

SAME
THREAD
APPAREL

BRIDGING THE GAP BETWEEN FASHION AND ETHICS.

BUSINESS PLAN

2014

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EXECUTIVE SUMMARY

1.1 MISSION STATEMENT

To provide mutually beneficial fashion choices for consumer and garment industry workers by partnering with female-focused organizations to produce high quality, fashion forward clothing.

1.2 VISION STATEMENT

We envision a world where ethically made clothing is not a luxury, and being paid a living wage is not a privilege. Through partnering together, we believe that both consumer and manufacturer can co-create ethical progress in the fashion industry.

1.3 STATEMENTS OF BELIEF

- We believe in freedom of choice for both consumer and manufacturer.
- We believe in the inherent right of all people to freedom, love, safety, shelter, sustenance and the pursuit of self-actualization.
- We believe that all people are entitled to be paid a living wage and to work in a dignified environment.
- We believe that empowering women economically can change families and communities for the better.
- We believe that choosing to buy clothing makes us partially responsible for how the clothing was made.
- We believe that participating in the fashion industry does not have to mean perpetuating an oppressive system.
- We believe that fashion is a valid way of expressing not only individuality and creativity but of expressing beliefs and empathy as well.

1.4 COMPANY OVERVIEW

Same Thread Apparel is a new fair trade clothing concept that uses partnerships with women-focused organizations to expand access to ethical clothing while economically empowering female garment workers. In addition, we aid our partners in business and product development to help them expand their scale in the marketplace. Located in Seattle, WA, Same Thread hopes to bridge the gap between fashion and ethics in the growing fair trade fashion sector.

Same Thread Apparel is a general partnership corporation co-founded by Katie Metzger and Danielle Neufeld in 2013. The concept for Same Thread was bred out of a research trip to Southeast Asia that focused on aftercare for women coming out of

the Thai sex industry. Katie and Danielle

found themselves drawn to the entrepreneurial efforts of many

of the NGOs they encoun-

tered and felt that these

programs could be

improved and ex-

pounded upon. This

interest led to many

discussions regard-

ing the role of social

enterprise in the eco-

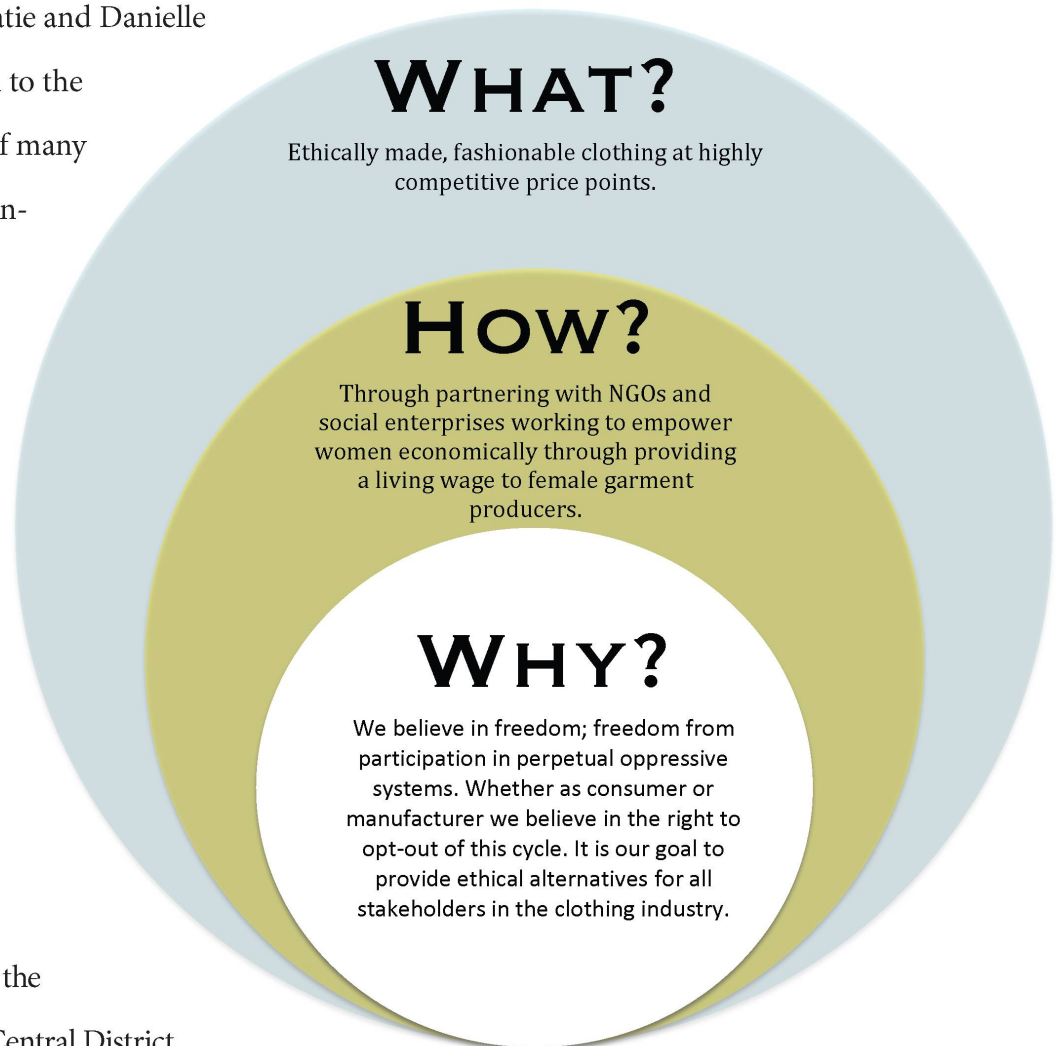
nommic empowerment

of women.

The initial office

location will be located in the

proprietor's home in the Central District



of Seattle, with an eventual dedicated office location being rented in the same neighborhood. Seattle serves as an ideal hub as it is a leader in the fair-trade and social enterprise movements¹. We believe that the support of other likeminded entrepreneurs will serve as a great support network for this venture.

Initial retail channels will include an e-commerce store, wholesale and “pop-up” stores in Seattle markets and at appropriate events. Future goals include expanded market share in the fair trade clothing industry, the opening of a physical retail location, and profitable wholesaling partnerships.

PRODUCT AND SERVICE ANALYSIS

2.1 PRODUCT DESCRIPTION

Same Thread Apparel will provide customers with a wide variety of fashionable, reasonably priced fair-trade clothing. All products will be sourced from organizations that focus on the economical empowerment of women. We will partner with NGOs who want to develop income streams and employment opportunities for the women that they work with. Our initial production partner will be The Bridge, an NGO based in the Issan province of Thailand. The Bridge focuses on education and empowerment for the women of Issan who are vulnerable to being drawn into the Thai sex industry².

When partnering with production organizations we will employ a 3-point evaluation system: community impact, economical impact and environment impact. It is vital to our mission that we only partner with organizations that have the same focus and philosophy. Same Thread Apparel will primarily provide clothing, but will also have accessories and other related products available for purchase. Products will include: a wide variety of fair-trade blouses, dresses, skirts, pants, and accessories that will have an urban-bohemian aesthetic. When at all possible we will offer not only fair-trade items but eco-friendly

¹ Seattle is home to many social enterprises across industries as well as social business education programs and venture philanthropy organizations that have made Seattle a hub for social enterprise start-ups.

² The Bridge is a start-up NGO that is operated by Thai nationals with an existing knowledge of garment production and textile manufacturing. This organization will serve as an ideal initial partner due to their community relationships and knowledge of local textile production practices.

items as well. Because we will be working directly with textile and garment producers we will be able to have a greater level of control over the textiles that we use.

Same Thread will offer female consumers a “one-stop-shopping” experience for the socially conscious. We will provide fashionable trend pieces as well as wardrobe basics. Same Thread’s approach is unique since many fair-trade clothing manufacturers focus primarily on either specialty items or casual basics. Additionally, many other fair trade manufacturers sourcing from Southeast Asia produce low-grade accessories and souvenirs. It is vitally important that we not only focus on the ethicality of the clothing but on being fashion forward as well. Consumers purchase clothing primarily due to aesthetics not ethics. Ethical clothing has been historically thought of as separate from the mainstream fashion industry due to its lack of attention to trends. Providing clothing choices that are both highly fashionable and highly ethical is what will set us apart³. Additionally, we want to develop products that can fit seamlessly into the wardrobes of many different types of women, therefore widening our consumer base.

2.2 SERVICE DESCRIPTION

In addition to offering high quality fair-trade clothing Same Thread Apparel will also make available several services to our partner organizations. Our goal is to not only be a successful producer of ethically made clothing but to also aid our NGO partners in business and product development. We hope to assist our NGO garment production affiliates in the following ways:

- Stable employment and job skills development for the women participating in their programs
- Increased market access
- Product development through sales and market feedback, as well as product design
- Product diversification
- Lean production operations and increasingly competitive pricing
- Continuously developing higher ethical and environmental standards

³According to The Market for Ethical and Sustainable Fashion Products 2011 report, “Shoppers buy on design and style first. Ethical/eco credentials are a bonus that can help secure the sale”. Report retrieved from http://www.ethicalfashionforum.com/assets-uploaded/documents/Market_for_sustainable_fashion_Briefing_2011.pdf

We at Same Thread Apparel strive to be a platform to showcase organizations that are improving the lives of female textile and garment workers. The services that we offer our partners are intended to help them grow and develop as an organization, thus allowing them to increase program funding through partnering with us.

2.3 COMPETITIVE EDGE

Key Competitive Strengths

There is currently a deficit in the marketplace between affordable and accessible fair-trade fashion and the level of current demand. Many fair-trade clothing retailers concentrate their focus on ethicality and not on current trends. We believe that in order to be competitive in the marketplace we must not only focus on the ethicality of our clothing but also on the design and relevance to current trends. Same Thread Apparel will be one of the few ethical fashion companies to really focus on the aesthetics of their products. We will work to become the premier fashion-forward ethical clothing company in the United States. Our target market will not only be the conscious consumer but also the mainstream consumer, where our message of ethicality would be an added bonus not a primary sales tool.

Key Competitive Challenges

The major challenge that Same Thread Apparel faces is that it is a new company. Because we are entering into the market, we will have to address challenges in visibility and brand loyalty. Due to our relationships with other organizations we will have to navigate how to achieve successful, mutually beneficial collaborations. However, we believe that our unique model, expanded selection, pricing and wholesale offerings will give us a competitive advantage over the more established ethical clothing companies.

2.4 SOURCING

We at Same Thread Apparel will be extremely hands-on in our sourcing channels for our clothing that will be available for wholesale purchase and direct sales through our e-commerce website. All textiles

and garment production will be sourced directly from our NGO partners. This will initially include our production partner The Bridge. The Bridge will source all of their textiles locally from Isaan based producers⁴. The Isaan province is renowned for their textiles, including Thai silk, cotton, and complex traditional weaving patterns⁵. We will be utilizing their expertise in textile manufacturing to increase the quality and aesthetic appeal of our clothing. Our clothes will incorporate traditional fabrics and patterns with modern silhouettes to achieve an urban-bohemian effect.

To stay true to our mission we at Same Thread Apparel will be extremely diligent in our research of sourcing channels for ourselves as well as our partners. All aspects of sourcing must meet high quality and ethical standards as aligned with our mission, vision, and statement of beliefs. Additionally, we will work as closely as possible with our partners as to not incur extra costs from “middle men” or unnecessary channels.

2.5 TECHNOLOGY

The utilization of proper technology will be an important aspect of Same Thread’s product and service delivery. Our technology strategy will include 2 key components: high capacity e-commerce website for wholesale and direct-to-consumer purchases, as well as heavy online marketing efforts.

Our e-commerce website will serve as a direct-to-consumer retail channel that will not only be highly functional and user friendly but will also be aesthetically pleasing. We are currently working with an experienced website designer who will assist us in the design and ongoing maintenance of our e-commerce site. According to the U.S. Census Bureau e-commerce sales have steadily increased over

⁴According to Nightlight, an NGO operating in Thailand working with sex industry workers, 90% of girls working in the sex bars in Bangkok are from the Isaan province. This staggering number is due to poverty and lack of education for girls in this poor, northeastern province. Information retrieved from: <http://nightlightinternational.com/uncategorized/issan-birthplace-of-daughters-supplier-for-prostitution/>

⁵ The exporting of Thai textiles has increased steadily in recent years; in 2013 alone textile exporting rose by 8% according to the Thailand Textile Institute. This growth is due in part to low manufacturing costs and the excellence of Thai textile quality.

the last several years and will only continue to grow in the future⁶. We hope to effectively leverage this sales medium as it is low cost and allows us to directly engage with our customers. This consumer trend demonstrates the need for a quality, user-friendly website. In addition to serving as a direct-to-consumer retail channel our website will also be able to be utilized by our wholesale customers. Wholesale customers will be able to log onto their Same Thread account to track purchases, see wholesale pricing information and submit customer service inquiries. This will allow for a fast and easy to use sales system for our wholesale customers.

Furthermore, technology will be employed for our marketing and promotion efforts. We will be utilizing social media outlets, fashion blogs and online advertising to increase our brand visibility. This will be discussed in further detail in section 5.1 Target Market Segment Strategy.

MARKET ANALYSIS

The sale of fair-trade products is not only increasing but is projected to continue to increase for the foreseeable future. According to a 2011 Harvard study consumers are willing to pay 5-10% more for items they know are ethically made. Furthermore, adding a third-party designated fair-trade label increases sales by 10% on average⁷. Although fair-trade products are readily available in industries such as coffee or chocolate, the apparel industry has been slow to see change. Same Thread Apparel wants to help facilitate change in the clothing industry by giving a retail platform to those organizations that are working for change in a progressive way. The growth that is taking place in the fair-trade market is exciting and will provide many future opportunities.

⁶ This information was taken from the 2011 Annual Trade Report released by the U.S. Census Bureau. This report shows steady online sales increases for all areas of retail including the clothing industry.

⁷ This Harvard study was done in conjunction with MIT and LSE. Over a 6 month period this study observed consumer behavior and buying patterns in relation to coffee labeled fair trade. They also surveyed customers about the impact of ethicality on their purchasing. Study report retrieved from: http://papers.ssrn.com/sol3/papers.cfm?abstract_id=1801942

3.1 MARKET TRENDS

Although child labor and visible forced labor is on the decline in the clothing industry these practices are still widespread. It is estimated that 80% of clothing in North America has been made in sweatshops overseas⁸. Use of forced labor is especially present in the production of textiles, as textile manufacturing is harder to monitor than the garment production itself. Due to increased consumer knowledge and media coverage surrounding the plight of garment and textile workers consumers are more aware than ever. Therefore, as the media continues to be an ever-present force it will continue to bring to light the often inhumane way in which mainstream clothing is made.

Consumer trends towards the fair trade industry are extremely positive and are projected to steadily increase in the future.

- Fair-trade products have seen expanded market share in the United States, Western Europe, Australia and New Zealand. Although, there was a drop in sales in the U.S. during the 2008 recession, sales have been strong in other western nations⁹. Response to ethically made products has been especially good in the UK.
- Consumers are demanding fair-trade products and corporate social responsibility in such numbers that it is bringing about tangible change¹⁰. Major corporations are beginning to try to adjust their corporate image by offering some ethically sourced products
- Ethically sourced brands are attracting an affluent customer who has a large amount of buying power¹¹.

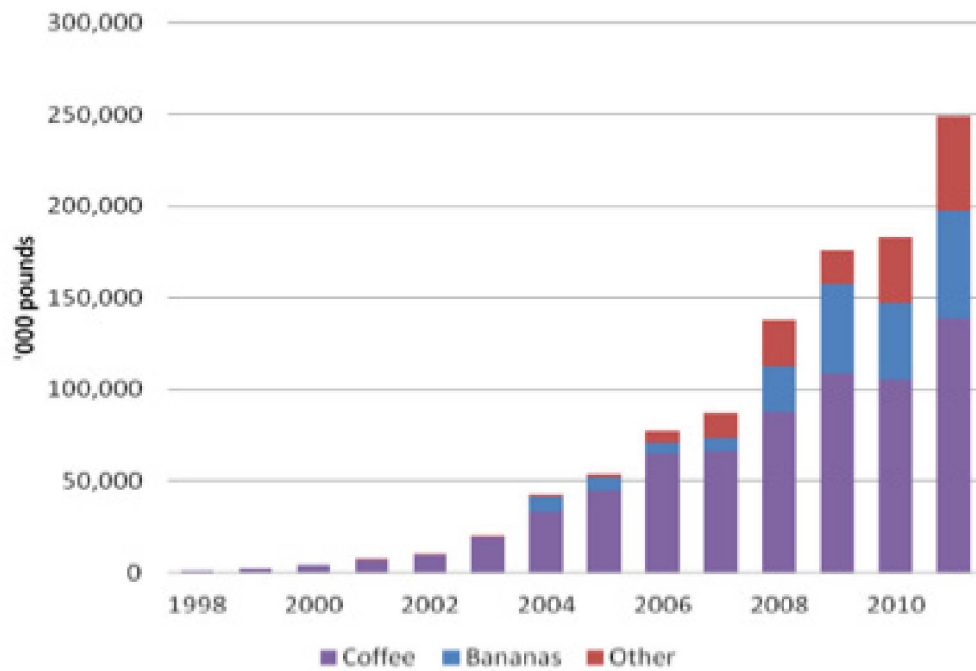
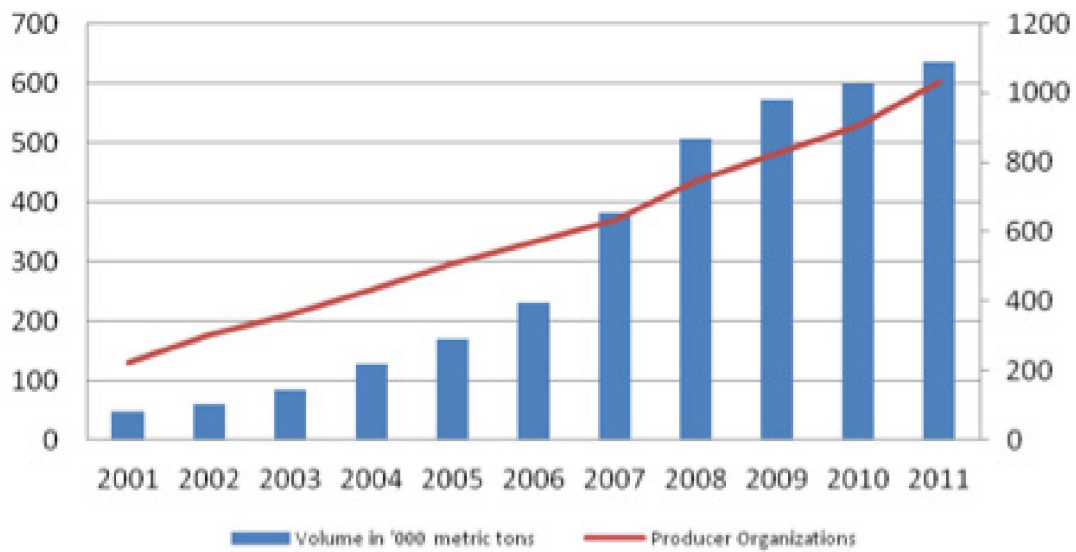
⁸This figure comes from the Institute For Global Labour and Human Rights.

⁹As discussed in the 2012 Center For Global Development Policy Paper http://www.cgdev.org/files/1426831_file_Elliott_Fair_Trade_Really_Fair_FINAL.pdf

¹⁰ Corporations such as Starbucks, Gap and H & M have made adjustments to their supply chains due to consumer demand. They have also begun to highlight ethically made products and use ethicality as selling point.

¹¹ “Goodbrand’s Social Equity Index report classifies consumers on four levels according to their ethical stance. This is judged by whether they claim to recycle waste material, support local retailers, make charitable donations, buy Fairtrade products, buy organic food, check companies’ ethical claims and do voluntary work. The study finds that consumers classified as “highly ethical” are likely to be wealthier than less ethically motivated people, with nearly two-thirds of this group falling into the ABC1 social class.” Retrieved from: <http://www.marketingweek.co.uk/the-only-way-is-ethics/3028974.article>

UNITED STATES FAIR TRADE SALES FIGURES¹²



¹² Both charts sourced from Fair Trade International.

COMPETITIVE ANALYSIS

As demand for fair trade and eco-friendly products has increased, so has the number of companies that manufacture and sell these products. Commodities such as coffee, sugar and produce have seen huge gains in the fair trade sector recently. However, due to the intrinsically aesthetic nature of the fashion industry, selling fair trade clothing is complex. You must not only appeal to the consumer's ethics but also to their own personal sense of style, which is highly emotional. Same Thread Apparel strives to bring personal style and ethics together by producing fashion forward clothing at reasonable prices.

Currently there are a number of ethically focused companies sourcing from Thailand. However, the majority of these companies produce items such as paper beads, handmade cards, budget jewelry, and a variety of other trinkets and accessories. Same Thread Apparel will not follow this common model, but will seek to be a leader in the manufacturing of on-trend, wearable clothing. We will be focused on systemic change in the clothing industry and will not rely on novelty only. By leading with the clothing aesthetics and quality we will differentiate ourselves from organizations that rely heavily on marketing through their mission. Our commitment to innovation and creative problem solving will be a distinguishing feature of Same Thread Apparel. This will ultimately allow us to increase our viability and sustainability.

4.1 KEY COMPETITOR ANALYSIS

Below we have identified what we believe to be some of our key competitors. By identifying our key competitors strengths and weaknesses we will be able to clearly articulate what our strategic advantage is. Our key competitors are defined in the following way(s):

- Fair Trade clothing producer
- Sources from overseas garment producers
- Women's wear focused trying to cater to a fashion forward demographic
- Either headquartered in the U.S. or has a significant online market in the U.S.

KEY COMPETITOR	STRENGTHS	WEAKNESSES	OUR ADVANTAGE
<p>Alternative Apparel Located in Atlanta, GA and Los Angeles, CA founded in 1996 Brand Aesthetic: Comfort and simplicity</p>	<ul style="list-style-type: none"> • Fashion-forward casual wear • Young, fresh branding aesthetic • Wide variety of products 	<ul style="list-style-type: none"> • High price points • Extremely casual aesthetic is not appealing to all customers. 	<ul style="list-style-type: none"> • Lower price points • Wider range of styles and aesthetics.
<p>American Apparel Based in L.A. founded in 1998 Brand Aesthetic: Casual basics</p>	<ul style="list-style-type: none"> • Globally recognized brand with strong brand loyalty • Strong messaging related to their ethical standards • Good price points 	<ul style="list-style-type: none"> • Marred public image due to advertising and sexual harassment scandals • Singularity of target demographic • Steady decrease in revenues recently • Overly simplistic clothing 	<ul style="list-style-type: none"> • Widened target demographic • Wider range of styles and aesthetics.
<p>Annie Greenable U.K. based company founded in 2007 Brand aesthetic: Body conscious, on-trend women's wear</p>	<ul style="list-style-type: none"> • Partnership with established brand Topshop • On-trend clothing • Competitive price points 	<ul style="list-style-type: none"> • U.K. location makes wholesaling expensive for U.S. based retailers • Limited size availability • Repetitive silhouettes 	<ul style="list-style-type: none"> • Our U.S. location gives a economic advantage with U.S. based retailers • We will offer a wider variety of sizes and silhouettes
<p>Good & Fair Located in Austin, TX founded in 2008 Brand Aesthetic: Hip, graphic screen-prints</p>	<ul style="list-style-type: none"> • Fair Trade and Organic certified. • Modern, on-trend design for men and women. • Professional, user-friendly website. 	<ul style="list-style-type: none"> • Does not offer a full line. Only offerings are t-shirts, underwear, and scarves. • Small company with very limited wholesale customers. 	<ul style="list-style-type: none"> • We will offer a full line of women's clothing that will include everyday pieces as well as unique, statement pieces. We want to be a go to clothing option for any occasion.

KEY COMPETITOR	STRENGTHS	WEAKNESSES	OUR ADVANTAGE
<p>Mata Traders Located in Chicago, Il founded in 2004. Brand Aesthetic: Bohemian prints with simple silhouettes</p>	<ul style="list-style-type: none"> • Wearable, figure flattering clothing • Extended sizes including plus size offerings • Competitive price points 	<ul style="list-style-type: none"> • Singularly bohemian aesthetic will not appeal to a wide variety of customers. • Silhouettes are very simple and repetitive 	<ul style="list-style-type: none"> • We will appeal to a wide variety of women by offering pieces that could be incorporated into anyone's wardrobe. • Increased variety of clothing silhouettes
<p>People Tree Located in the U.K. founded in the 1990s Brand Aesthetic: Fashion focused with clean, modern design</p>	<ul style="list-style-type: none"> • Well recognized brand garnering celebrity endorsements • Fair Trade certified • Wide variety of products 	<ul style="list-style-type: none"> • Price point is high, especially for the U.S. based customer • U.K. location makes wholesaling expensive for U.S. based retailers 	<ul style="list-style-type: none"> • Our U.S. location will give us a pricing advantage to U.S. based retailers
<p>prAna Located in Carlsbad, CA founded in 1992. Brand Aesthetic: Yoga-inspired, wearable, cotton clothing</p>	<ul style="list-style-type: none"> • First major company to produce fair trade clothing in North America. • Fair Trade certified • Large variety of clothing choices ranging from swim suits to bags. 	<ul style="list-style-type: none"> • Aesthetic is not on trend • High price point • Focus on yoga life-style may alienate some potential customers 	<ul style="list-style-type: none"> • More fashion forward aesthetic which will draw in a younger consumer base • Not specific to one sub-culture

MARKETING STRATEGY

Marketing and promotion is crucial to any successful sales strategy. We believe that by clearly defining our target market, offering industry competitive prices and employing effective promotion tactics we will be able to build a successful brand. This will help us to become financially viable and lucrative within a short period of time.

5.1 TARGET MARKET SEGMENTATION

Same Thread Apparel will cater to a target demographic that we believe will connect most eagerly with our messaging and aesthetic. Building brand loyalty with this consumer group is extremely important to our overall sales and marketing strategy. Although our branding will be targeting a specific target market, because our primary sales channel will be the internet we will have an international as well as local presence. Below we will outline both the demographic and psychographic attributes of our target market.

Target Market Demographics:

- Female
- Age 18-35
- Middle to upper income level
- Single or newly married
- College educated
- Lives close to an urban center

Target Market Psychographics:

- Above average socially conscious buying patterns (i.e. Purchasing organic produce, fair trade coffee and chocolate, supporting small/local businesses)
- Identifies with liberal political views
- Cares about ethics in fashion but also craves luxury and status
- Savvy urban dwellers with an affinity for anything with a bohemian/ethnic aesthetic
- Shops at stores such as Free People, TopShop, Nordstrom Savvy Department, Anthropologie and Urban Outfitters.
- Early trend adopters
- Purchases vintage items to integrate into their wardrobe
- Either travels internationally or views international experiences as chic and fashionable

Women fitting this demographic and psychographic description have unique buying patterns that differentiate them from other market segments. Millennial women crave a more personal experience and products that tell a story¹³. We will offer this experience by using our message of ethicality and woman empowerment to engage our target demographic. This will be accomplished by telling the stories of our products from raw material through production process and how it has affected the lives of woman along the way.

5.2 PRICING STRATEGY

At Same Thread Apparel we will strive to offer the most competitive prices for the quality of our products in the fair trade marketplace. However, because our clothing is ethically made we will not be able to offer the “fast fashion”¹⁴ prices of as little as \$25 for a party dress. Our prices points will be competitive with other women’s wear lines focusing on the contemporary market¹⁵.

Our pricing structure will include a 30% markup for our wholesale customers. This will only be applicable to bulk ordering in predetermined amounts. Our suggested retail price will be 50% greater the wholesale price. For example, if we manufacture a dress for the cost of \$25 we will sell it at wholesale for \$32.50. In turn, the stores that carry our products will sell the same item for \$48.75¹⁶. We believe this pricing strategy will help us to become financially viable in a short period of time. Furthermore, these pricing markups are in line with industry standards.

¹³ The millennial generation is most commonly defined as those who are born between the years of 1980-2000.

¹⁴ “Fast fashion” is a term used in the fashion industry to describe low-cost, low-quality clothing that can be used and discarded from season to season. Due to the high volume of “fast fashion” that is being consumed, international garment workers are under increasing pressure to produce more garments in less time with lower cost of production. According to an Oxfam study conducted from 2002-2007 Sri Lankan garment workers are regularly forced to work 60-90 hours of overtime per month in extremely poor conditions to keep up with production demand.

¹⁵ “Contemporary” is a term used in the fashion industry to describe on trend clothing that services the demographic between budget clothing and high-end fashion.

¹⁶ This pricing strategy is known as a “cost-plus” pricing tier and is commonly used in the clothing industry. It takes into account the relationship between manufacturer, retailer and consumer.

5.3 ADVERTISING AND PROMOTION

Same Thread Apparel will be heavily focused on the promotion and visibility of our brand; because we are a new company this will be one of our top priorities. Our advertising and promotion strategy will include the following channels:

- Producing an ethical lifestyle blog that will serve as a promotional tool for Same Thread Apparel as well as other companies and causes we are passionate about. Cultivating a following through blogging is a low-cost and effective way to build up interest in our products through an organic reach. This will also allow us to connect with our target demographic in a more personal way, which is often one of the most important things to female millennial consumers.
- Social media outlets such as Facebook, Twitter and Instagram. These mediums are great ways to connect directly with our target demographic and promote our brand in a more wide spread way.
- Partnering with fashion bloggers to widen our audience¹⁷. We will be participating in cross-promotional activities with popular fashion blogs that share our values.
- Utilizing Kickstarter to produce a campaign to raise visibility and some initial seed funds.
- Online banner advertising on Facebook, Twitter and fashion blogs.

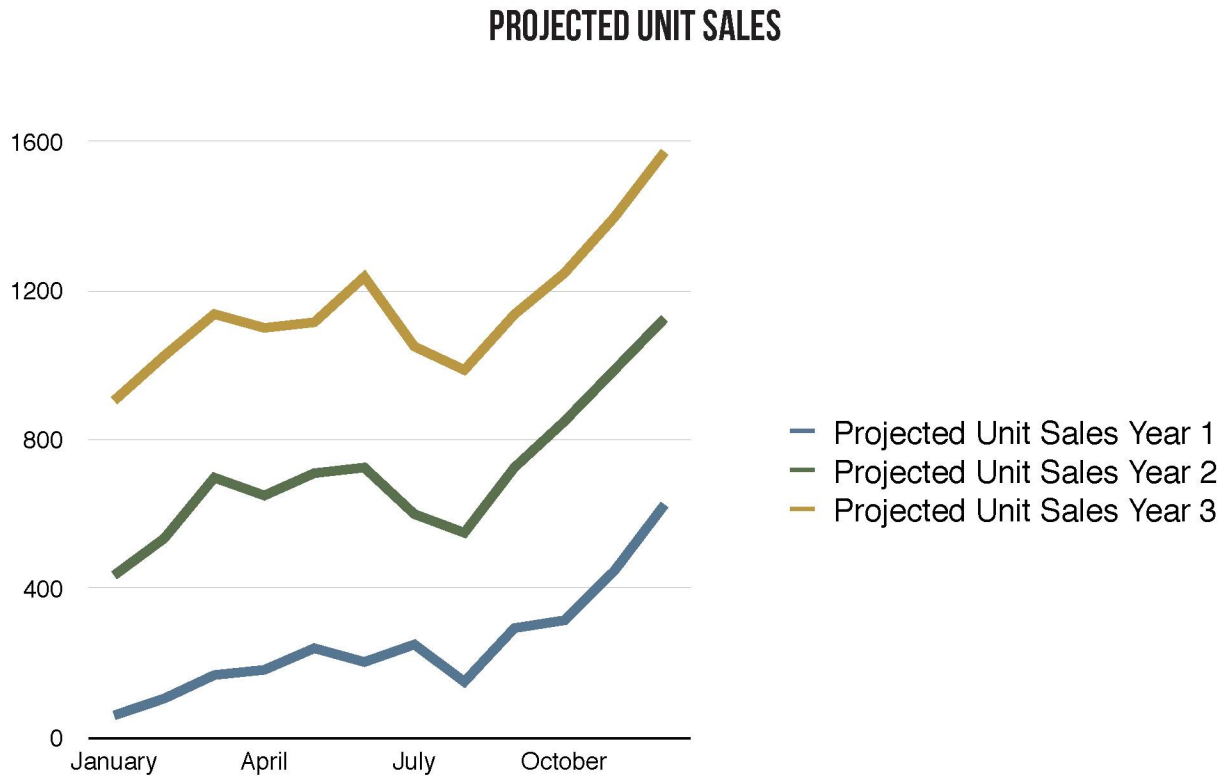
Our advertising and promotion strategy will be exclusively online, as this is the best way to consistently reach our target demographic. Through all of our promotional channels we will always strive to add a personal touch while telling the story of our products. This will allow us to connect with our consumers in a more genuine way, thus increasing brand loyalty in the long run.

¹⁷ Fashion bloggers have gained much notoriety in the last few years as their readership and influence have caused major impacts in the fashion industry.

FINANCIAL ANALYSIS

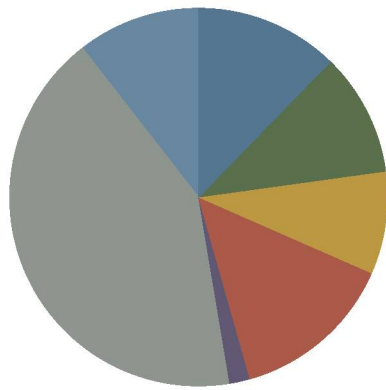
6.1 SALES FORECAST

Based upon research of industry trends and annual sales reports we have forecasted our projected sales per unit for the first three years. These sales projections are based on the projected amount of unique website visitors per month as well as wholesale contracts.



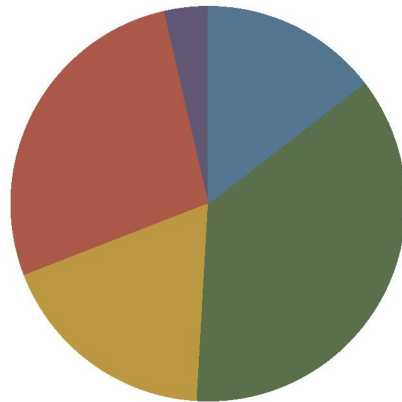
6.2 EXPENSES BUDGET

Below we have outlined our projected fixed costs as well as our projected variable costs. The fixed costs graph is based on a monthly budget that includes the rental of an eventual dedicated office space. The projected variable costs is based on a per unit estimation. Each section is appropriated by percentage of cost per unit.



MONTHLY FIXED COSTS

- Website Maintenance
- Advertising
- Office Supplies
- Accounting Services
- Domain Hosting
- Office Rental
- Utilities



MONTHLY VARIABLE COSTS

- Labor
- Raw Materials
- Exporting
- Shipping
- Machinery Maintenance

6.3 BREAK EVEN ANALYSIS

Through calculating our fixed costs per unit and our projected sales we have cultivated a break-even analysis graph. This figure shows at which point we will recover our costs and begin to make a profit. Based upon this estimation, you can see that at month four we will begin to see small profit gains above and beyond our costs. Since we will be operating as leanly as possible we will be able to break-even and begin making profit gains fairly quickly. This will allow us to reinvest into our company and move to scale.

BREAK-EVEN ANALYSIS

