



TJXYou Business Plan

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Executive Summary

In order to increase potential treasure in TJX “treasure hunts” and reduce lost sales due to ill fit, TJXYou will provide a convenient, low-cost tailoring service at two Marmaxx stores in Boston. TJXYou will offer simple, in-demand alterations at a competitive price, along with a rush tailoring service at a premium. The tailoring industry as a whole is stable, and its target market is compatible with Marmaxx’s. Barriers to entry are fairly low, and competition includes other retailers offering tailoring services and local tailoring shops.

Our target market analysis revealed that the Boston area will yield over 300,000 potential customers, with primary research showing a demand for the service. Our marketing strategy is relatively simple, as we are primarily focused on targeting existing TJX customers, who simply need to be made aware of the service. This will be done through in-store advertising and will not require a separate budget.

In terms of financial growth, TJXYou provides a profitable opportunity for TJX. As shown in the 3-year pro forma budget, TJX will have a slight loss in year 1, which will quickly be surpassed by the profits in years 2 and 3. By following TJX’s 6% growth rate, TJXYou has a very prosperous upside that TJX can benefit from for years to come. Regarding human resources, TJXYou would like to maintain TJX’s corporate culture. We plan on hiring 2 tailors, each working 40 hours per week, at a \$17 wage, and will be provided with legally-mandated benefits.

TJX You will operate as a Limited Liability Corporation, with no additional certifications required for the tailors themselves to legally operate. Finally, the tailoring service will have a simple supply chain, with minimal startup costs.

Business Concept

Purpose of Business

TJXYou allows customers to get their clothes tailored at a convenient, competitively-priced, in-store location. By offering this service, customers will be able to purchase clothes knowing they have the option to get alterations done in-store. This widens the selection of clothing customers can buy, enhancing the treasure-hunt experience by expanding the amount of merchandise accessible to customers.

Value Proposition

TJXYou exists to serve TJX and their customers in three key ways.

- 1) recovering revenue from lost sales
- 2) stimulating return visits
- 3) increasing customer satisfaction

1) The convenience of in-store tailoring encourages customers to purchase items they otherwise wouldn't buy, boosting revenues for TJX. For more quantifiable data on this matter, see the Financial Plan section.

2) This would stimulate return visits because customers will spend more time in the store by returning to pick up their tailored clothes, increasing the likelihood of an additional purchase being made.

3) Implementation of a service that many competitors already offer allows TJX to maintain their strong reputation in a competitive retail environment.

Product Description

Services and prices were determined through primary and secondary research into the most popular alterations and what the lowest average prices for these alterations were, in order to ensure customers were being provided with in-demand and cheap services. For those in a rush, next-day alterations are available at a premium. However, a short waiting period of just 2-4 days for basic alterations is anticipated as all services are simple and will be able to be performed quickly.

TJ-maxx YOU	
Next-day Alterations +\$5	
Women's Services	
Dresses	
Hemming	\$10
Waist Adjustment	\$15
Slacks	
Hemming	\$10
Waist Adjustment	\$15
Dress Shirts	
Sleeve Hemming	\$10
Men's Services	
Pants	
Hemming	\$10
Waist adjustment	\$15
Dress shirts	
Sleeve hemming	\$10

Market Analysis

Through primary and secondary market research, significant demand has been identified for an in-store tailoring service at Marmaxx stores.

Industry Outlook and Market Trends

- The tailoring and alterations industry is stable and growing, with a reflected projected annual growth rate of 3.5%, and as of 2018, generates 1.6 billion dollars in revenues annually (IBISWorld).
- The current alterations services industry is comprised of mainly small shops that offer a range of alterations. Tailors are experiencing competition from industries not traditionally operating in the space; apparel and department stores that offer alterations in store, such as TJXYou, are an example of external competition.
- Outlook of the industry remains fairly positive, though there are some challenges associated. The recent consumer trend of buying new clothing instead of repairing them will hurt industry operators, though it will not affect TJXYou margins as our primary focus is on newly-bought items. However, the growing popularity of modern-fit, slim-fit and other clothing styles may reduce

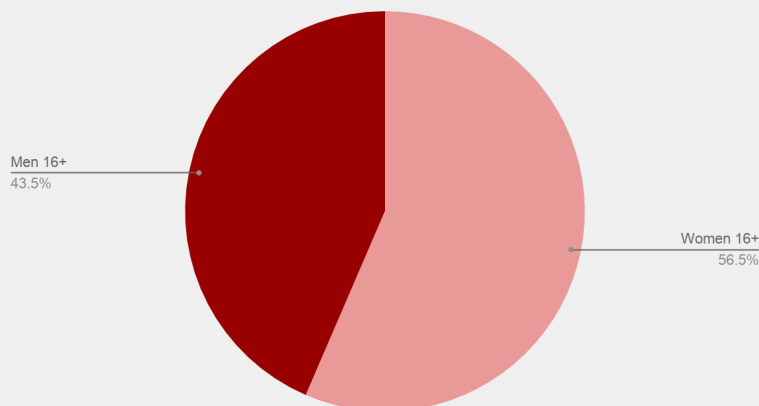
the demand for waist and sleeve adjustments, hemming, or other alterations, which may damage our operations.

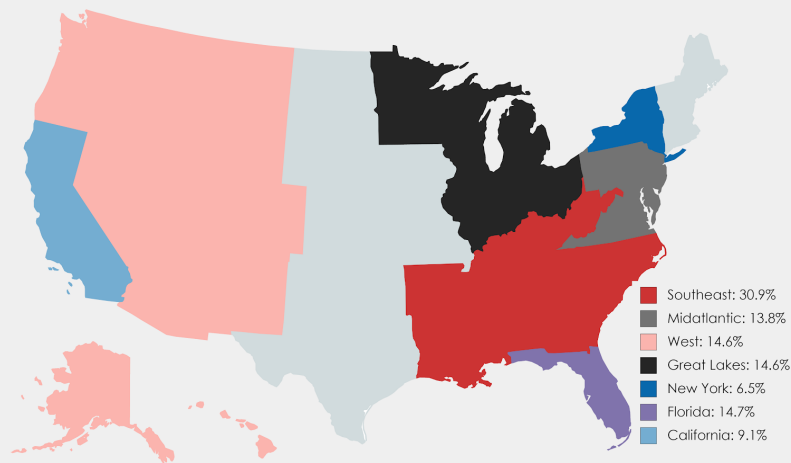
- The alterations industry is tied to discretionary spending, therefore demand is affected by changes in employment and per capita disposable income. As national unemployment decreases and disposable income increases by an annualized 3.5%, demand increases for professional clothing alterations. As a significant portion of this demand is expected to be diverted to apparel stores offering tailoring services, TJXYou is well-positioned to take advantage of this increased demand.

Demographics and Segmentation

- TJXYou market demographics and segmentation are derived from two target markets: the alteration services market and Marmaxx's market.

Clothing Alterations Market





- Clothing alteration services are used by households across all income levels, allowing us access to a wide customer base unrestrained by income. However, IBISWorld states that households with income above \$60,000 per year have been the key drivers of demand for the past five years.
 - TJX shoppers have a household income of around \$72,000, meaning key customers of the clothing industry already shop at Marmaxx.
- This neatly aligns with TJX as a whole's target demographic, as TJX shoppers have an average household income of approximately \$72,000, meaning that key customers of the clothing alteration industry already shop at Marmaxx stores. According to TJX's 2018 annual report, the Northeast region of the United States accounts for 23% of the company's consolidated revenue. The West accounts for 15%, and the South

accounts for 25%. Coupled with the prominence of the clothing alterations industry in these regions as shown in the graph above, we believe TJXYou would be particularly successful in these areas of the United States once expansion outside the Boston area becomes feasible.

Target Market Analysis

According to calculations based on primary and secondary research, TJXYou's potential target market in the Greater Boston Area, in which its two initial stores will be operating, is approximately 314,747 customers. The Greater Boston Area population was taken from census data, and the



number of Boston TJX shoppers was extrapolated from Karen Coppola, CMO of TJX's, claim that around 27.5% of the population shops at TJX. Remaining information was taken from survey results, developed by our executive team.

Market Needs and Preferences

Primary Research

In order to gain pertinent information, a survey was designed by TJXYou's executive team and distributed online. Below are key results:

39% of TJX shoppers purchase formalwear.

93% have foregone a purchase due to improper fit

70% would purchase an item if given the option to tailor it.

92% would use an in-store tailoring service.

85% would be willing to return to the store to pick up their tailored items.

Secondary Research

Secondary research was also required in order to gain sufficient information about the industry and market, most notably through IBISWorld's industry analysis.

- Hemming services make up **22.6%** of all tailoring services provided.
- Sleeve shortening services make up **17.3%** of all services provided.
- Waist-adjustment services make up **11.5%** of all services.

These services account for over half of the industry as a whole, making them a reasonable choice for TJXYou to offer. These services are also efficient, as according to a local Boston tailor, each of these services only takes around half an hour to complete, reducing wait times for customers.

Competition

According to IBISWorld's industry analysis, tailoring offered at department stores, such as what TJXYou will offer, is one of the biggest threats to the existing alterations industry. The stability and convenience that TJXYou offers is attractive to existing TJX shoppers, and allows TJX to stay afloat among its own competitors like Nordstrom Rack, which already offer in-store tailoring.

Barriers to Entry

- The clothing alterations services industry has low barriers to entry, with startup costs being low. Necessary equipment includes sewing machines, serger machines, and various other supplies such as pins, needles, thread, etc.
- Location will not be an issue for TJXYou since dead space otherwise underallocated within TJX stores will be used, namely space in the fitting areas, selected for ease of use by customers and tailors alike.

SWOT Analysis

Strengths <ul style="list-style-type: none">- Convenient location- Cheaper prices- Faster and more efficient	Weaknesses <ul style="list-style-type: none">- Limited services- Only TJX customers- High startup costs
Opportunities <ul style="list-style-type: none">- More stores nationwide- Expanding services- Increasing amount of tailors	Threats <ul style="list-style-type: none">- External tailoring services- Bad quality- Lack of consumer trust

Marketing Plan

Pricing and Position Strategy

- Upon researching average prices of simple alterations, it was determined that the prices offered by TJXYou are on the lowest end of average, maintaining competitive pricing.
- See Product Description for a full list of services and prices.

Sales and Distribution

- Each chosen store has the same tailoring services available.

- Focus will first be on the Massachusetts Avenue TJ Maxx store and the Downtown Crossing Marshalls store in Boston.
- Alterations will be done on-site after purchase of the item, and customers will have to return to the store to pick it up.

Advertising and Promotion

- **Product:** TJXYou is a in-store tailoring service with cheaper prices than competitors or conventional tailors, allowing customers to alter their clothes at a low price in the same location of purchase.
- **Price:** Cheaper, more affordable prices than outside tailors.
- **Place:** In-store locations make it more convenient for shoppers to drop off their clothes and pick-up when finished.
- **Promotion:** Signage inside and outside stores to increase awareness, which will be added to existing marketing, with no additional marketing budget needed. Since TJXYou is targeting existing customers rather than trying to attract new ones to TJX, advertising comes down to ensuring customers are aware of the service.



Financial Plan

Sales Forecast (See Exhibit II-IV)

- Calculations based on following survey results:
 - 39% of TJX customers purchase formalwear
 - 34% purchase dress shirts
 - 34% purchase dress pants
 - 16% purchase women's slacks
 - 16% purchase dresses
- Recovered sales for TJX (See Exhibit III for in depth calculations)
 - 17,809 sales recovered
 - Number of items tailored yearly, using recovered sales and formalwear percentages
 - 6,055 dress shirts tailored
 - 6,055 dress pants
 - 2,849 women's slacks
 - 2,849 dresses
- Alteration services offered: see Product Description for full list with prices
 - Percentage assumptions
 - 75% of pant alterations would be pant hemming
 - 25% of pant alterations would be pant waist adjustments
 - 60% of dress adjustments would be dress hemming

- 40% of alterations would be dress waist adjustments
- Alterations per year, using recovered sales and alteration percentages
 - 4,274 alterations from pant hemming
 - 1,425 alterations from pant waist adjustments
 - 3,633 alterations from dress hemming
 - 2,422 alterations from dress waist adjustments
 - 6,055 alterations would be from dress shirt sleeve hemming
- Forecast
 - Price Assumption
 - 10% of alterations will use premium option
 - Revenue from alterations, using prices listed and alterations per year
 - \$206,227
 - TJX annual service fee
 - \$27,000 (Established due to total sale recovery)
 - First year revenue (Revenue from alterations + Annual service fee)
 - \$233,227

Expenses Budget

- Executive Salary: \$80,000
- Wage Expense: \$148,512

- Equipment Expense: \$2,000
- Miscellaneous Expense (sewing supplies): \$1,000
- LLC Filing Fee (one-time): \$500
 - Annual Fee: \$500
- Total Expense: \$232,512

3-Year Pro Forma Budget (See Exhibit I)

- Important Information:
 - Revenues:
 - TJXYou follows TJX's 6% growth rate
 - Success of TJXYou is dependent on the success of TJX
 - Expenses:
 - Executives receive \$3,000 raise in year 3
 - Tailor salaries increase by 4% annually

Profits and Losses

	Year 1	Year 2	Year 3
Total Revenues	232,347	244,668	266,278
Total Expenses	232,512	235,952	254,131
Cash, Ending Balance	(165)	8,550	20,698

Breakeven Analysis

Breakeven Analysis		
Total Expenses		\$231,512
Average Cost of Alteration		\$11.88
Breakeven Quantity		19488
<i>Total Expenses/Average Cost of Alteration</i>		
Deficit		19943

Operations & Supply Chain

TJXYou's operation logistics will be primarily focused on production workflow and production processes. There is a minimal supply chain, which is focused mostly on maintaining supplies.

Operations

- TJXYou's tailors will be located next to the fitting rooms, where customers can see what specific personalizations they need for their clothes. This allows customers to immediately have a place to express their needs as the tailors are right outside the rooms. There will also be a drop-off location next to the cash registers and check out line.
- Currently, in the fitting areas in TJX stores, there is plenty of empty space to fit the tailors' workspaces and equipment. No space on the sales floors will be expended for TJXYou, a benefit to TJX.

Supply Chain

- As tailoring and alteration services have minimal supply chain complexities, TJXYou's operations will remain fairly simple. Our key buying industry is consumer-based, and alterations will be performed exclusively on Marmaxx goods.
- Sewing Machines: (2) Yamata Industrial Sewing Machine FY-8700, \$700 per machine (AMAZON)
- Serger Machines: (2) Brother 2340CV, \$321 per machine (AMAZON)
- Various materials (pins, needles, thread, etc): \$500 allotted

Legal and Organizational

Organizational Structure

- TJXYou will be registered as a Limited Liability Corporation, as this is the most effective and beneficial path to take for the service. This path is safer for smaller companies and start-ups, since owners are not personally responsible for debts and liabilities.
- TJXYou will be located in the fitting room area of TJX stores, using dead space not being used to sell merchandise. Customers will be able to get measurements taken while trying on clothes, but will have to purchase the clothing item in order to also get the alteration.

Regulatory

The tailoring industry faces an extremely low level of regulation. Tailors are typically required to abide by federal regulations regarding fair labor practices and standards, and are required to abide by the federal Occupational Safety and Health Administration's safety guidelines. Employment regulations vary by state, but no considerable challenges are presented in the regulatory environment.

Permits and Licenses

- Tailors are not required to obtain state or federal licenses for operation, providing us with a level of freedom in regards to hiring. There are some business permits that are necessary for operation, and in different states there are different ways to obtain one.
- Generally, companies need to identify what kind of firm they are and agree to pay taxes, as well as registering their names and other basic information on an application for a permit.
- Business permits need to be renewed, with the time period depending on the state where the company is operating. In Massachusetts, the certificate needs to be renewed every 4 years.

Human Resources

Organizational Culture

- TJXYou strives to create a workplace where our tailors will feel at home and valued for their work, and we encourage cultural and experiential diversity.

Staffing

- Since Marmaxx stores are open approximately 80 hours a week, we have decided to have 2 independent tailors at each store, with each working 6 hour shifts. This would allow us to always have one tailor on duty, with there occasionally being two available, which will maintain the highest level of efficiency and cause minimal backlog.
- According to the US Bureau of Labor Statistics, the median hourly salary of tailors across the industry is approximately \$15 per hour, so we plan to pay our tailors \$17 an hour to provide a competitive wage as well as account for the cost of living in a city like Boston.

Benefits

Employees will be given benefits compliant with Boston's legal regulation. This would consist of sick days and vacation days.

Appendices/Index

(Exhibit I: 3-Year Pro Forma Cash Budget)

				TJXYou			
				Pro Forma Cash Budget			
				Year Ended 2021			
				Year 1	Year 2	Year 3	Three-Year Period
Cash, Beginning Balance				0	\$ 715	\$ 10,363	
CASH RECEIPTS:							
Cash from Non-Premium Alterations				\$ 177,590	\$ 188,245	\$ 199,540	\$ 565,376
Pant hemming				\$ 38,467	\$ 40,775	\$ 43,222	\$ 122,464
Pant waist adjustment				\$ 19,234	\$ 20,388	\$ 21,611	\$ 61,233
Dress hemming				\$ 32,697	\$ 34,659	\$ 36,738	\$ 104,094
Dress waist adjustment				\$ 32,697	\$ 34,659	\$ 36,738	\$ 104,094
Shirt sleeve hemming				\$ 54,495	\$ 57,765	\$ 61,231	\$ 173,490
Cash from Premium Alterations				\$ 28,637	\$ 30,355	\$ 32,177	\$ 91,169
Pant Hemming				\$ 6,411	\$ 6,796	\$ 7,203	\$ 20,410
Pant Waist Adjustment				\$ 2,849	\$ 3,020	\$ 3,201	\$ 9,070
Dress Hemming				\$ 5,450	\$ 5,777	\$ 6,124	\$ 17,351
Dress Waist Adjustment				\$ 4,844	\$ 5,135	\$ 5,443	\$ 15,421
Shirt Sleeve Hemming				\$ 9,083	\$ 9,628	\$ 10,206	\$ 28,917
Total cash from customers				\$ 206,227	\$ 218,601	\$ 231,717	\$ 656,544
Service fee revenue				\$ 27,000	\$ 27,000	\$ 27,000	\$ 81,000
Total cash				\$ 233,227	\$ 245,601	\$ 269,080	\$ 747,907
CASH PAYMENTS:							
Executive salary				\$ 80,000	\$ 80,000	\$ 92,000	\$ 252,000
Wage expense				\$ 148,512	\$ 154,452	\$ 160,631	\$ 463,595
Sewing equipment expense				\$ 2,000	0	0	\$ 2,000
Miscellaneous supplies expense				\$ 1,000	\$ 1,000	\$ 1,000	\$ 3,000
LLC Filing Fee				\$ 500	0	0	\$ 1,000
LLC Annual Fee				\$ 500	\$ 500	\$ 500	\$ 1,500
Total expenses				\$ 232,512	\$ 235,952	\$ 254,131	\$ 722,595
Cash Flow							
Excess/(Deficit)				\$ 715	\$ 9,648	\$ 14,949	\$ 25,312
Cash, ending balance				\$ 715	\$ 10,363	\$ 25,312	\$ 36,390

(Exhibit II: Relevant Statistics and Survey Results)

					TJXYou		
					Relevant Data		
Relevant Survey Results					Relevant Statistics		
% items bought alterable		39%			Net Sales Revenue, Nationwide	\$24,058,000,000	
Of alterable items:					Stores Nationwide	2378	
Dress shirts		34%			Average Amount Spent per Purchase	\$50	
Dresses		34%			Average Cost Per Alterable Item	\$45	
Dress Pants		16%			Profit Margin	13.5%	
Womens' Slacks		16%			Average Cost per Item	\$15	
% shoppers foregoing items due to bad fit		93%			Annual Sales Revenue per Store	\$10,116,905	
% shoppers considering purchasing alterable items given the opportunity to alter		70%			Annual Sales per Store	202,338	
					Daily Sales per Store	554.35	
					Hourly Sales per Store	50.40	
					Profit per Store	\$1,365,782	

(Exhibit III: Recovered Sales)

Deriving Recovered Sales		
Average Items per Purchase		3.33
<i>Average Spent per Purchase/Average Cost per Item</i>		
Annual Items Sold per Store		674,460
<i>Items per Purchase*Annual Sales per Store</i>		
Annual Items Sold for 8 Stores		1,348,921
<i>Annual Items Sold per Store*2</i>		
Annual Alterable Items Sold for 2 Stores		526,079
<i>Annual Items Sold for 2 Stores**% Alterable Items</i>		
Annual Missed Alterable Items per 2 Stores		489,254
<i>Annual Alterable Items Sold for 2 Stores**% shoppers foregoing items due to bad fit</i>		
Annual Potential Recovered Sales of		342,477
<i>Alterable Items for 2 Stores</i>		
<i>Annual Missed Alterable Items for 2 Stores**% shoppers purchasing alterable items given the opportunity to alter</i>		
Assuming:	<i>5% of shoppers given the opportunity</i>	
	<i>to purchase and alter alterable items</i>	
Annual Recovered Sales for 2 Stores		17,809
Projected Recovered Sales Revenue		
	\$ 801,397	
<i>Annual Recovered Sales for 2 Stores * Average Cost per Alterable Item</i>		
Recovered Sales Revenue Per Store		\$ 400,699
<i>Projected Recovered Sales Revenue/2</i>		
Profit from Recovered Sales Revenue		\$ 54,094.32
<i>per Store</i>		
<i>Recovered Sales Revenue Per Store * Profit Margin</i>		
% of Sales Increase from Recovered Sales		4.0%
<i>% Sales Increase after Service Fee</i>		
		2.0%
<i>Assuming: 10% of those who come back to pick up alterations make a purchase</i>		
Recovered revenue per store:		88,670

(Exhibit IV: Financial Breakdown)

Sales Information		
Recovered Sales Revenue per Store	\$	400,699
per Day	\$	1,097.80
Daily Customers Using Services		24
per Store		
Expenses		
Executive Salary		\$80,000
Wage Expense		\$148,512
Employee Benefits Expense		
Sewing Equipment Expense		\$2,000
Miscellaneous Supplies Expense		\$1,000
LLC Filing Fee		\$500
LLC Annual Fee		\$500
Total Expenses		\$232,512
Revenues		
Alterations Revenues		
Pant Hemming		38467
Pant Waist Adjustment		19234
Dress Hemming		32,697
Dress Waist Adjustment		32,697.01
Shirt Sleeve Hemming		54,495.01
Total Non-premium Alterations	\$	177,590
Premium Assumption:		10.00%
Alterations Revenues Premium		
Pant Hemming		6411
Pant Waist Adjustment		2849
Dress Hemming		5,450
Dress Waist Adjustment		4,844
Shirt Sleeve Hemming		9,083
Total Premium Alterations	\$	28,637
Total Alterations	\$	206,226
Service Fee Revenue		\$27,000

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