Fashion Industry 101: How to start a fashion line in today’s market.

Presented by: Global Companies
Global Group Showroom
Before I get started...

This is a business to make money...

Design is an art, fashion is about capitalizing on a moment...

Thank you, but we all ready have a Tommy, Isaac, Ralph and Donna...

You have to decide if you want to be Rich or Famous...it’s hard to do both

John Bartlett
Isaac Mizrahi
John Galliano
Michael Kors
Marc Jacobs

“Good business is the best art.”
Andy Warhol
Where to Start

1. Know who you are. State your target consumer, the retailers that will sell your product, your breakeven point, and how you’ll do your sales.

2. Operational plan. How will you develop the line? Find factories? Go into production?

3. Marketing the brand. Why should anyone buy your line?
What you will Need to Decide

• Who your target market is?
• What are your price points?
• Who will you “hang with”?
• What retailers fit your market?
• What is your niche?
Target Market
Following the Money Trail

Apparel

- Mass 62%
- Discounter 17%
- Dept. Stores 12%
- Boutiques 9%
- Internet 1%
Design Concept

Following the Money Trail

• 58% of the US population is a plus size consumer
  24% are obese
  12% of children under 12 are obese
• 38% of the US Population is a baby boomer born between 1946 and 1965
• 40 million Latin's live in the US
• Lingerie and Children boutiques had the highest return rates last year (2005)
• Social occasion stores are showing strong gains
Fashion Has Very Little to do with “it”
Fashion Forecasting
Summer 2005
Fashion Books

USING YOUR FREE CDs
The artwork and garment designs on these CDs can be used as seen (subject to copyright) or recoloured and changed to create your own styles.

Suggested uses for the files:
- Customize graphics or prints to suit your own colours and styles.
- Combine graphics with alternative garment.
- Print copies of graphics, prints, garments or palettes for use on storyboards or in presentations.
- Send digital files direct to manufacturers or suppliers.

How to use the CDs to create your own designs

Select a new pattern.

Resize and place pattern on garment
Resize the pattern to required size and powerclip it (CorelDraw) into selected area. Illustrator users can achieve this by creating a clipping mask.

Recolour T-shirt
Select the garment and ungroup artwork. Select the objects you wish to change and click on desired colour.

Add badge detail
This badge can be found on page 45.

To change print
Delete existing print and weld clear objects together.

www.mudpie.co.uk
Recycled Fashion
Fully Vertical In House Garment Production

Design Support Services

www.fesslerusa.com

Patternmaking
Prototype Samples
Salesmen Samples
Evolution of a Trend

2001

2002
Spring 2005
Fashion Forecasting
Keep it Real

You have your own look. A signature style.
K.I.S.S.

- Start small with key pieces
  Donna Karan started with her 7 easy pieces collection
  Ralph Lauren started with ties
- Perfect one or two “Hot Bodies”
  Think Diane Von Furstenberg wrap dress
  Prada nylon black should bag
  Norma Kamali Sleeping bag coat
Product Development

- Research on sales & fashion trends
- Planning of line concept
- Development of collection (Flats)
- Order sample fabrics
- Sales projections
Product Development

- Technical design
- Patterns
- First samples
- Costing
- Exposure (tradeshows, markets,)
- Fabric orders placed not confirmed
- Preproduction planning (fit test done)
Product Development

- Grade patterns
- Orders entered and reviewed for credit
- Cutting tickets projected
- Fabrics ordered
- Production
Product Development

- Quality control checked
- Vendor compliance checked
- Collection of pre-payments
- Distribution
- Collection of term accounts
Production Cheat Sheet

- Limit the amount of types of fabric you use
- Don’t be afraid of minimums
- If you are buying from overseas, ask for the landed price
- Factories are very-specific use them for what they are known for
Finding a Factory

- Use a referral service
  - The Garment Industry Development Corp
  - Garment Contractors Association in LA
  - Korean Manufactures Association
  - F.B.I. Fashion Business Incorporated
- Look up the registration number on a garment
- Contact trade commissions
- Ask fabric suppliers
- Visit sourcing shows
Fashion Director meets with design team

Design team presents line at sales meeting
Concept #1

Merchandising Dept.

Marketing & Promotional Dept.

Financial Dept.

Wholesale Division

Production

Visual Merchandiser plans displays and windows.

Costing is approved

Props, signage and fixtures are ordered

Signage and planagrams are sent to stores

Review of design and displays are done at each store

Groups are reworked after selling

Evaluates display performance

Input from the different department is taken and line is reworked.
• Pre-production samples are made and fabrics samples are requested.
• Production dates are set
• New styles are added for approval by Fashion Director

In Stock goods are offered to small accounts.

Credit and term agreements are made

Payment is received
Margins are reviewed

Special request from the retailers are reviewed

Support is given to stores in accordance to orders under the direction of the sales manager.

Events and Promotions are presented to stores

Events and holiday and programs promotions in accordance

Any in store signage and advertisement is reviewed with V.M. Dept.

Allocates production time
Buys fabric
Makes road rep samples
Costing and technical designs are done

Fit samples are approved

Grading is done

Production samples are reviewed for fit and costing

After promotions are compete a review of cost efficiency is done.
Things to know. Retail Math.

- Retail Mark-Up
- Net Profit & Gross Profit
- Sales to Stock Ratio
- Sales per Sq. Foot
- Turn Over
- O.T.B.
- Margin
Things to Know. Costing.

**Basic Costing:**
Cost of fabrics + Trims + Production = Cost

**Administrative cost:**
+ Cost of sales (reps, shows, line sheets)
+ Samples & Pre-production
+ Margin for chargeback's
+ Distribution cost
Profit %
Things to know. Costing.

**How to set a base price?**

Work it backwards

1. Know the retail price
2. Know the retail mark-up
3. Know the whole sale price
4. Know the production cost price
Things to know. Misc.

- Fabrics
- Fabric finishes
- Types of trims
- Production terminology
- Garment lingo
- Banking terms
- Retail math
Critical Legal & Accounting Issues

- Incorporation
- Partners & investors
- Commercial leases
- Resale license
- Manufacturing license
- RN number
- Duns number
- Trademarks & copyrights
Financing your Line

- Beg and borrow....
- Sale everything you own
- Prefect personal credit
- Look for grant money
- Use a factor
- Sell equity in the company
- Have private clients
- Don’t quit your day job
Financing your Line

Money men don’t care about your portfolio…
1. How much you need
2. How you plan on using it
3. How long you need it for
4. What’s in it for them
Where the Money Goes

![Bar chart showing the distribution of money across seasons and categories: Production, Sales, Operation, Administrative. The chart illustrates the amounts spent in each category for seasons 1 to 4.]

- Production
- Sales
- Operation
- Administrative
Exposure
Exposure

- Regional Markets
- Sales reps/Road reps
- Trade shows
- Showroom

Support for sales team
- Internet
- Catalogs/Line sheets
- Look books
Exposure

- Editorial
- Placement
- Trade advertisement
- Fashion shows
- Sponsorship
What-Where-When

Fall I

- Starts to show Jan-Feb
- Ships Aug-Sept
- Reorders Sept-Oct
What-Where-When

Fall II

Starts to show March April

Ships Oct-Nov

Reorders November
What-Where-When

Spring 1

- Starts to show Aug-Sept
- Ships Jan-Feb
- Reorders Feb-March
What-Where-When

Spring II

- Starts to show Oct-Nov
- Ships March April
- Reorders May
What-Where-When

- Holiday
  - Starts to show June or August
  - Ships End of October
  - Reorders November
What-Where-When

Resort

- Starts to show
  August

- Ships
  November
  December

- Reorders
  January
Operations

- Receive orders
- Prepare cutting tickets
- Check credit
- Factor orders
- Review cash flow
- Drop styles from line
- Review orders with buyers
Retail Support

- Visit the store or send someone
- Offer to “sell it” or “work it”
- Truck shows
- Have ready made advertising
- Include promo’s
- Offer merchandising options
- Visuals and signage POP
Key Points on Cut to Order

1. Limit risk
2. Plan your sales
3. Plan production drop dates
4. Have clean inventories
5. Program your fabric buys
6. Will only put into production styles that have pre-sold
7. Will only have “extra” stock on goods that have re-ordered.
### Cut to Order Control

<table>
<thead>
<tr>
<th>Style No.</th>
<th>Season</th>
<th>Fabric</th>
<th>Min Production</th>
<th>Cost</th>
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<tbody>
<tr>
<td>123S5SK</td>
<td>Spring</td>
<td>Cotton</td>
<td>1,500</td>
<td>24.80</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Store</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>XLarge</th>
</tr>
</thead>
<tbody>
<tr>
<td>Petty Girl</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Nice Guy</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>4</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>12</td>
<td>12</td>
<td>6</td>
</tr>
</tbody>
</table>
Distribution

- Enter inventory into system
- Pull orders
- Price tag
- Final production check
- Invoice customer
- Produce pick-ticket
- Pack and ship goods as per terms
Distribution

Review and QT
Pick and Pack
Distribution
Warehousing
Credit Approvals
Invoicing
Collection of AR
Customs services
Trade Mark Registration

www.imextr.net
It’s not an Order Until it’s Paid

- Charge backs
- Markdown money
- Co-op advertising
- Anticipation discounts
- End of season returns
Contact Us

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www.globalpurchasinggroup.com

Contact us about our flat fee line development program, our feasibility consultation & line merchandising service.