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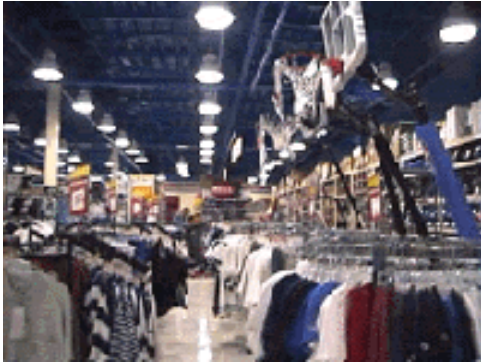
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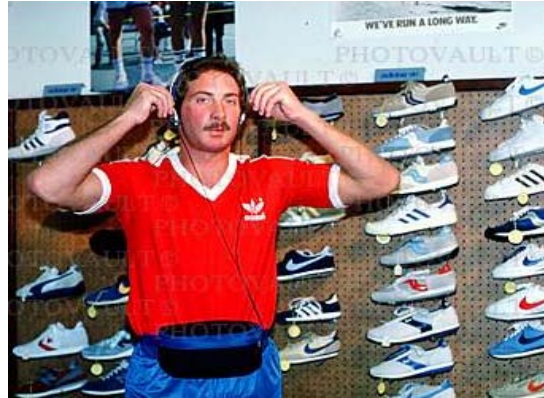
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# An Active Female's Shopping Experience

I need running shorts...they don't carry the right color



Would you fit me for some running shoes?



Last stop, cute sweat suit



Order it online



I'm not asking that guy about wide strap sports bras



# The Solution: G-Sport

## **BIG AUDACIOUS GOAL**

Become the most trusted brand for the aspirational female athlete.

## **Mission Statement**

Our mission is to help our consumers maintain a healthy lifestyle through providing products and accessories that are designed specifically for the female athlete, either during or after sport.

# Today's Workout Routine

Warm Up

Market Opportunity

Run

Operations

Stretch

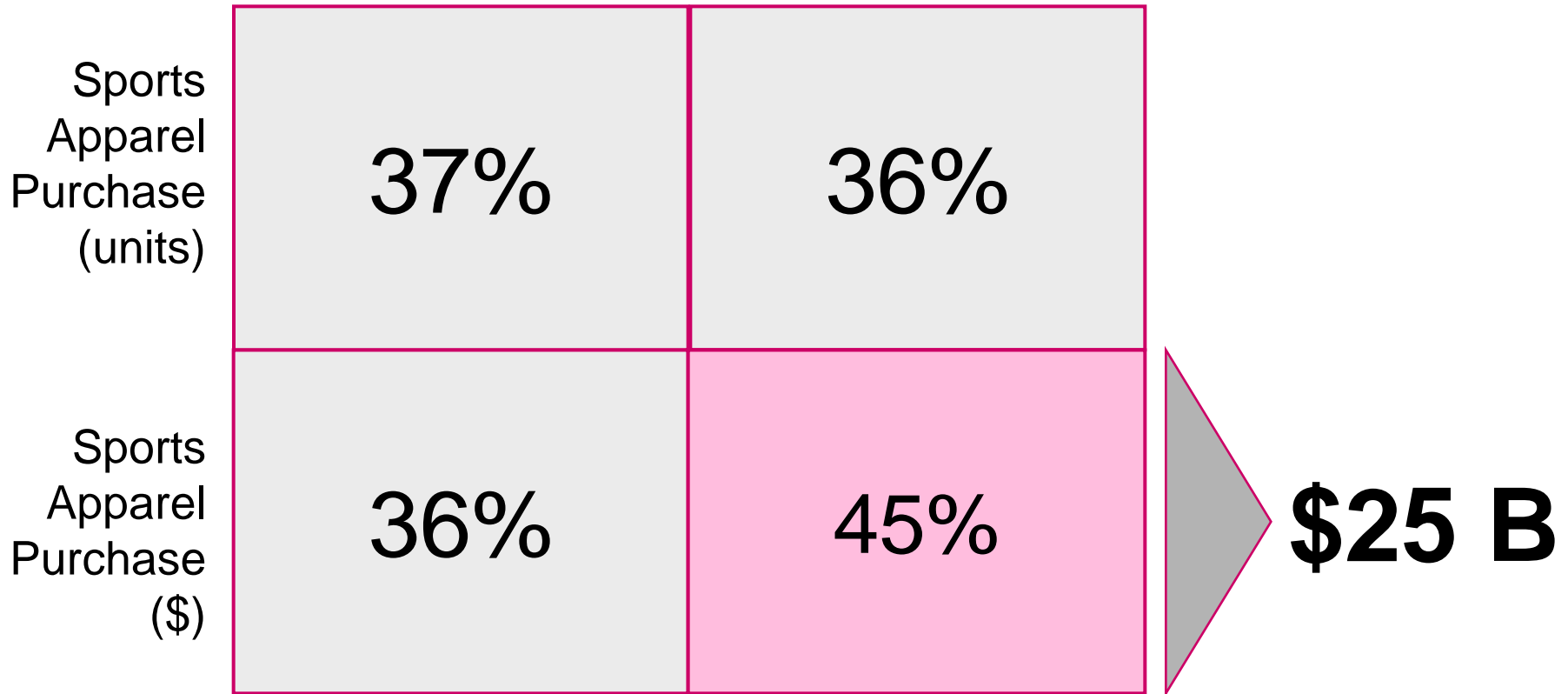
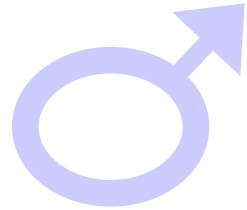
Financials

Warm Up

Run

Stretch

# A Large Underserved Market



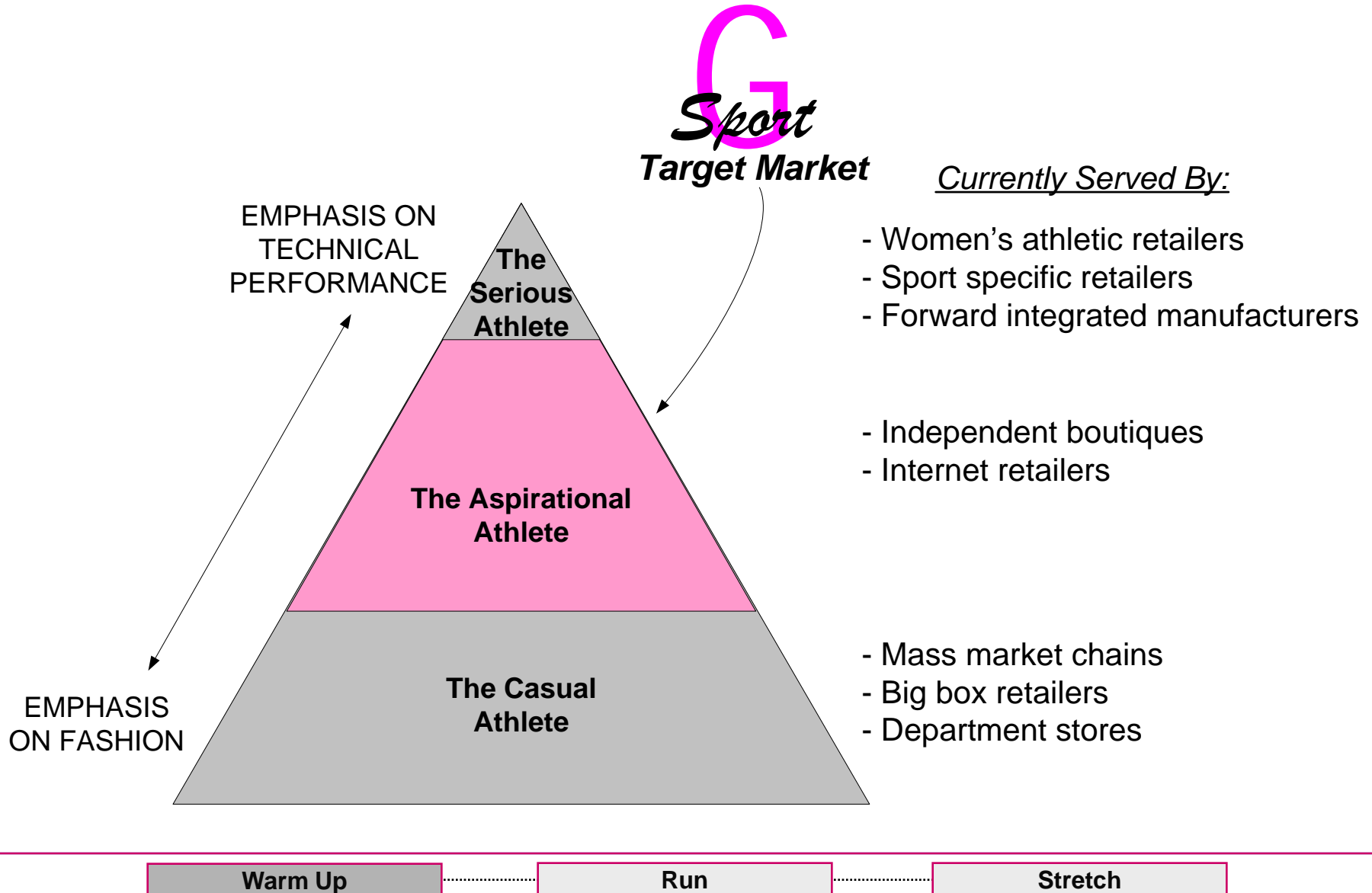
Source: National Sporting Good Association, 2002

Warm Up

Run

Stretch

# Not All Consumers Are Created Equal



# G-Sport Target Customer

	Demographics	Personality	Shopping Habits	Free-time Activities
Knowledge	<ul style="list-style-type: none"><li>• Age 20-40</li><li>• Urban</li><li>• Avg Income \$50 – 75k</li></ul>	<ul style="list-style-type: none"><li>• Aspires to be a serious athlete</li><li>• Leads well-balanced life</li></ul>	<ul style="list-style-type: none"><li>• Emotional purchasers</li><li>• Swayed by fashion trends</li><li>• Tactile shopper</li></ul>	<ul style="list-style-type: none"><li>• Non-traditional sports</li><li>• Cafes and restaurants</li></ul>
Execution	<ul style="list-style-type: none"><li>• Focus on urban lifestyle</li><li>• Emphasize service</li></ul>	<ul style="list-style-type: none"><li>• Utilize aspirational marketing</li><li>• Offer diversified product mix</li></ul>	<ul style="list-style-type: none"><li>• Appeal to emotions</li><li>• Offer seasonal lines</li><li>• Provide convenient shopping experience</li></ul>	<ul style="list-style-type: none"><li>• Merchandise according to consumer need</li><li>• Include after sport apparel</li></ul>

Warm Up ..... Run ..... Stretch

# Merchandising for All Active Needs

Sport Apparel  
& Accessories

Running/walking, yoga, fitness training, outdoor, hats,  
gym bags, sunglasses, gloves, backpacks, shoes, weights

After Sport  
Casual Wear

Sweatshirts, sweatpants, t-shirts, jackets, coats,  
casual shoes, dresses and skirts

Nutrition  
and Fuel

Vitamins, supplements, energy bars  
juice and snack bar

Lifestyle  
Products

iPods, heart rate monitors, watches, books and  
magazines, beauty and wellness products

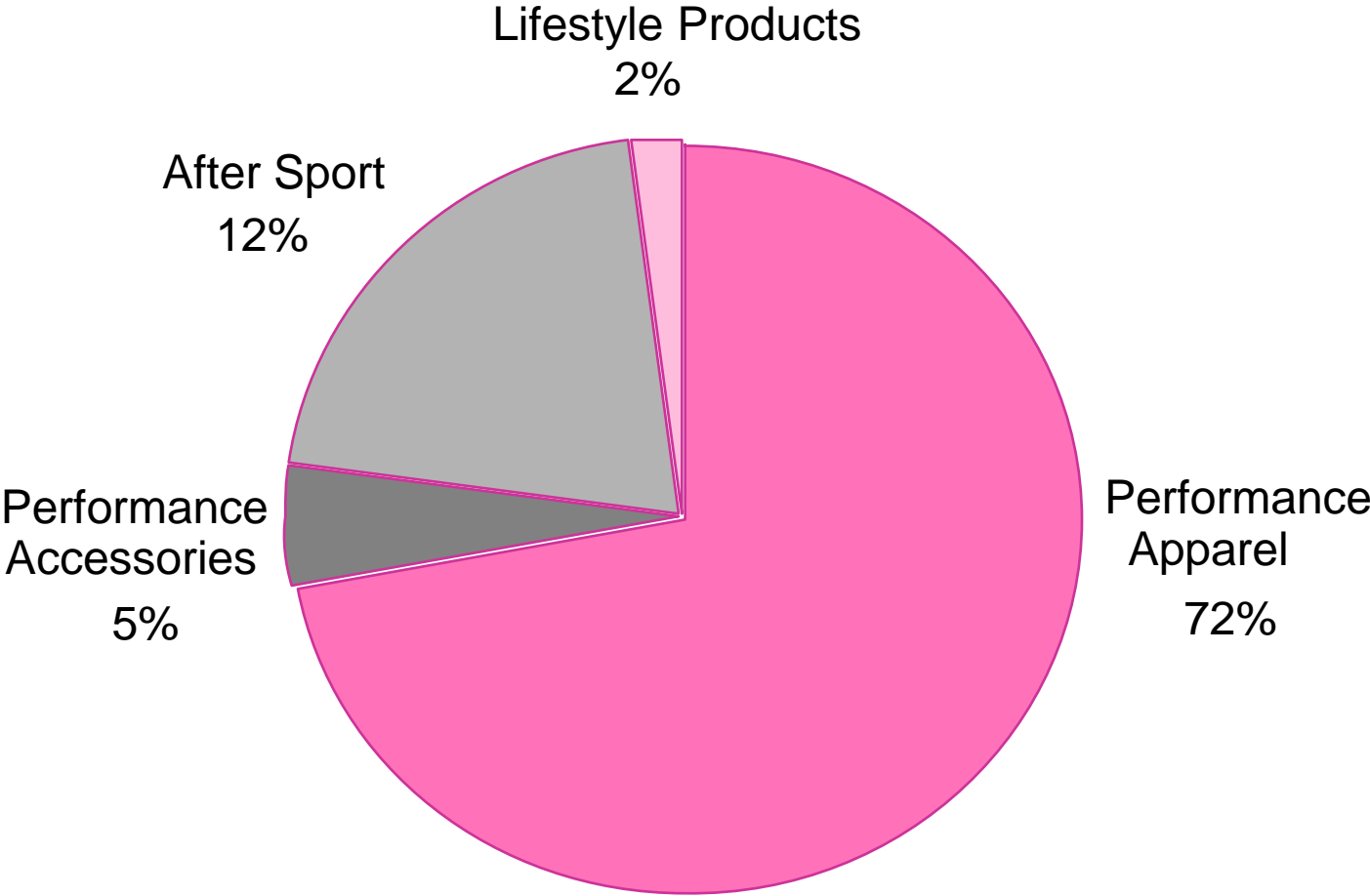
Warm Up

Run

Stretch



# Merchandise by Department



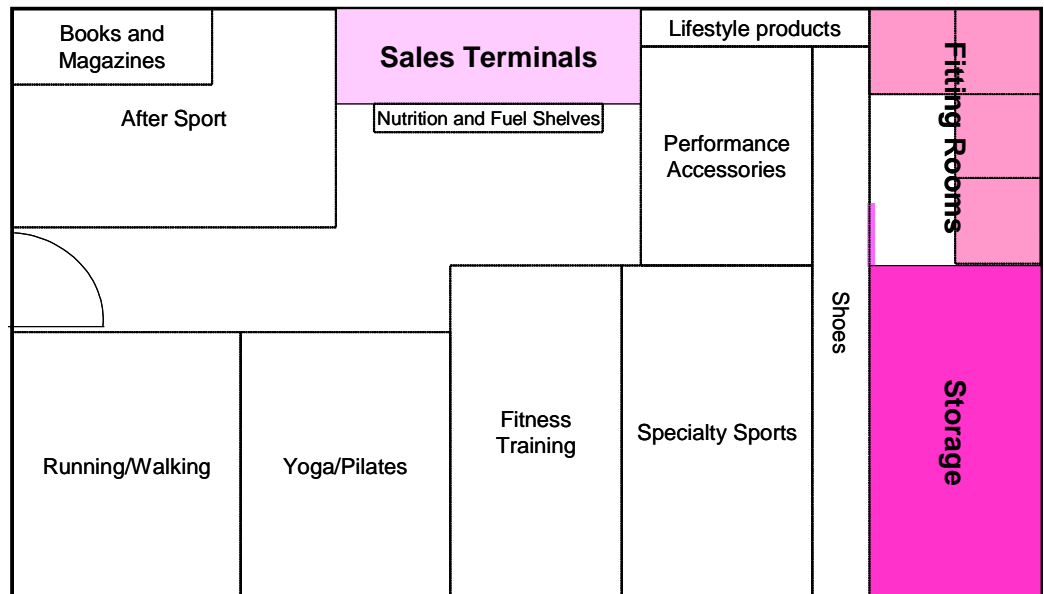
# Location, Location, Location

## HARVARD SQUARE

- High percentage of young, educated adults
- High per capita income
- Active population, with many sports organizations and events
- Trend toward all-female gyms
- Trend toward greater fashion awareness of lifestyle brands
- High cumulative attraction with complementary stores

## STORE HIGHLIGHTS

- Private, comfortable fitting rooms
- Clustered products for easy shopping experience
- Wall of shoes, to bring consumers to the back of the store



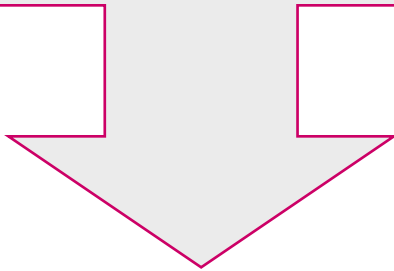
Warm Up

Run

Stretch

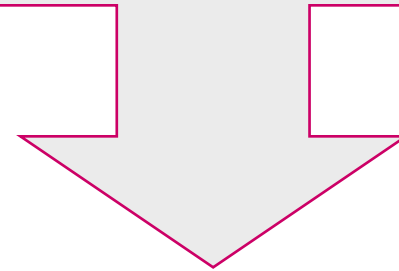
# Grassroots Consumer Marketing

- Host health events at local yoga studios and gyms such as Healthworks
- Sponsor charity races such as Tufts 10K where G-Sport can gain essential mindshare
- Advertise in local magazines



**Consumer Acquisition**

- Host speakers on women's health & fitness
- Organize weekday runs on the Esplanade
- Sponsor a team in training to appeal to the aspirations of our consumers



**Consumer Retention**

Warm Up

Run

Stretch

# Management Strength in Key Areas

## G-Sport Team

Tracy Sun

- Retail (Brooklyn Industries)
- Project Management
- Statistical Research

Laurie Schrager

- Modeling and Forecasting
- Marketing
- Management Consulting

Beth Jackson

- Retail (Timberland)
- Financial analysis
- Sales

## Support Network

Hire Sales Associates

- Operations experience
- Merchandising

Mentors

- Lisa Kable, Artemis Woman
- Prof. Fairbrothers & Ferneau, Tuck

Warm Up

Run

Stretch

# Plans for Aggressive Store Growth

Stores	Year				
	2006	2007	2008	2009	2010
Existing Stores	0	1	3	6	10
New Stores	1	2	3	4	5
Total	1	3	6	10	15



*Proof of Concept*



*Execute and Build*

Warm Up

Run

Stretch

# Margins Increase with Growth

- Gross Margins increase as we move to private label

Year	2006	2007	2008	2009	2010
<b>Profit &amp; Loss</b>					
Existing Store Sales	\$0	\$1,250,000	\$3,750,000	\$7,500,000	\$12,499,999
New Store Sales	\$468,000	\$936,000	\$1,404,000	\$1,872,000	\$2,340,000
Internet Sales	\$0	\$0	\$9,360	\$25,000	\$50,000
Net Sales	\$468,000	\$2,186,000	\$5,154,000	\$9,372,000	\$14,839,999
COGS	\$280,800	\$1,311,600	\$2,937,780	\$5,248,320	\$8,162,000
Gross Profit	\$187,200	\$874,400	\$2,216,220	\$4,123,680	\$6,678,000
Profit Margin	40%	40%	43%	44%	45%

- Positive Operating Income in Year 3

Operating Income	(\$154,750)	(\$143,200)	\$193,020	\$809,930	\$1,785,000
Operating Margin	-33%	-7%	4%	9%	12%

- Positive Net Income in Year 4

Net Income	(\$254,750)	(\$343,200)	(\$106,980)	\$262,355	\$822,400
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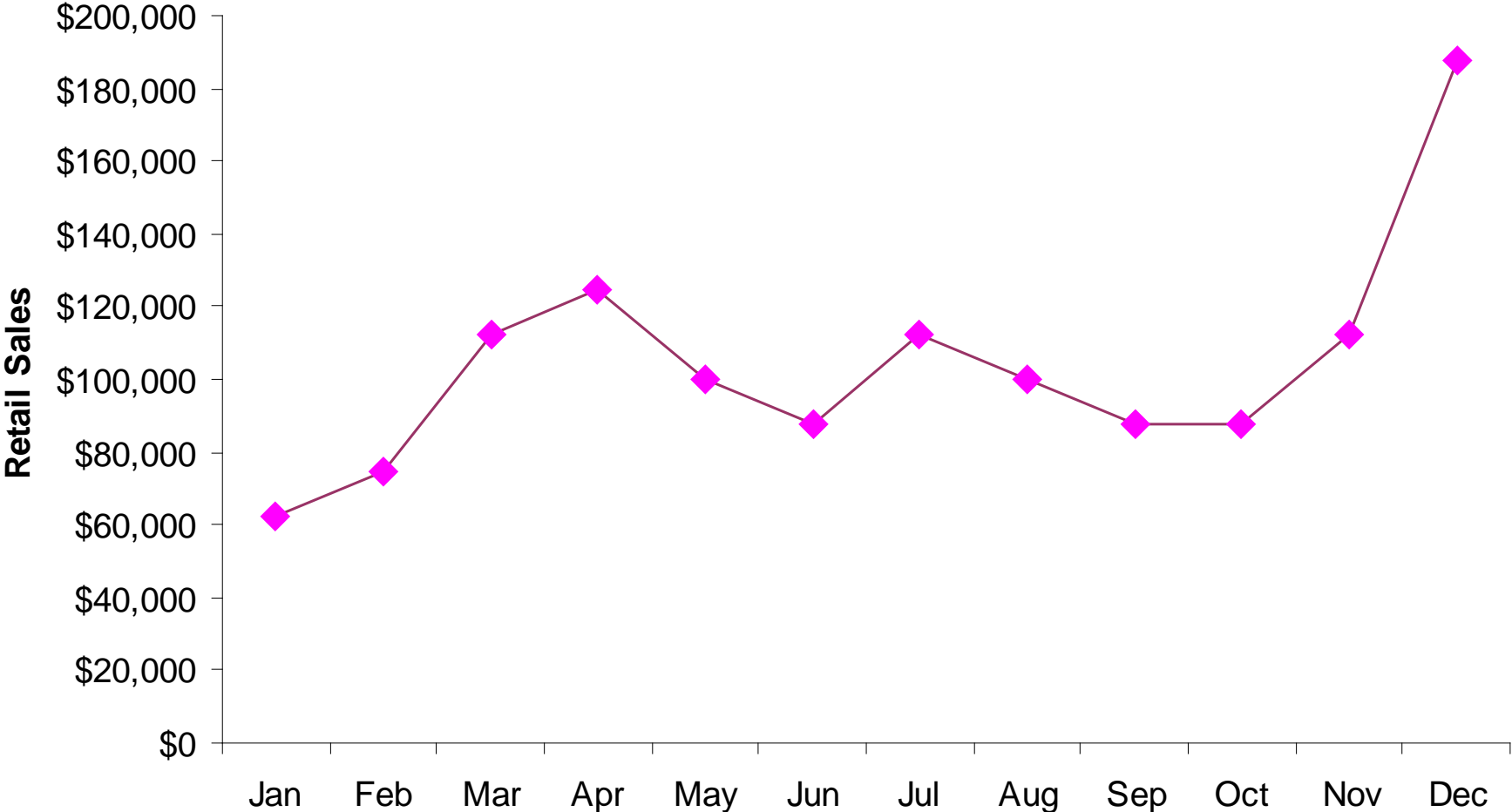
Warm Up

Run

Stretch

# Seasonal Sales Revenue Anticipated

- Sales revenue for a mature store is projected at \$1.25 million



Warm Up

Run

Stretch

# Funding for First Year Store Opening

## Uses

<b>Store Opening Costs</b>	\$112,000
Rent	\$63,000
Salaries	\$83,850
Inventory Requirements	\$168,650
Marketing & Other	\$12,500
<b>Total Operating Costs</b>	\$328,000

**Total Uses** **\$440,000**

## Sources

1-year loan payable	\$150,000
<b>Total Liabilities</b>	\$150,000
Personal & Outside Investment	\$290,000
<b>Total Owners Equity</b>	\$290,000

**Total Sources** **\$440,000**

- Funding the first year store opening enables G-Sport the opportunity to prove the concept
- A portion of the first year operations will be funded out of sales and working capital

- G-Sport management is willing to make a significant personal investment in the business
- Outside investors will have sufficient opportunity for follow on investments with growth plan



# Value Drivers for Exit Opportunity

## Acquirer Value Add

Geographic expansion

West coast competitors looking to gain share on east coast  
(e.g., Lucy)

Channel expansion

Internet channels looking to expand to brick-and-mortar  
(e.g., Title Nine)

Customer segment expansion

Brand extension to gain access to different consumer set  
(e.g., Sports Authority)

Warm Up

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Stretch



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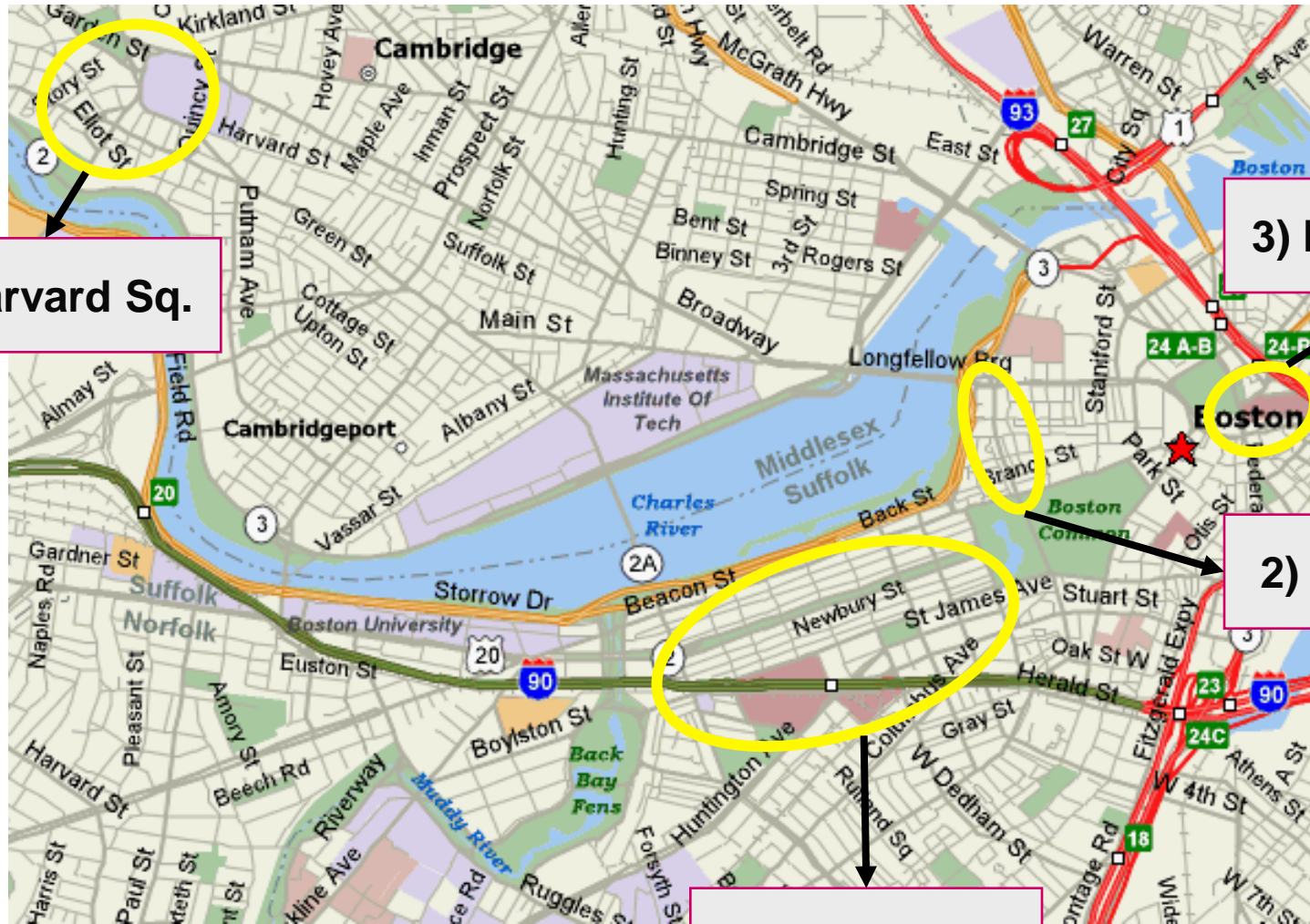
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# Boston Downtown Shopping Districts



4) Harvard Sq.

3) Faneuil Hall

2) Charles St.

1) Back Bay

# Comparison of Shopping Districts

## 1) Back Bay

- High shopper and tourist traffic
- Upscale district
- High cumulative attraction for athletic stores and boutiques

- Extremely high prices on Newbury
- Slightly better prices on Boylston

## 2) Charles St

- Medium shopper traffic
- Upscale district
- Proximity to Newbury and downtown
- High cumulative attraction for boutiques

- High prices, slightly better than Newbury

## 3) Faneuil Hall

- High shopper and tourist traffic
- Downtown location

- Uncertain fit with target consumer

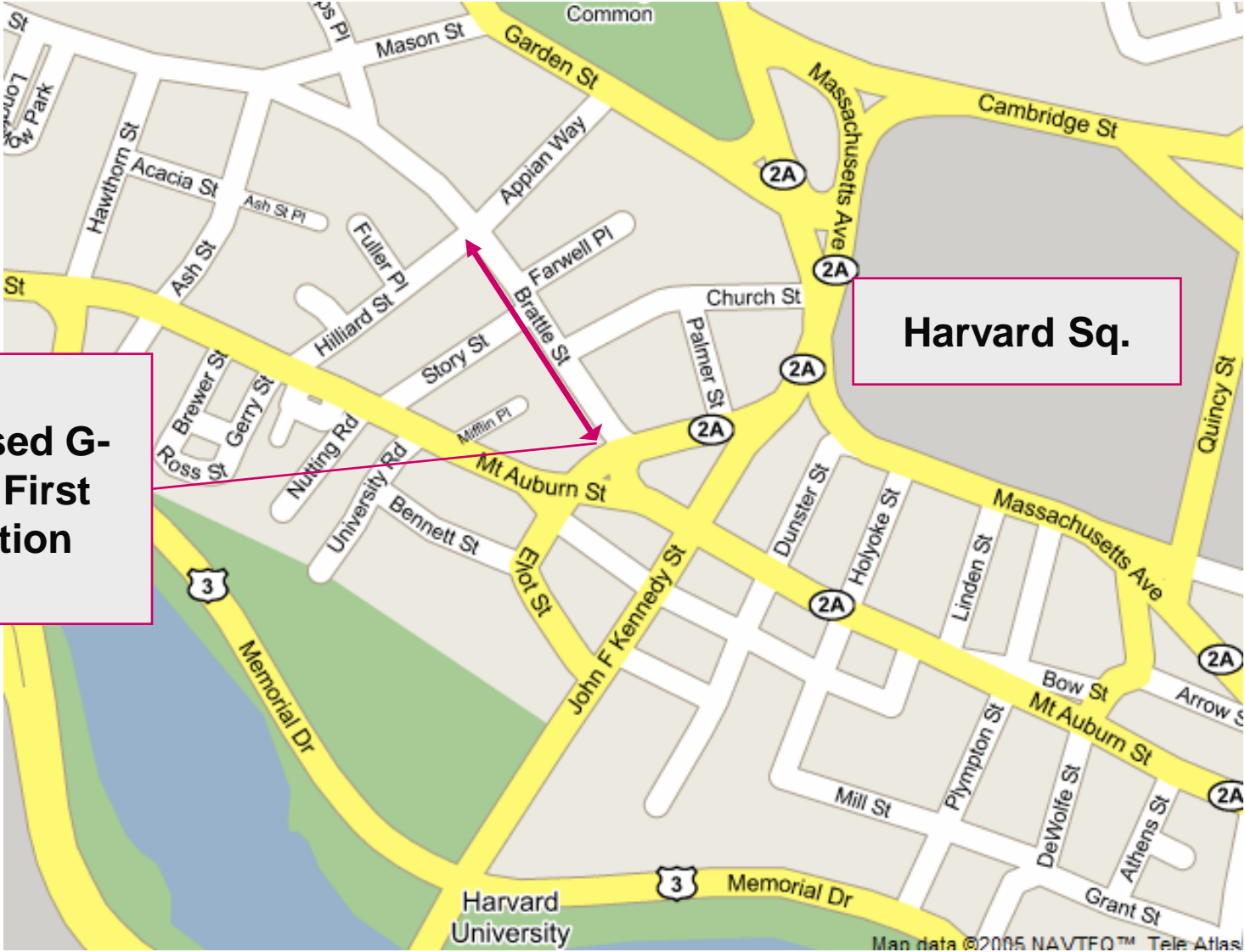
## 4) Harvard Sq

- Medium-High shopper traffic
- High interceptor qualities
- High income levels
- Complementary stores and services

- Students may skew business plan to younger audience



# Harvard Square



Harvard Sq.

Proposed G-Sport First Location

# Revenue Model

## Stores

	Year				
	2006	2007	2008	2009	2010
Existing Stores	0	1	3	6	10
New Stores	1	2	3	4	5
Total	1	3	6	10	15

## Revenue per new store

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Number of customers per day	15	15	15	20	25	45	45
Average sale per customer	\$55	\$55	\$55	\$55	\$55	\$45	\$45
Revenue per day	\$825	\$825	\$825	\$1,100	\$1,375	\$2,025	\$2,025
Revenue per week	\$9,000						
Revenue per month	\$39,000						
Revenue per year	\$468,000						
Per square foot	\$223						

## Revenue per mature store

	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday	Sunday
Number of customers per day	25	25	25	40	60	100	100
Average sale per customer	\$70	\$70	\$70	\$70	\$70	\$59	\$59
Revenue per day	\$1,750	\$1,750	\$1,750	\$2,800	\$4,200	\$5,894	\$5,894
Revenue per week	\$24,038						
Revenue per month	\$104,167						
Revenue per year	\$1,250,000						
Per square foot	\$595						

# Profit and Loss Statement

Year	2006	2007	2008	2009	2010
<b>Profit &amp; Loss</b>					
Existing Store Sales	\$0	\$1,250,000	\$3,750,000	\$7,500,000	\$12,499,999
New Store Sales	\$468,000	\$936,000	\$1,404,000	\$1,872,000	\$2,340,000
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COGS	\$280,800	\$1,311,600	\$2,937,780	\$5,248,320	\$8,162,000
Gross Profit	\$187,200	\$874,400	\$2,216,220	\$4,123,680	\$6,678,000
Profit Margin	40%	40%	43%	44%	45%
Rent	\$126,000	\$378,000	\$756,000	\$1,260,000	\$1,890,000
Salaries	\$167,700	\$503,100	\$1,006,200	\$1,677,000	\$2,515,500
Interest Expense	\$11,250	\$37,500	\$75,000	\$78,750	\$52,500
Store Opening Expense	\$12,000	\$24,000	\$36,000	\$48,000	\$60,000
Marketing & Other	\$25,000	\$75,000	\$150,000	\$250,000	\$375,000
Total Operating Expenses	\$341,950	\$1,017,600	\$2,023,200	\$3,313,750	\$4,893,000
Operating Income	(\$154,750)	(\$143,200)	\$193,020	\$809,930	\$1,785,000
Operating Margin	-33%	-7%	4%	9%	12%
Store Start Up Costs	\$100,000	\$200,000	\$300,000	\$400,000	\$500,000
Pre-Tax Income	(\$254,750)	(\$343,200)	(\$106,980)	\$409,930	\$1,285,000
Taxes	\$0	\$0	\$0	\$147,575	\$462,600
Net Income	(\$254,750)	(\$343,200)	(\$106,980)	\$262,355	\$822,400

# Cash Flow Statement

Year	2006	2007	2008	2009	2010
Cash, Beginning of Year	\$0	\$43,800	\$67,700	\$86,370	\$128,074
<b>OPERATIONS</b>					
Operating Income	(\$154,750)	(\$143,200)	\$193,020	\$809,930	\$1,785,000
Taxes Payable	\$0	\$0	\$0	\$147,575	\$462,600
(Inc.)/Dec. in A/R	(\$11,000)	(\$22,000)	(\$33,000)	(\$44,000)	(\$55,000)
(Inc.)/Dec. in Inventory	(\$134,200)	(\$268,400)	(\$402,600)	(\$536,800)	(\$671,000)
Inc./(Dec.) in A/P	\$3,750	\$7,500	\$11,250	\$15,000	\$18,750
<b>Cash Flow From Operations</b>	<b>(\$296,200)</b>	<b>(\$426,100)</b>	<b>(\$231,330)</b>	<b>\$391,705</b>	<b>\$1,540,350</b>
<b>INVESTING</b>					
Store Start-up Costs	(\$100,000)	(\$200,000)	(\$300,000)	(\$400,000)	(\$500,000)
<b>Cash Flow From Investing</b>	<b>(\$100,000)</b>	<b>(\$200,000)</b>	<b>(\$300,000)</b>	<b>(\$400,000)</b>	<b>(\$500,000)</b>
<b>FINANCING</b>					
Inc/(Dec) in Short-Term Bor.	\$150,000	\$350,000	\$500,000	\$50,000	(\$350,000)
Inc/(Dec) in Owner's Equity	\$290,000	\$300,000	\$50,000	\$0	\$0
<b>Cash Flow From Financing</b>	<b>\$440,000</b>	<b>\$650,000</b>	<b>\$550,000</b>	<b>\$50,000</b>	<b>(\$350,000)</b>
Change in Cash	\$43,800	\$23,900	\$18,670	\$41,705	\$690,350
Cash, End of Year	\$43,800	\$67,700	\$86,370	\$128,074	\$818,424



# Cash Flow Statement for Year 1

Month	June	July	August	September	October	November	December	January	February	March	April	May	Total
<b>Cash flow from Operating Activities</b>													
Cash from customers	\$22,500	\$33,750	\$35,750	\$40,500	\$41,250	\$39,500	\$47,250	\$38,000	\$36,250	\$38,500	\$40,500	\$43,250	\$457,000
Total Cash in	\$22,500	\$33,750	\$35,750	\$40,500	\$41,250	\$39,500	\$47,250	\$38,000	\$36,250	\$38,500	\$40,500	\$43,250	\$457,000
Accounts Receivable	\$7,500	\$8,750	\$9,000	\$10,500	\$10,250	\$9,750	\$12,500	\$8,500	\$9,250	\$9,750	\$10,250	\$11,000	\$11,000
A/P Paid		\$25,000	\$3,750	\$10,000	\$5,000	\$2,500	\$18,750	\$7,500	\$1,250	\$2,500	\$18,750	\$5,000	
A/P Additional	(\$25,000)	(\$3,750)	(\$10,000)	(\$5,000)	(\$2,500)	(\$18,750)	(\$7,500)	(\$1,250)	(\$2,500)	(\$18,750)	(\$5,000)	(\$3,750)	
A/P Balance	(\$25,000)	\$21,250	(\$6,250)	\$5,000	\$2,500	(\$16,250)	\$11,250	\$6,250	(\$1,250)	(\$16,250)	\$13,750	\$1,250	
Inventory	\$100,000	\$15,000	\$40,000	\$20,000	\$10,000	\$75,000	\$30,000	\$5,000	\$10,000	\$75,000	\$20,000	\$15,000	\$415,000
Accounts Payable	(\$25,000)	\$21,250	(\$6,250)	\$5,000	\$2,500	(\$16,250)	\$11,250	\$6,250	(\$1,250)	(\$16,250)	\$13,750	\$1,250	(\$3,750)
Rent Expense	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$10,500	\$126,000
Salary Expense	\$14,700	\$14,000	\$14,000	\$14,000	\$14,000	\$15,000	\$16,000	\$13,000	\$13,000	\$13,000	\$13,000	\$14,000	\$167,700
Other Expense	\$8,000	\$1,000	\$1,000	\$3,000	\$1,000	\$2,000	\$3,000	\$1,000	\$1,000	\$1,000	\$1,000	\$2,000	\$25,000
Store Opening Expenses	\$12,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$12,000
Interest Expense	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$11,250	\$11,250
Net Tax Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Other Cash Disbursements	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cash Out	\$120,200	\$61,750	\$59,250	\$52,500	\$38,000	\$86,250	\$70,750	\$35,750	\$33,250	\$83,250	\$58,250	\$54,000	\$753,200
Net Cash from Operating Activities	(\$97,700)	(\$28,000)	(\$23,500)	(\$12,000)	\$3,250	(\$46,750)	(\$23,500)	\$2,250	\$3,000	(\$44,750)	(\$17,750)	(\$10,750)	(\$296,200)
<b>Cash flow from Investing Activities</b>													
Store Investments	(\$100,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100,000)
Intang. & Other non cur. Assets	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash from Investing Activities	(\$100,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100,000)
<b>Cash flow from Financing Activities</b>													
Bank Loans - Short Term	\$150,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$150,000
Bank Loans - Long Term	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Personal & Angel Investment	\$130,000	\$0	\$0	\$60,000	\$0	\$0	\$30,000	\$0	\$0	\$70,000	\$0	\$0	\$290,000
Capital Lease	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Stock & Other Paid In Capital	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Adj. to Retained Earnings	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Net Cash from Financing Activities	\$280,000	\$0	\$0	\$60,000	\$0	\$0	\$30,000	\$0	\$0	\$70,000	\$0	\$0	\$440,000
<b>Beginning Cash Balance</b>	<b>\$0</b>	<b>\$82,300</b>	<b>\$54,300</b>	<b>\$30,800</b>	<b>\$78,800</b>	<b>\$82,050</b>	<b>\$35,300</b>	<b>\$41,800</b>	<b>\$44,050</b>	<b>\$47,050</b>	<b>\$72,300</b>	<b>\$54,550</b>	<b>\$0</b>
Net Cash from Operating Activities	(\$97,700)	(\$28,000)	(\$23,500)	(\$12,000)	\$3,250	(\$46,750)	(\$23,500)	\$2,250	\$3,000	(\$44,750)	(\$17,750)	(\$10,750)	(\$296,200)
Net Cash from Investing Activities	(\$100,000)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	(\$100,000)
Net Cash from Financing Activities	\$280,000	\$0	\$0	\$60,000	\$0	\$0	\$30,000	\$0	\$0	\$70,000	\$0	\$0	\$440,000
<b>Comprehensive Cash Flow</b>	<b>\$82,300</b>	<b>(\$28,000)</b>	<b>(\$23,500)</b>	<b>\$48,000</b>	<b>\$3,250</b>	<b>(\$46,750)</b>	<b>\$6,500</b>	<b>\$2,250</b>	<b>\$3,000</b>	<b>\$25,250</b>	<b>(\$17,750)</b>	<b>(\$10,750)</b>	<b>\$43,800</b>
<b>Ending Cash Balance</b>	<b>\$82,300</b>	<b>\$54,300</b>	<b>\$30,800</b>	<b>\$78,800</b>	<b>\$82,050</b>	<b>\$35,300</b>	<b>\$41,800</b>	<b>\$44,050</b>	<b>\$47,050</b>	<b>\$72,300</b>	<b>\$54,550</b>	<b>\$43,800</b>	<b>\$43,800</b>

# Balance Sheet after Year 1

## Current Assets

Cash	\$43,800
Accounts Receivable	\$11,000
Inventory	\$134,200
<b>Total Current Assets</b>	<b>\$189,000</b>

## Long Term Assets

Equipment	\$100,000
<b>Total Long Term Assets</b>	<b>\$100,000</b>

<b>Total Assets</b>	<b>\$289,000</b>
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## Liabilities

Loan Payable	\$150,000
Accounts Payable	\$3,750
<b>Total Liabilities</b>	<b>\$153,750</b>

## Owners' Equity

Retained Earnings	(\$154,750)
Owners Investment	\$290,000
<b>Total Owners' Equity</b>	<b>\$135,250</b>

<b>Total Liabilities and Equity</b>	<b>\$289,000</b>
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# G-Sport's Value Proposition

