

Wedding Dress Rental Business

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Executive Summary

Recycled Dreams – a Bridal Repository is a Surat-based retail rental shop of bridal dresses and accessories. Recycled Dreams will meet the unmet market demand for formal wedding wear that is rented as opposed to purchasing. Traditionally, participants in the wedding party are required to buy their dresses for the wedding, yet they have no input as to what the dress looks like. They are told exactly what dress they need to purchase (due to the prevalent practice of setting a theme for occasions). More often than not the dresses are expensive and after the occasion, they remain in the closet collecting dust indefinitely. It is therefore very practical to provide people with the option of renting a dress in light of the fact that the dress will only be used once. This makes the event far more cost-effective, yet just as fashionable. Men can rent sherwanis, tuxedos, etc, and now women can rent bridal dresses.

The Services

Recycled Dreams rents dresses, shoes, and headpieces. For the bride and others, if they so choose, the dresses can be purchased. However, most customers will be overjoyed with the option of renting these one-time pieces of clothing. In addition to providing the wedding party with the ability to rent all the necessary clothing pieces and accessories, Recycled Dreams has established strategic partnerships with top-flight local wedding-related service providers such as invitations, flowers, catering, and photographers. Not only do these alliances provide a one-stop shopping option for customers where all preparations can be accomplished at Recycled Dreams, but Recycled Dreams earns a commission on the referrals creating an additional revenue source.

The Market and Competition

Recycled Dreams will be targeting two distinct market segments, the bridal couple and the parents of the bridal couple. Couples as a market segment are growing at 9% a year with 1,14,584 potential customers, and the couple's parents have an 8% growth rate with over 1,12,000 possible customers.

Recycled Dreams faces competition from traditional bridal shops that sell the products. While these are competitors, Recycled Dreams sees them as indirect competitors since Recycled Dreams believes that the ability to rent dresses is a huge value-added service. Currently, there are no other bridal rental facilities in Surat. The concept is brand new. Recycled Dreams is the first to offer it in Surat.

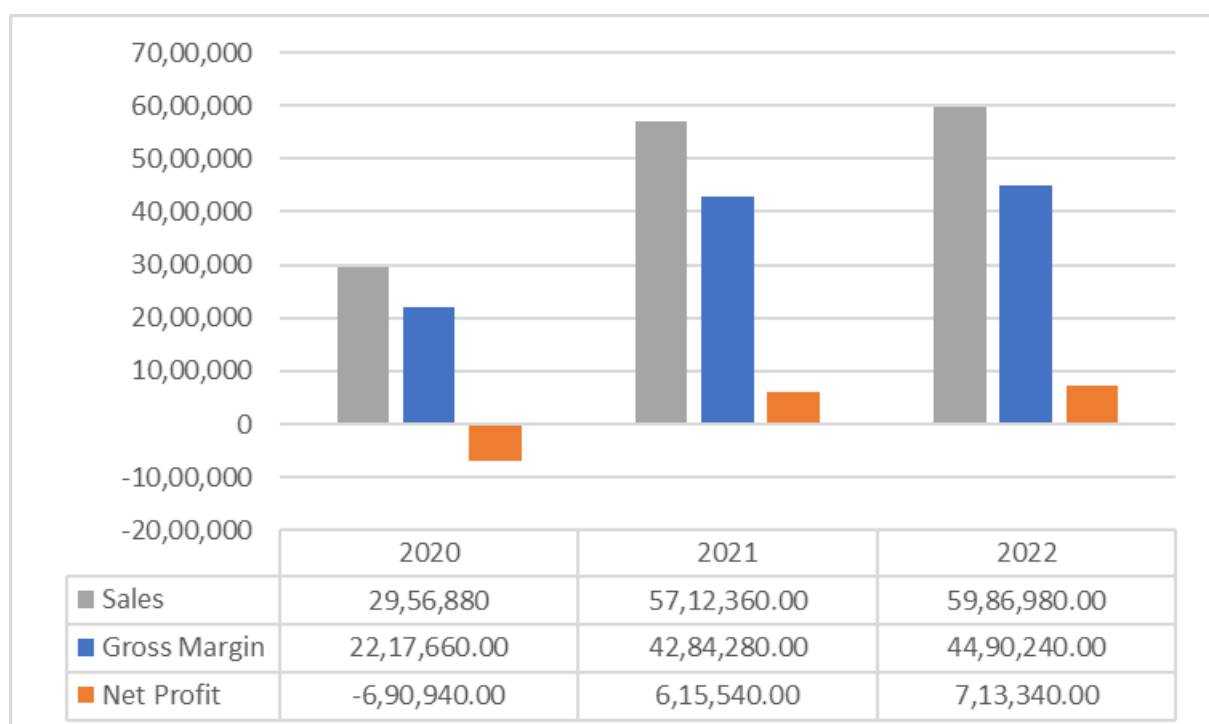
Competitive Edge

Recycled Dreams has two competitive advantages that will help them quickly grow its customer base and validate this new concept. The first is the idea that indeed, like men's sherwanis, women's bridal wear can be rented. This is particularly intuitive since the dresses are only worn once. Although some might feel that there is a social stigma attached to women renting clothing, there is no way for anyone other than the renting customer to know that the dress that they are wearing is rented. Their second competitive edge is their benchmarked customer service. Recycled Dreams sees its role in the entire process as the one to hold the client's hand and walk them through the whole event, meeting all of their needs. This philosophy has been ingrained within the entire organization.

Management

Beyond the fact that Recycled Dreams is a great idea, the company has an innovative and creative team at the helm to guide the company to profitability.

Recycled Dreams is an exciting concept that acknowledges the fact that most bridal party dresses are not the prettiest creations, are quite expensive and are almost never worn after the intended wedding. Recycled Dreams will reach profitability by month 10 with healthy sales for year one and more than doubling by the end of year three.



Objectives

The objectives for the first three years of operation include:

- To create a service-based company whose primary goal is to exceed customers' expectations.
- To increase the number of clients by 20% per year through superior service.
- To develop a sustainable start-up business providing cost-effective bridal dresses.

Mission

Recycled Dreams' mission is to provide cost-effective use of bridal dresses and accessories for weddings. Our services will exceed the expectations of our customers.

Company Description

Recycled Dreams is a bridal wear store that provides dresses for rent for the Surat and South Gujarat market. Most people agree that bridesmaids' dresses are not usually worn again. Recycled Dreams will offer bridal gowns (for sale and for rent) and bridesmaid, groom, and bridal dresses, as well as shoes for rental for the special event.

Start-up Summary

Recycled Dreams will incur the following start-up costs:

- Computer with a point-of-sale terminal.
- Back office terminal including printer, CD-RW.
- Microsoft Office, Accounting software.
- Display racks and shelving.
- Three couches.
- Desk, chair, and filing cabinets.
- Materials to construct a plush series of changing rooms.
- Full-length mirrors.
- Website development.
- Inventory of dresses, and shoes.

Start-up Requirements	
Start-up Expenses	
Legal	1,00,000
Stationery etc.	50,000
Website development	2,00,000
Total Start-up Expenses	3,50,000
Start-up Assets	
Cash Required	30,00,000
Long-term Assets	15,00,000

Total Assets	45,00,000
Total Requirements	48,50,000

Start-up Funding	
Start-up Expenses to Fund	3,50,000
Start-up Assets to Fund	45,00,000
Total Funding Required	48,50,000
Assets	
Non-cash Assets from Start-up	15,00,000
Cash Requirements from Start-up	30,00,000
Additional Cash Raised	0
Cash Balance on Starting Date	30,00,000
Total Assets	45,00,000
Liabilities and Capital	
Liabilities	
Current Borrowing	0
Long-term Liabilities	5,00,000
Accounts Payable (Outstanding Bills)	0
Other Current Liabilities (interest-free)	0
Total Liabilities	5,00,000
Capital	
Planned Investment	
Mr. Patel	16,00,000

Mr. Agarwal	16,00,000
Mr.Sharma	16,00,000
Additional Investment Requirement	50,000
Total Planned Investment	48,50,000
Loss at Start-up (Start-up Expenses)	3,50,000
Total Capital	45,00,000
Total Capital and Liabilities	45,00,000
Total Funding	48,50,000

Company Ownership

Recycled Dreams is a private partnership equally held between 3 founding team members Mr.Patel, Mr. Agarwal and Mr. Sharma .

Industry Analysis

There are over ten million weddings annually in India, The average cost of a first wedding is currently about 15,00,000, and that number has consistently been increasing by about 5% each year. About 6.1% of the wedding budget will be spent on the wedding gown, and 7.8% of the total budget will be spent on mothers' attire, attendants' attire, and accessories.

There are thousands of bridal shops nationwide. Most are locally owned, single-unit operations; however, increasing chains are entering the marketplace. The primary focus of all bridal shops is the wedding gown. Some shops will also carry a limited selection of mothers' dresses, attendants' attire, and accessories, but their main goal is to sell wedding dresses. As a result, the market currently lacks a place to find a good selection of the other necessary items.

Competition and Buying Patterns

There are currently 90-100 bridal shops in Surat; however, the primary focus of all those shops is wedding dresses, so they have a minimal selection of mothers' attire, attendants' attire, bridal footwear, and other bridal accessories. Bride's Entourage is unique in Surat, focusing on everything except the wedding gown.

Establishing a reputation for a good selection and superior customer service will be critical. Statistics show that brides will visit, on average, six stores before purchasing their wedding gown. The "shop around before you buy" mentality may also apply to the other bridal party members, so providing a unique selection of items in a unique environment will be critical. It will also be essential to have a wide selection of things so that the customers feel fulfilled with what they've seen at our store and won't need to shop around.

As previously mentioned, bridesmaids tend to be more cost-conscious, so competitive pricing will be essential for that segment. We will offer a wide variety of styles at different price points – again, working to assure the bridal party members that they are being presented with a comprehensive selection, thus reducing the need to shop around.

Market Analysis Summary

Recycled Dreams has two segmented groups that they will be targeting. The first group is the bridal couple that is responsible for the production of the wedding and the other group is the parents of the bride. This targeted population lies in the middle and low income range. This population typically has limited financial resources so they are particularly interested in ways of maximizing the money they can spend on the wedding. While if the families of bride and groom are likely to be more financially secure they still typically have a limited budget. Usually the parents will solicit information from the couple and they (if they have been in a wedding party before) will relay the sentiment that buying the attendees dresses is a waste of money as the individuals really do not care if they own the dress if it is a gift, and if it they have to buy it they are bordering on resentment, tempered only by tradition that they have to purchase this ugly dress to wear once.

Market Segmentation

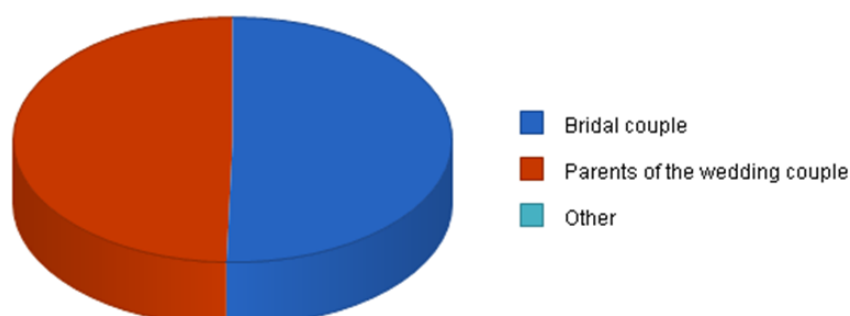
Recycled Dreams will be targeting low- to middle-income brides to be as well as the parents of the bride. Traditionally, it is the parents of the bride who are responsible for the costs associated with the wedding. Not everyone follows tradition however, it is increasingly the trend for the wedding couple to be responsible for the costs associated with the wedding production. For this reason both the couple, and the bride's parents, will be targeted.

The wedding couple is likely to be interested in the rental of attendee's bridal wear because the couple is usually young, just getting started, and not yet financially secure. A wedding in general is a large expense and the couple is typically looking for ways in which costs can be cut, yet will have no real effect on the event. In addition, the couple has other financial responsibilities such as the wedding rings and honeymoon that money is obviously tight. Even if the couple does not pay for the rentals and pass the costs onto the attendees, the attendees are likely to be in similar financial conditions as the couple and could in theory put the money saved from the rental into a nicer gift.

The other group to be targeted is the parents of the bride. This segment is likely to appreciate the option of renting bridal wear instead of purchasing it for several reasons. They are likely to recognize that the attendees of the bridal party do not typically care about the dresses that they must wear. With this in mind, they are more likely to spend the saved money from the rental on some other expense in the wedding that will be more meaningful. This is assuming that they will end up spending the money saved in some other way. They may also choose the renting option as a way to save the money. As many know, weddings can get very

expensive upwards of 15 lakh- 35 lakh rupees is not unheard of. Saving a few lakhs rupees is certainly appealing.

Market Analysis (Pie)



Market Analysis

Potential Customer	Growth	2017	2018	2019	2020	2021	CAGR
Bridal couple	9%	114,584	124,897	136,138	148,390	161,745	9.00%
Family of the wedding couple	8%	112,547	121,551	131,275	141,777	153,119	8.00%
Total	8.51%	227,131	246,448	267,413	290,167	314,864	8.51%

Competition and Buying Patterns

Recycled Dreams' main competition comes from traditional bridal stores. These stores can be broken down into various types:

- **Franchise stores:** these shops are national or regional franchises that use buying power of a multi-shop establishment to lower prices as well as increase selection. Example- Manyvar, Vivah, MangalDeep.
- **Sole proprietor shops:** this style is a single outlet. It is hard to categorise much beyond this. There are some high-end independent shops as well as some budget ones. These stores are often relying on knowledge of local tastes as well as being a member of the community.

Currently, Surat and South Gujarat region has very limited recognized bridal wear rental facilities. There are rental facilities for men's wear such as Shervani, however, the rental trend has not extended to bridal wear. Entrepreneurs have been afraid to venture into women's rentals out of fear that women are too fashion-conscious to be willing to rent a dress, that would simply be a fashion faux pas.

As people's finances become tighter and tighter, women are making decisions as to how to spend their money. As disposable income becomes more and more of a scarce resource, they are now more than ever willing to sacrifice what someone else might think of the idea of wearing a rental in return for freeing up their cash to do with it as they choose.

Marketing Strategy

Recycled Dreams will be targeting its chosen segments through advertising campaign that involves advertisements in the local newspaper. Weddings in general are very social occasions and the social scene is captured in several different sections within the newspaper. People that are having a wedding typically page through the local newspaper, looking at the other wedding announcements. The local newspaper is also a good resource for finding local services and people use the paper as a resource guide.

Recycled Dreams will also be targeting these groups through advertisements through Targeted Ads over Social Media like Instagram, Facebook, Youtube, and Google Key Search. Recycled Dreams will try to target people in the age range of 23-29 years.

Recycle Dream will also advertise through hoardings in places like key wedding shopping spots like chauta bazaar, near wedding halls, most often visiting spots like gopi talav, dumas and other key areas in the surat city. Brand endorsement with regional and popular celbs can also be done in the future.

Lastly, Recycled Dreams will be relying on its website to increase visibility regarding its services. The website provides Recycled Dreams with a very controlled way to raise awareness of Recycled Dreams' service offerings.

Management Team and Responsibilities

Mr. Patel who has very well experience of more than 12 years in the textile market of surat will work on buying the best quality bridal dresses at the cheapest price from the market.

Mr. Agarwal who has done his MBA in marketing and having successful marketing career at various MNC will look over marketing and sales.

Mr. Sharma who has experience of more than 8 years as software engineer will look over the website of Recycled dream as well as upfront on office customer interaction and sales.

Team will work for Recycled Dreams full-time. Initially two full time employees will be hired for sales and one part time employee for the website development.

The team has designed Recycled Dreams to be a very decentralised organisation allowing all employees to share in the responsibility for almost all tasks. The team will also hire a part-time seamstress to make all the necessary alterations beginning in month two. Also Recycled dream will also partner with laundry and dry cleaning service.

Management Team(Divided into 3)	Rs. 20L	Rs. 20L	Rs. 20L
Full-time employee	Rs. 5L	Rs. 5L	Rs. 6L
Seamstress	Rs. 1L	Rs. 1L	Rs. 1L
Total People	6	6	6
Total Payroll	Rs. 31L	Rs. 31L	Rs. 33L

Strategy and Implementation Summary

Recycled Dreams will meet Surat's latent demand for bridal wear rentals. Currently, there are no stores that allow people to rent dresses and shoes for wedding parties, you are forced to buy them, use them once, and then let them sit in the closet. Recycled Dreams will supply this service with incredible attention to detail regarding customer service. Connie recognizes that the success of a business is totally dependent on customer service and will train her employees accordingly.

Competitive Edge

Recycled Dreams' competitive edge is a service offering that has been so far shunned by the Surat market. As indicated before, it is the business owners, or entrepreneurs, that are shunning the concept, not the consumers. For this reason, having a service offering that supports a latent demand is truly a competitive advantage.

Recycled Dreams' other competitive advantage is their recognition that superior customer attention is required to succeed. This holds true for two fundamental reasons, a business can only succeed if it meets or exceeds its customers' needs. A company might offer the most wonderful service in the world, but if it does not meet its customer's needs, it will not succeed. The other fundamental reason particular to the bridal industry is more often than not, people only get married once so traditional repeat customers are unusual. Recycled Dreams is hoping that positive word-of-mouth referrals will continue to bring customers in the door. With this in mind, a lot of business will be based on referrals from already-married friends. Offering the highest customer service will ensure a steady stream of referrals.

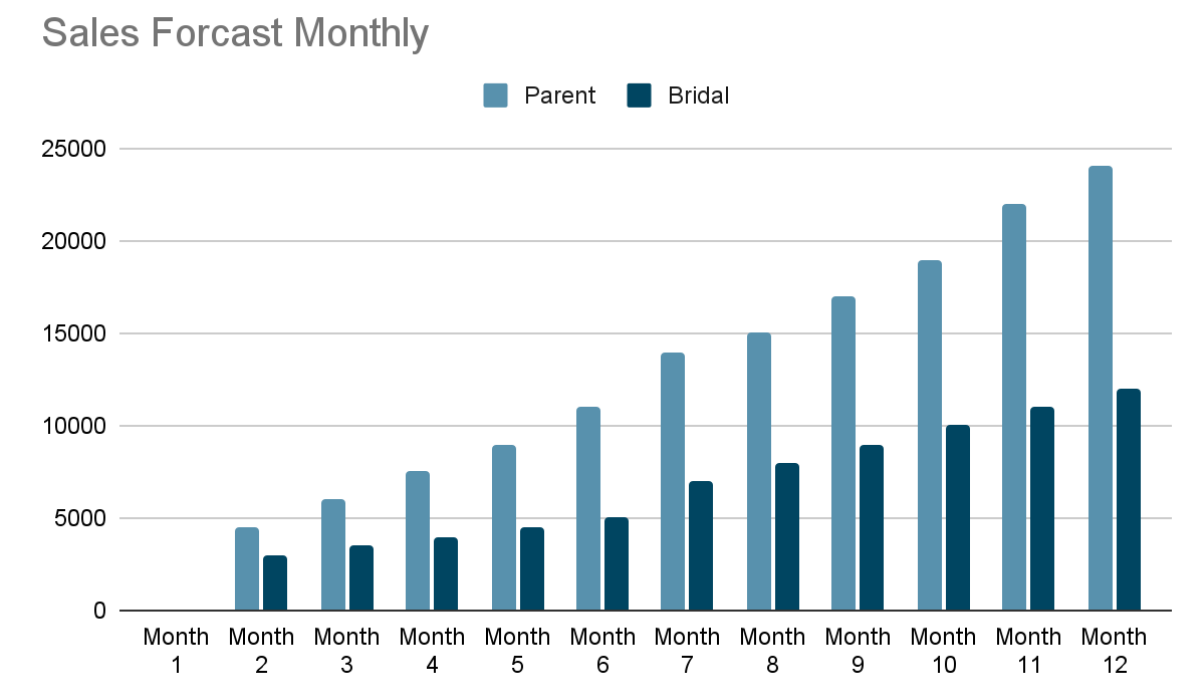
Sales Strategy

Recycled Dreams' sales strategy will be based on their ability to convince prospective clients on the economies of rentals as well as the misnomer regarding the fashion faux pas of rental dresses. Typically people will call in and request information regarding rentals. While many stores will attempt to make the phone inquiry as short as possible, we believe that this is the best opportunity to turn an information seeker into a customer. This can get time consuming because a large number of people will call seeking information, however, we recognize that the time spent now will pay off significantly in the future. For this reason, employees will not receive commissions on sales, instead employees will receive bonuses for positive feedback that Recycled Dreams receives from customers.

Sales Forecast

The first month will be used to set up the store front, interview and hire employees and start up a media campaign to build awareness. Month two will see limited sales activity as people

are just becoming aware of Recycled Dreams. Month four will see an increase in sales and subsequent months will build off of month four sales.



Sales Forecast			
Sales			
Bridal couple	14,84,160	29,14,880	30,29,480
Parents of bridal couple	14,72,720	27,97,480	29,57,500
Total Sales	29,56,880	57,12,360	59,86,980

Direct Cost of Sales	Year 1	Year 2	Year 3
Bridal couple	3,71,040	7,28,720	7,57,380
Family of bridal couple	3,68,180	6,99,380	7,39,380
Subtotal Direct Cost of Sales	7,39,220	14,28,100	14,96,740

Milestones

Recycled Dreams will have several milestones early on including:

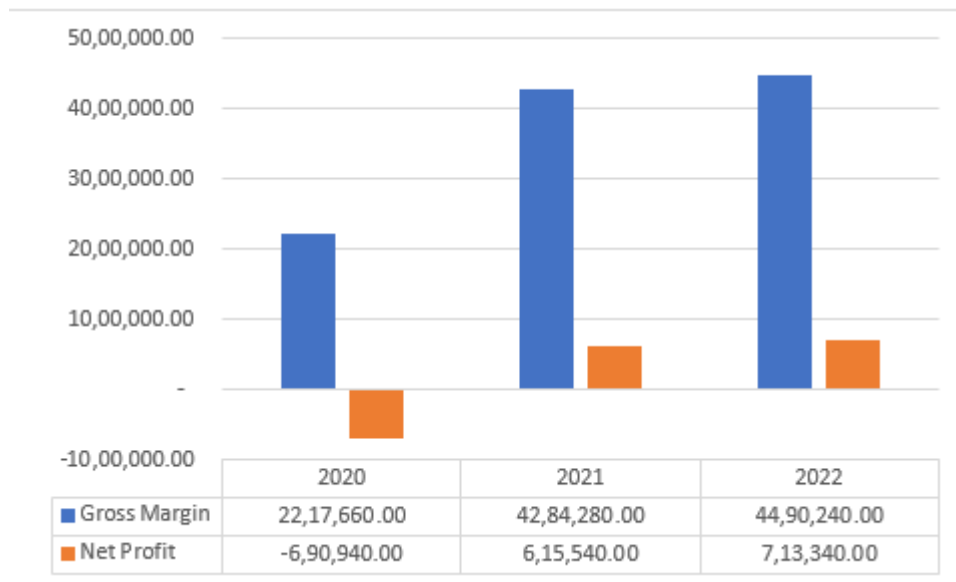
1. Business plan completion. This will be done as a roadmap for the organization. This will be an indispensable tool for the ongoing performance and improvement of the company.
2. Set up of the store front.
3. The first month of profitability.
4. Revenues exceeding 100,000 Rs.



Financial Projections

Projected Profit and Loss

The following table and charts display the projected profit and loss.



Pro Forma Profit and Loss

Sales	29,56,880	57,12,360.00	59,86,980.00
Direct Cost of Sales	7,39,220.00	14,28,100.00	14,96,740.00
Other Production Expenses	-	-	-
Total Cost of Sales	7,39,220.00	14,28,100.00	14,96,740.00
Gross Margin	22,17,660.00	42,84,280.00	44,90,240.00
Gross Margin %	75.00%	75.00%	75.00%
Expenses			
Payroll	19,86,400.00	22,88,000.00	23,48,000.00
Sales and Marketing and Other Expenses	72,000.00	2,24,000.00	2,24,000.00

Depreciation	1,54,560.00	1,54,560.00	1,54,560.00
Leased Equipment	-	-	-
Utilities	35,000.00	35,000.00	35,000.00
Insurance	36,000.00	36,000.00	36,000.00
Rent	2,88,000.00	2,88,000.00	2,88,000.00
Payroll Taxes	2,97,960.00	3,43,200.00	3,52,200.00
Other	-	-	-
Total Operating Expenses	28,69,920.00	33,68,760.00	34,37,760.00
Profit Before Interest and Taxes	6,52,260.00	9,15,520.00	10,52,480.00
EBITDA	4,97,700.00	10,70,080.00	12,07,040.00
Interest Expense	38,680.00	36,180.00	33,420.00
Taxes Incurred	-	2,63,800.00	3,05,720.00
Net Profit	6,90,940.00	6,15,540.00	7,13,340.00
Net Profit/Sales	-23.37%	10.78%	11.91%

Projected Cash Flow

The following table will indicate projected cash flow.

Cash Received			
Cash from Operations			
Cash Sales			
	29,56,880.00	57,12,360.00	59,86,980.00
Subtotal Cash from Operations	29,56,880.00	57,12,360.00	59,86,980.00

Additional Cash Received			
New Current Borrowing	-	-	-
Sales of Other Current Assets	-	-	-
Subtotal Cash Received	29,56,880.00	57,12,360.00	59,86,980.00
Expenditures			
	2,020.00	2,021.00	2,022.00
Expenditures from Operations			
Cash Spending	19,86,400.00	22,88,000.00	23,48,000.00
Bill Payments	13,36,440.00	26,06,520.00	27,61,480.00
Subtotal Spent on Operations	33,22,840.00	48,94,520.00	51,09,480.00
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	-	-	-
Principal Repayment of Current Borrowing	24,740.00	26,900.00	28,420.00
Long-term Liabilities Principal Repayment	-	-	-
Purchase Long-term Assets	-	-	-
Subtotal Cash Spent	33,47,600.00	49,21,420.00	51,37,900.00
Net Cash Flow	-3,90,720.00	7,90,940.00	8,49,080.00
Cash Balance	2,35,280.00	10,26,220.00	18,75,320.00

Projected Balance Sheet

The following table will indicate the projected balance sheet.

Pro Forma Balance Sheet			
Assets			
Current Assets			
Cash	2,35,280.00	10,26,220.00	18,75,320.00
Other Current Assets	-	-	-
Total Current Assets	2,35,280.00	10,26,220.00	18,75,320.00
Long-term Assets			
Long-term Assets	3,60,000.00	3,60,000.00	3,60,000.00
Accumulated Depreciation	1,54,560.00	3,09,120.00	4,63,680.00
Total Long-term Assets	2,05,440.00	50,880.00	-1,03,680.00
Total Assets	4,40,720.00	10,77,100.00	17,71,640.00
Liabilities and Capital	year 2020	year 2021	year 2022
Current Liabilities			
Accounts Payable	1,70,420.00	2,18,160.00	2,27,760.00
Current Borrowing	-24,740.00	-51,640.00	80,060.00
Other Current Liabilities	-	-	-
Subtotal Current Liabilities	1,45,660.00	1,66,520.00	1,47,700.00
Long-term Liabilities			
Long-term Liabilities	4,00,000.00	4,00,000.00	4,00,000.00
Total Liabilities	5,45,660.00	5,66,520.00	5,47,700.00
Paid-in Capital			
Paid-in Capital	6,00,000.00	6,00,000.00	6,00,000.00
Retained Earnings	-14,000.00	-7,04,940.00	-89,400.00
Earnings	-6,90,940.00	6,15,540.00	7,13,340.00

Total Capital	-1,04,940.00	5,10,600.00	12,23,940.00
Total Liabilities and Capital	4,40,720.00	10,77,100.00	17,71,640.00
Net Worth	-1,04,940.00	5,10,600.00	12,23,940.00

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Appendix

The following tables shows a variety of standard business analysis ratios, as calculated for the years of this plan.

Ratio Analysis

Sales Growth	0.00%	93.19%	4.81%	11.37%
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Percent of Total Assets

Other Current Assets	0.00%	0.00%	0.00%	49.84%
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Total Current Assets	53.39%	95.28%	105.85%	64.51%
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Long-term Assets	46.61%	4.72%	-5.85%	35.49%
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Total Assets	100.00%	100.00%	100.00%	100.00%
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Current Liabilities	33.05%	15.46%	8.34%	26.03%
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Long-term Liabilities	90.76%	37.14%	22.58%	26.31%
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Total Liabilities	123.81%	52.60%	30.91%	52.34%
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Net Worth	-23.81%	47.40%	69.09%	47.66%
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Percent of Sales

Sales	100.00%	100.00%	100.00%	100.00%
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Gross Margin	75.00%	75.00%	75.00%	100.00%
Selling, General & Administrative Expenses	98.37%	64.22%	63.09%	67.07%
Advertising Expenses	1.62%	0.70%	0.67%	1.87%
Profit Before Interest and Taxes	-22.06%	16.03%	17.58%	3.67%

Main Ratios

Current	1.62	6.16	12.7	1.69
Quick	1.62	6.16	12.7	1.21
Total Debt to Total Assets	123.81%	52.60%	30.91%	61.69%
Pre-tax Return on Net Worth	658.41%	172.22%	83.26%	6.99%
Pre-tax Return on Assets	-156.77%	81.64%	57.52%	18.25%

Additional Ratios	Year 2020	Year 2021	Year 2022	
Net Profit Margin	-23.37%	10.78%	11.91%	n.a
Return on Equity	0.00%	120.55%	58.28%	n.a

Activity Ratios

Accounts Payable Turnover	8.84	12.17	12.17	n.a
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Payment Days	27	27	29	n.a
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Total Asset Turnover	6.71	5.3	3.38	n.a
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Debt Ratios

Debt to Net Worth	0	1.11	0.45	n.a
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Current Liab. to Liab.	0.27	0.29	0.27	n.a
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Liquidity Ratios

Net Working Capital	\$4,481	\$42,986	\$86,381	n.a
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Interest Coverage	-16.86	25.3	31.5	n.a
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Additional Ratios

Assets to Sales	0.15	0.19	0.3	n.a
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Current Debt/Total Assets	33%	15%	8%	n.a
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Acid Test	1.62	6.16	12.7	n.a
Sales/Net Worth	0	11.19	4.89	n.a
Dividend Payout	0	0	0	n.a