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CUSTOM TAILOR

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The point of views expressed in this study reflect the author opinion.

Summary

The following feasibility study represents a custom tailor operating and financial plan for the coming 5 years. The feasibility study draws on the nature of the work, the working conditions of individuals involved, raw materials used in the production process, the market potential, and the projected financial results.

Most tailors in the Mountain and the South are family owned and operated. They usually consist of the father and sons. Most work performed includes alteration, trousers, shirts, waistcoats and suit making.

Main Competitors for the apparel workers are ready made outfits, low priced imported items, and big manufacturers who can produce apparel at reduced prices due to mass production and the introduction of automated equipment.

Apparel workers target market in the Mountain and the South are heavy weight men, and those who can't find the design they are looking for. On the other hand they may provide alteration services for men's wear stores located within or outside their location.

The financing requirements for the tailor shop amount to 5000 \$US of which 2000 \$US will be taken as a loan and reimbursed over a period of 2 years. The remaining 3000 \$US will represent the owner's contribution. The total investment in the first year will be used to buyout the necessary equipment to startup the business and to finance the working capital requirements.

Total sales are expected to be 26693 \$US in Year 1 of operation and increase gradually to reach 41237 \$US in Year 5. The gross profit margin reaches 45% in Year 1 and up to 59% in year 5. The Net Profit in Year 1 is 5827 \$US, and is expected to increase over the years at different growth rates, ranging between 22% and 40% to reach 16327 \$US in Year 5.

We assumed that the investor will set aside a part of his annual net income in order to be able to renew his equipment or expand his business beyond year 5. The cash flow generated by the operating activities will allow the tailor to have the funds to reimburse the loan in 2 years.

The overall performance of the tailor is subject to the realization of the projected sales. Actually, there is a high correlation between the sales and the activity in the region where it is located. But there is a great potential for expanding the activity outside his location, by negotiating outsourcing agreements with men's wear stores.