of loose leaf tea, we will provide them with a handout that gives them all the necessary information about that tea. In particular the handout will give instructions about how to steep the leaves, the tea master who processed the tea, the region the tea comes from, the growing methods, the processing methods, the growing climate, the history of that particular tea, the specific variety of tea bush, and any other pertinent facts that the customer might like to see. Customers who decide to drink some hot tea in the store will be given a laminated handout of the same information to view while they are drinking their tea. In addition, we will provide references to books within the store that customers can browse through while they are relaxing and sipping their tea.

In addition to the handouts above, our staff will be active in ensuring that teas are brewed with traditional vessels so that customers can be fully immersed in the diverse tea cultures. Chinese teas will be brewed primarily with gaiwans and yixing teapots when possible, and Japanese teas will be brewed with Kyusu teapots, Houhins, and Tetsubin. Since these brewing vessels are often unfamiliar to tea

Building a Community of Tea Lovers

drinkers, our staff will be active in helping new customers understand how to use them and also to understand the history and development of these vessels.

Our staff will also be very engaged with the customer to make sure that they understand what they are purchasing and how to properly brew it when they get home. We will lose customers if they do not understand what they are purchasing and cannot successfully make a cup of tea.

Lastly, here are some quick bullet points about other unique features:

- 2-3 different themed tea rooms to reflect the different cultures
- Strong emphasis on having active employee-customer relationships that focus on tea education, and dialogue
- Hosting various tea workshops and ceremonies
- Various late night programs designed to attract college students
 - Haiku readings, Mah jong nights, culture shows, poker nights etc
- Extremely high quality tea that is guaranteed fair trade

Section 3: Location

CommuniTea will be located near downtown Iowa City, IA, within walking distance of the University of Iowa. Currently we are looking at purchasing a house near the downtown retail section in Iowa City to ensure that we are near the college, but also to avoid the high rent. We are currently looking for a 2-3 story house at about 1500-2000 square feet in size. Upon entering the store you will find our retail section as well as the area where you can order hot drinks to enjoy in the store. On the main floor we will have our Chinese and Japanese themed tea rooms, and then on the second floor we will likely have another themed tea room.

Currently, we are in the process of working with two local Iowa City realtors, Iowa Realty and DMB Enterprise, to find a suitable location for the tea shop. In conversations that we have had with these realtors, this will be a difficult process since there are not very many houses surrounding downtown Iowa City that are currently for sale.

Section 4: Competition

4.1 Iowa City Competitors

Within Iowa City, CommuniTea will have a few direct competitors that also sell loose leaf tea as well as some indirect competition from other beverage providers. Our top five competitors in Iowa City are; New Pioneer Co-op, Java Grande, Starbucks, the Tobacco Bowl, and The Red Avocado.

4.1.1 New Pioneer Co-op

The New Pioneer Co-op is a local organic food store which sells sustainable food that appeals to health conscious and environmentally conscious customers. The Co-op sells about 25-30 different types of loose leaf tea including white, green, oolong, and black teas as well as a large number of flavored teas. In order to help customers brew the loose leaf tea, they offer a selection of tea balls, mesh infusers, reusable tea bags, and paper tea bags. In addition, they also sell a wide variety of bagged tea and cold tea beverages such as Ito En's brewed cans of tea and a large selection of Honest Tea beverages.

Building a Community of Tea Lovers

New Pioneer Co-op is a strong competitor, because they have already a large captive audience and a substantial market share. Since health conscious and eco-friendly customers already shop at New Pioneer Co-op, they are much more likely to purchase loose leaf tea there since there is an established, trusting relationship between the customer and the co-op.

In order to distinguish myself, I will not only have to provide high quality, eco-friendly teas, but I will also need to focus my attention on creating an experience that you cannot find at the Co-op. In addition, I think that I can work with the Co-op to provide tea education classes and also sell some of my tea through their store.

4.1.2 Java House

The Java House is arguably the most popular coffee shop in downtown Iowa City. They offer a large selection of coffee options as well as a relaxed environment where customers can catch up on the daily news and get some of their work done. Java House sells and serves about 5-10 loose leaf tea options from Rishi Tea, a large nationwide tea distributor. In addition they sell a variety of steeping instruments such as the Ingenuitea from Adagio Teas, curve teapots, and yixing teapots. A 2 cup tea serving retails for \$1.95 at Java House.

While the selection of loose leaf teas is sparse at Java House, they already have a core group of dedicated customers that will be difficult to compete with. I will differentiate myself in a number of ways. First, I will have specialized equipment designed to brew loose leaf tea properly, whereas most coffee shops only have the ability to steep tea in boiling water. In addition, I will provide an environment that is catered to the tea lover rather than to the coffee lover. However, I will always need to continually demonstrate the positive benefits of tea, especially in relation to coffee.

4.1.3 Starbucks

Starbucks is a national chain that specializes in serving premium hot and cold coffee and tea beverages. Starbucks also serves a variety of baked goods and bottled drinks. Starbucks carries the Tazo line of tea, which is a reputable national distributor of high quality bagged and loose leaf tea. Typically at Starbucks retail locations, customers will be served Tazo teabags when they order tea.

As with Java Grande, Starbucks will be difficult to compete with because they are an established force in the hot beverages market. However, we believe that we can compete with them because we offer a much more intimate and personal experience and because we will appeal to the crowd that favors local businesses over national chains.

4.1.4 The Tobacco Bowl

The Tobacco Bowl is a local establishment that serves coffee, loose leaf tea, and tobacco. They sell and serve a selection of about 10-15 different types of loose leaf tea.

In order to compete with the Tobacco Bowl we will need to provide a different atmosphere and possess a greater knowledge of the teas we serve.

Building a Community of Tea Lovers

4.1.5 The Red Avocado

The Red Avocado is a local vegan restaurant located on the outskirts of Iowa City. The Red Avocado sells a selection of about 8 different teas and they also brew the tea to compliment their menu.

We list the Red Avocado as one of our top 5 competitors because they have an existing customer base of vegans and health conscious customers, similar to the New Pioneer Co-op. Since they sell a selection of loose leaf teas, we will have to pursue a marketing strategy they will not only highlight that our teas are organic and of high quality, but also that we provide an atmosphere that is conducive to learning more about where that tea actually comes from and the processing methods that are used

Competition Matrix

	Co-Op	Java House	Starbucks	Red Avocado	Tobacco Bowl	CommuniTea
High Quality Teas	Yes	Middle	Middle	No	Middle	Yes
Great Customer Service	Yes	Middle	Middle	Yes	Middle	Yes
Good Selection	Yes	No	No	No	Yes	Yes
Expertise	Middle	No	No	No	Middle	Yes
Solid Customer Base	Yes	Yes	Yes	Yes	Yes	No
Prime Location	Middle	Yes	Yes	Middle	Yes	No

4.2 National Competitors

In addition to competing locally with coffee shops and local grocery stores, we will also have to compete with national heavyweights such as Mighty Leaf, Rishi Tea, Adagio, Upton Tea Imports, Stash Tea, and Teavana. The online tea industry is highly competitive, and as a result customers can typically find the highest quality tea and the most transparency when purchasing from these companies.

In order to compete with these companies, CommuniTea will need to add value to the tea that we provide. We will do this by providing an intimate atmosphere, hiring and maintaining a highly trained staff who are more personable than online retailers, and hosting a variety of workshops and tea tasting classes designed to help tea lovers learn more about their favorite drink!

Section 5: Inventory

5.1 Initial Tea Menu

CommuniTea will offer all varieties of tea including white, green, yellow, oolong, black, pu-erh, and herbal. Initially CommuniTea will focus on providing Chinese, Japanese, and Indian teas from these four distributors; Shang Tea, Seven Cups, Den's Tea, and Adagio Teas. We will offer the following teas when we open our doors:

White

- White Peony (Shang Tea)

Building a Community of Tea Lovers

- White Peony King (Shang Tea)
- Silver Needle King (Shang Tea)

Chinese Green

- High Mountain Green Classic (Shang Tea)
- High Mountain Green Premium (Shang Tea)
- Dragonwell (Seven Cups)
- Mao Feng (Seven Cups)
- Mao Jian (Seven Cups)
- Gunpowder Green (Seven Cups)
- Buddha's Eyebrow (Seven Cups)
- Sweet Dew (Seven Cups)
- Bi Luo Chun (Seven Cups)
- Tai Ping Hou Kui (Seven Cups)
- Liu An Gua Pian (Seven Cups)

Japanese Greens

- Sencha Zuiko (Den's Tea)
- Sencha Shin-Ryoku (Den's Tea)
- Fukamushi Sencha-Yame (Den's Tea)
- Gyokuro Suimei (Den's Tea)
- Genmaicha (Den's Tea)
- Houjicha (Den's Tea)
- Kukicha (Den's Tea)

Yellow Tea

- Jun Shan Yin Zhen (Seven Cups)
- Meng Ding Huang Ya (Seven Cups)

Oolong Tea

- White Tea Oolong (Shang Tea)
- Rock Oolongs (Seven Cups)
- Dan Cong Oolongs (Seven Cups)
- Taiwan Oolongs (Seven Cups)
- Anxi Oolongs (Seven Cups)

Black Teas

- Golden Needle (Shang Tea)
- Bai Lin Kung Fu (Shang Tea)
- Lapsong Souchong (Seven Cups)
- Breakfast Keemun (Seven Cups)
- Darjeeling (Adagio)
- Assam (Adagio)
- Masala Chai (Adagio)

Scented Teas

Building a Community of Tea Lovers

- Jasmine Dragon Pearls (Shang Tea)
- Honeysuckle White (Shang Tea)
- Pao Blossom (Shang Tea)
- Jasmine Silver Needle (Shang Tea)
- Tangerine Blossom (Shang Tea)

Herbal Teas

- Chamomile (Adagio)
- Rooibos (Adagio)
- Eight Treasures (Seven Cups)
- Bitter Tea (Seven Cups)
- Rose Buds (Seven Cups)

Pu-Erh

Each cake of Pu-erh is different and so we will not stock any particular Pu-erh teas, but we will have a selection at our storefront.

5.2 Tea Accessories

We will offer a number of items that will help customers brew tea properly including:

Steeping Vessels

- Gaiwans
- Yixing Teapots
- Ingenuitea (from Adagio)
- Houhins
- Kyusu
- Tetsubin
- Glass Teapots
- Travel Steepers
- Reusable tea bags
- Chawan (for Matcha)

Steeping Tools

- Pino Electric Water Heater
- Digital Tea Scales
- Tea Scoops
- Bamboo Whisks
- Gong Fu Tea Tools

Miscellaneous Items

- Storage Tins
- Tea Tables
- Tea towels
- Various tea cups

Section 6: Marketing

6.1 General Strategy

As a general marketing strategy, CommuniTea will use about 25% of the marketing budget to attract new customers whereas the other 75% will be to offer incentives to retain existing customers and help ensure that they become regular customers.

In order to market CommuniTea successfully, we will employ a variety of marketing tactics to spread the word about our tea shop. First we will seek to utilize every opportunity to get free press as possible. This means contacting all the local newspapers to ask if they will run a story on our new business to help us generate some buzz. This includes the Iowa Gazette, Hoopla, The Daily Iowan, local college newspapers, and all other local papers. In addition, we will likely purchase ad space in the newspapers with readership profiles that target our main audience as well as in the local Yellow Pages.

We will also host a dynamic website with a full list of our menu items, store hours, and location so that prospective customers can learn a little more about our store before stopping by and visiting the location.

In addition, we will post flyers and hand out brochures at many local businesses including grocery stores, bakeries, community areas, local gardening groups, churches, theatres, and college properties.

6.2 College Students

In order to attract the college students, we will have to appeal to current tea drinkers, but we will also need to cut into the local coffee market and convince college students that tea is a healthy and cheap alternative to coffee. In addition, current students are much more aware of different cultures and backgrounds, so we will also have to appeal to the desire to learn these varying cultures.

- Create a Facebook Page: This will allow CommuniTea to use targeted advertising to reach it's primary market base of college students as well as announce promotions, share updates, and take advantage of online word of mouth advertising techniques
- Drop slips of paper across campus inviting students to visit the CommuniTea website
- Hand out free samples as students are walking to class and information sheets that stress the health benefits of tea
- Host late night programming for college students, including talent shows, culture shows, etc
- Provide space for student organizations to meet
- Encourage regular student customers to form a student organization on campus that focuses on the tea industry
- Offer a student discount at the store
- Hire student customers to host tea ceremonies on campus and direct students to CommuniTea

6.3 Baby Boomers

The baby boomers are typically seen as leading the growth in the US tea market. I will need to capture this market in both Iowa City (7000) as well as neighboring Cedar Rapids (25000).

Building a Community of Tea Lovers

- Invite local business groups, gardening and organic farming groups, and other interest groups to use my tea rooms as meeting space
- Mail postcards and brochures to Iowa City residents to make them aware of my tea shop
- Post tea classes in local activities calendars
- Give demonstrations at local restaurants on special occasions

6.4 Retaining Existing Customers

Making sure that customers come through the doors is certainly a big issue, but an even bigger issue is ensuring that they are repeat customers. CommuniTea will offer incentives to make sure that customers are more likely to come back a second time.

- CommuniTea will focus heavily on having a friendly, knowledgeable, and fully trained staff. In order to add value and compete with heavyweight online tea stores, we must add value to the products that we sell by providing a unique experience to customers
- Creating a tea club where customers receive a \$10 gift card if they spend \$100 in our store
- Giving customers a referral number which will credit their tea club account if it is used by a new customer
- Providing a setting that focuses on relaxation and telling stories about the tea and culture that surround the tea

Section 7: Social Business

CommuniTea will be run as a for profit business designed to return profits to the investors in the company. However, we do intend on providing a number of social benefits and support for the community of Iowa City. As previously mentioned, we plan to allow local community groups and student organizations to use our tea rooms as a meeting space at no charge, provided there are no private reservations. This will give these organizations a relaxing place to meet, enjoy a cup of tea, and take care of any necessary business.

CommuniTea also plans to provide a community compost. We will place used leaves in a compost behind our store, and we will invite other local businesses to bring over compostable waste. Community members and local gardening groups can then use this compost to help grow gardens at their houses. Lastly, CommuniTea will be active in providing donations to local non profits and plans to help encourage continued economic growth in Iowa City.

Section 8: Management and Staff

8.1 Owner Profile

CommuniTea will be owned and operated by Nick Light. Nick's interest in loose leaf tea began in the summer of 2003, when he attended Spanish camp in Bemidji, Minnesota. Here his Argentinean counselors introduced him to Yerba Mate, a plant indigenous to Argentina, Brazil, and Uruguay. Nick was so inspired by the history of Yerba Mate and how the plant brought friends closer together, that tea quickly became a passion for him. Nick has spent quite a bit of his free time since 2003 reading tea books, researching the tea industry, and visiting tea shops to continue his pursuit of knowledge about this fascinating beverage. Nick graduated from Cornell College in 2010 with a BA in Economics/Business

Building a Community of Tea Lovers

and Computer Science. He will bring years of tea and business experience with him as he pursues this new venture and will be integral in training a dedicated staff to help run CommuniTea.

8.2 Employees

CommuniTea will be operated by Nick and 1-2 employees depending on the daily flow of customers. Employees will follow a rigorous week long training period in which they will learn about operations, sit in on tea courses, become very familiar with the tea products and steeping accessories, and shadow other employees to practice what they have learned. Employees will be expected to have strong customer service skills, to be self-motivating, and to always seek to learn more about tea.

Section 9: Financial Statements

9.1 Start Up Costs

Our start up costs will include construction costs to remodel the house, initial inventory costs, furniture, initial brewing and water filtration equipment, a small initial marketing budget, a point of sale system, and also a small miscellaneous budget that will only be used if there are cost overruns in other sections. As we continue to develop this business plan, these numbers will become more refined, but they are currently based on initial projections as well as similar industry start-ups.

CommuniTea Start Up Costs	
Construction Costs	5000
Inventory Purchases	7500
Equipment/Signage	11500
Furniture/Decorations	10000
Point of Sale System	2500
Marketing	500
Miscellaneous	2000
Attorney Fee	800
Total Start Up Costs	39000

9.2 Income Statement

This income statement is still a broad look at the expected yearly revenues and expected yearly costs. Many of these figures were determined based on plans from other tea shops and are still being revised as more information becomes available.

Key Assumptions:

- 7% growth in revenues per year
- Rent at \$1500 per month (still locating a property)
- Utilities at \$250 per month
- Wages = \$3000 per month

Income Statement Fiscal Year 2011-Fiscal Year 2013						
CommuniTea						
	2011		2012		2013	
Revenue						
Total Revenue	\$ 80,000.00	100%	\$ 85,600.00	100%	\$ 91,592.00	100%
Cash Sales	\$ 50,000.00		\$ 52,500.00		\$ 55,125.00	
Credit Sales	\$ 30,000.00		\$ 31,500.00		\$ 33,075.00	
Total COGS	\$ 59,600.00	75%	\$ 61,000.00	71%	\$ 62,498.00	68%
Inventory Costs	\$ 20,000.00		\$ 21,400.00		\$ 22,898.00	
Misc. Supplies	\$ 1,200.00		\$ 1,200.00		\$ 1,200.00	
Advertising	\$ 2,400.00		\$ 2,400.00		\$ 2,400.00	
Wages	\$ 36,000.00		\$ 36,000.00		\$ 36,000.00	
Gross Profit	\$ 20,400.00	26%	\$ 24,600.00	29%	\$ 29,094.00	32%
Operating Expenses						
Rent	\$ 18,000.00		\$ 18,000.00		\$ 18,000.00	
Utilities	\$ 3,000.00		\$ 3,000.00		\$ 3,000.00	
Depreciation	\$ 2,400.00		\$ 2,400.00		\$ 2,400.00	
Telephone	\$ 1,200.00		\$ 1,200.00		\$ 1,200.00	
Total Operating Expenses	\$ 24,600.00	31%	\$ 24,600.00	29%	\$ 24,600.00	27%
Net income	\$ (4,200.00)	-5%	\$ -	0%	\$ 4,494.00	5%