

THE CLOTHING STORE FINANCIAL BLUEPRINT

Capital Requirements, Operational Funding, and the Path to Profitability

| CAPITAL REQUIREMENTS | |
|-------------------------|--------|
| LEASEHOLD IMPROVEMENTS: | \$100K |
| INVENTORY: | \$75K |
| EQUIPMENT: | \$25K |
| CASH PLACES: | \$10K |
| BRENC MARKING: | \$5K |
| TOTAL COSTS: | \$10K |

INITIAL INVESTMENT:
\$250,000
(High Risk/Cost)

ANALYSIS BASIS:
26-MONTH RUNWAY TO
BREAK-EVEN (JAN 2028)



| OPERATIONAL FUNDING SOURCES |
|-----------------------------|
| EQUITY: 40% |
| DEBT: 60% (LOW INTEREST) |
| PROJECTED MARGINS: 65% |

CONFIDENTIAL
STRATEGY DOCUMENT

FUNDING THE BUSINESS VS. FUNDING SURVIVAL

TOTAL CASH REQUIREMENT
(DAY 0 - JAN 2028)

\$468,000 // WORKING CAPITAL BUFFER
(RUNWAY)

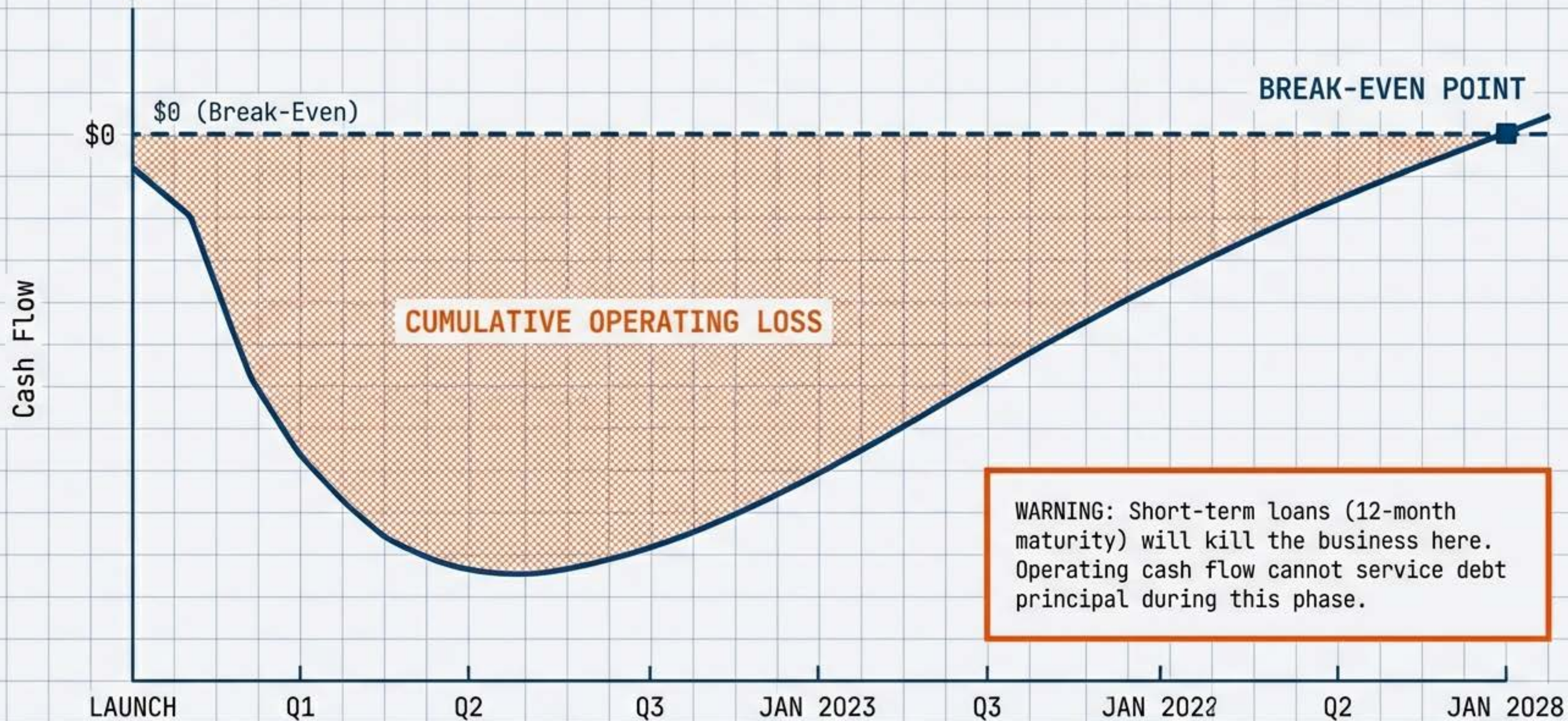
\$64,700 // PRE-REVENUE BURN (3 MONTHS)

\$157,000 // PHYSICAL ASSETS & SETUP (CAPEX)

INSIGHT:

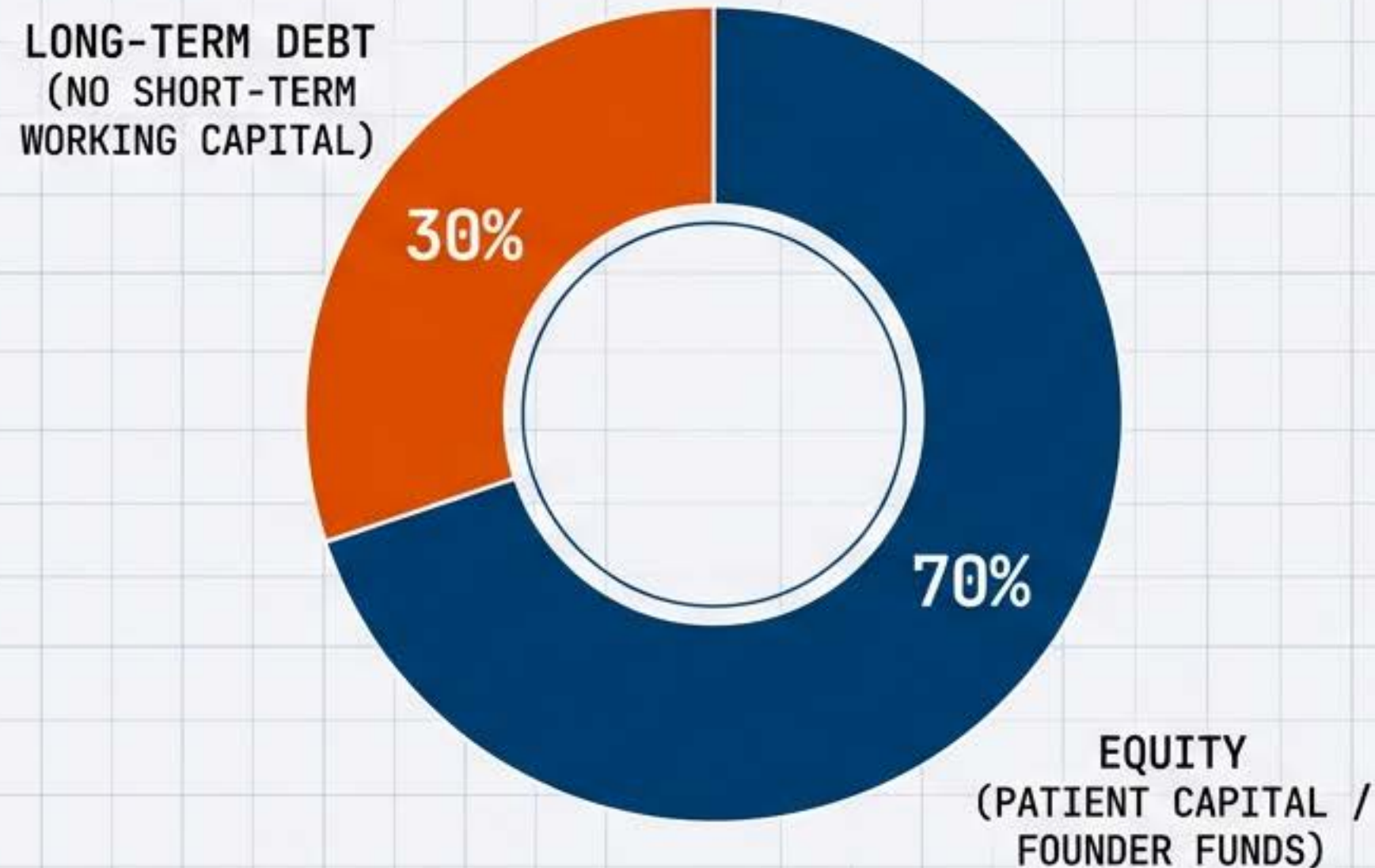
The \$157k opens the doors. The \$468k keeps them open. The biggest unknown cost driver is the 26-month runway. Funding must cover negative cash flow, not just the initial build-out.

THE 26-MONTH VALLEY OF DEATH



STRUCTURING FOR PATIENT CAPITAL

CAPITAL STRUCTURE



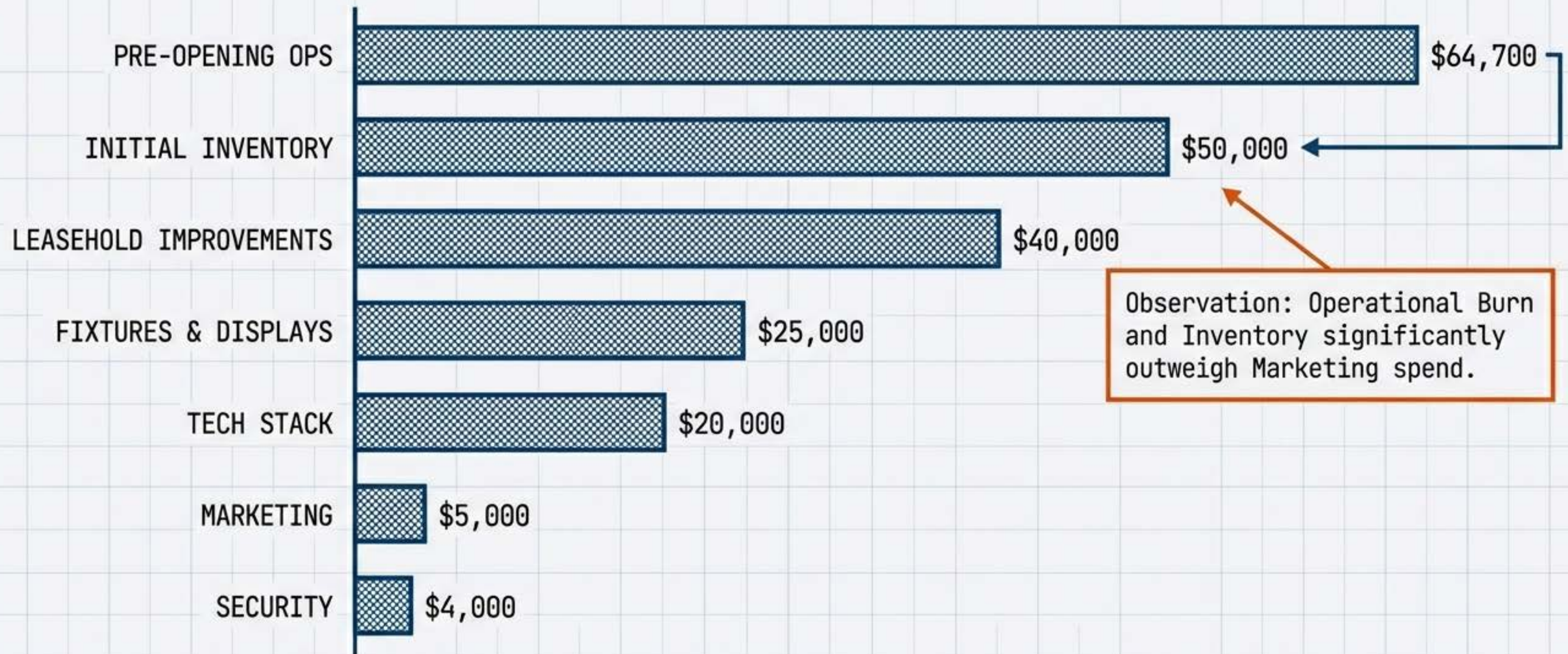
EQUITY STRATEGY

Must cover the initial runway. Equity does not demand monthly debt service when EBITDA is negative. Founder capital must cover the first \$150,000 operational deficit (approx. first 18 months).

RISK RADAR

Avoid standard 12-month working capital loans. Default risk is critical in Years 1 & 2 due to negative EBITDA.

THE SEVEN PILLARS OF STARTUP SPENDING

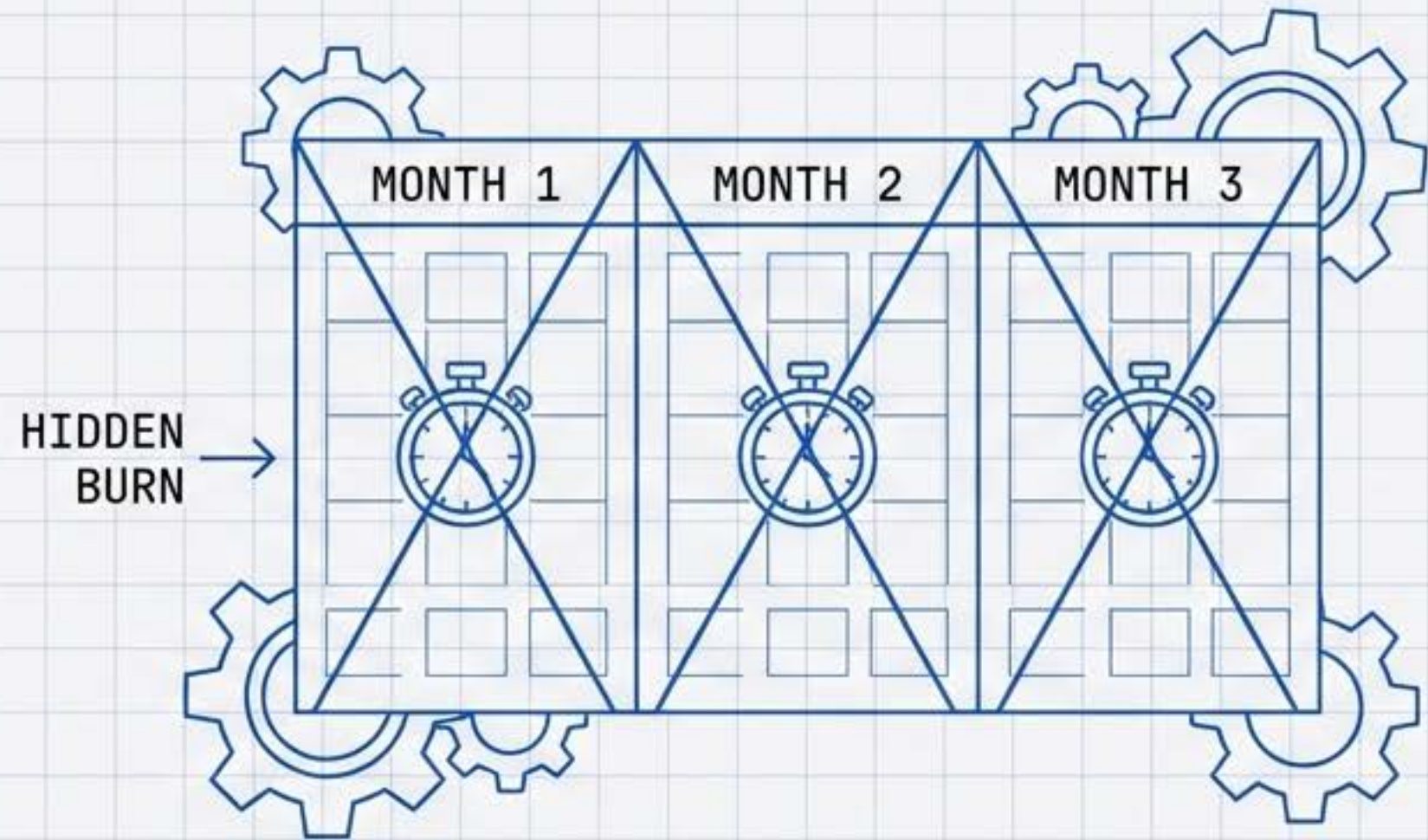


PILLAR 1: PRE-OPENING OPERATIONS

\$64,700

3 MONTHS OF OVERHEAD

Monthly Burn Rate: \$21,567
Includes: Rent, Utilities,
Initial Payroll



OPTIMIZATION STRATEGY

- Negotiate Rent Abatement (free rent) during build-out.
- Stagger Hiring: Bring staff on 30 days pre-launch only.

RISK PROFILE

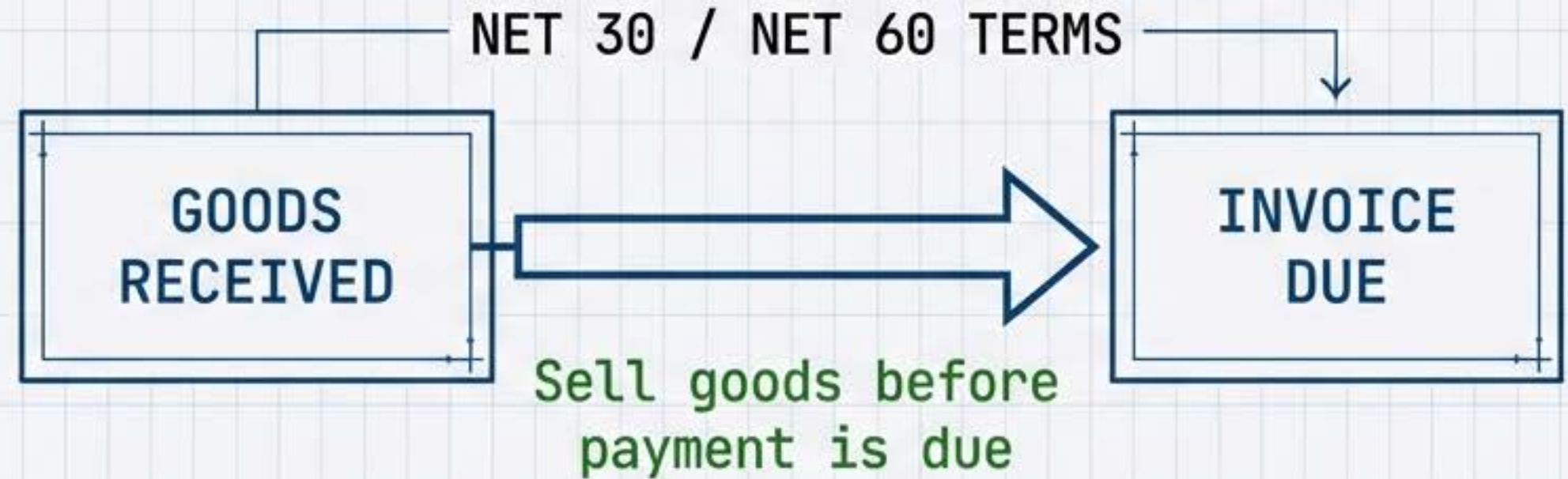


Failure to fund this buffer results in insolvency in Q1.

PILLAR 2: INITIAL INVENTORY STRATEGY

\$50,000

OPENING STOCK BUDGET



THE TRAP



Wholesalers demanding 100% payment upfront.

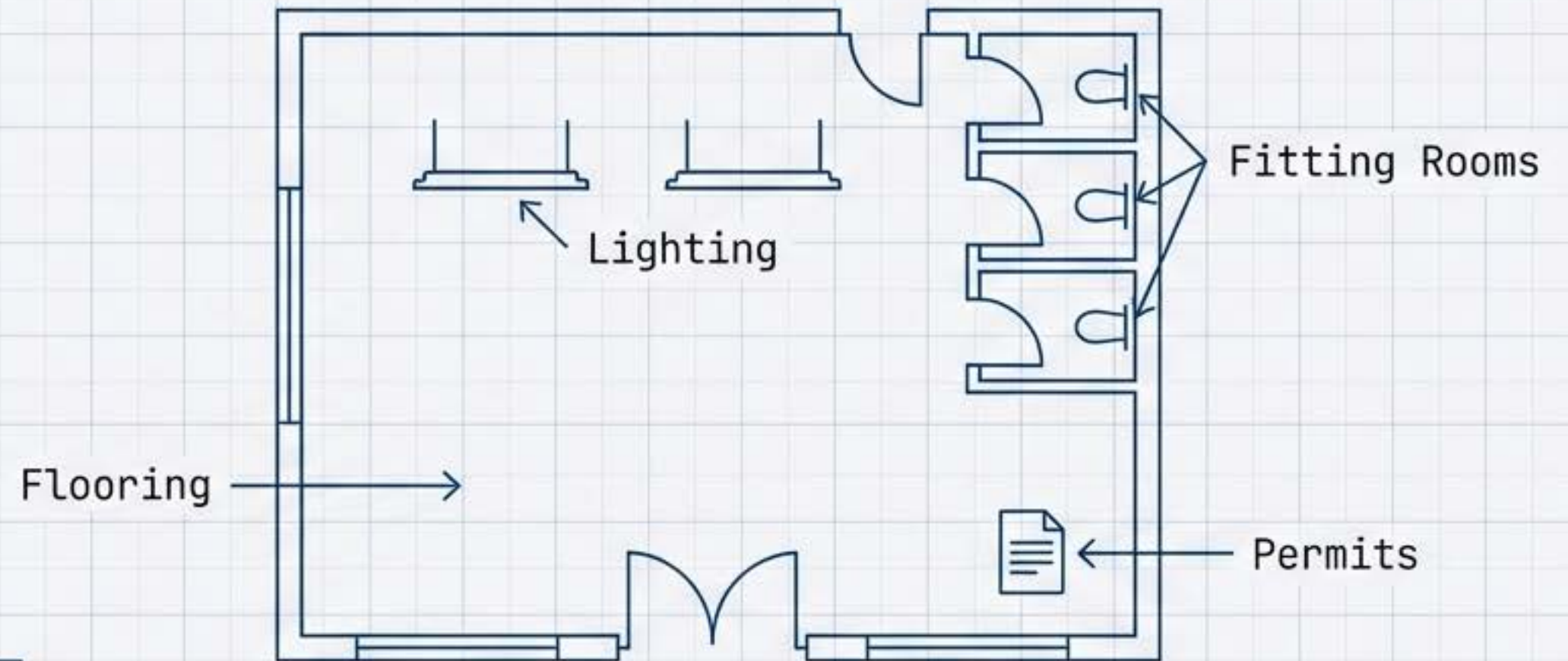
TACTICS



- Focus on core sellers and low MOQs.
- Use consignment terms for accessories.
- Map out size/color splits to avoid dead stock.

PILLAR 3: LEASEHOLD IMPROVEMENTS

\$40,000
CAPITAL OUTLAY



OPTIMIZATION: TENANT IMPROVEMENT ALLOWANCE

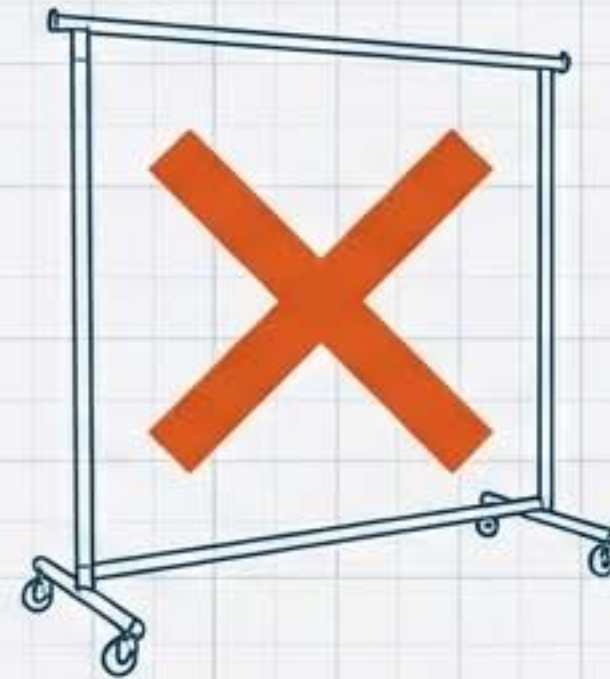
Push landlord to offset costs.
Example: \$10k coverage reduces cash requirement immediately.

GOLDEN RULE

Never fund build-out until lease is signed and specs confirmed.

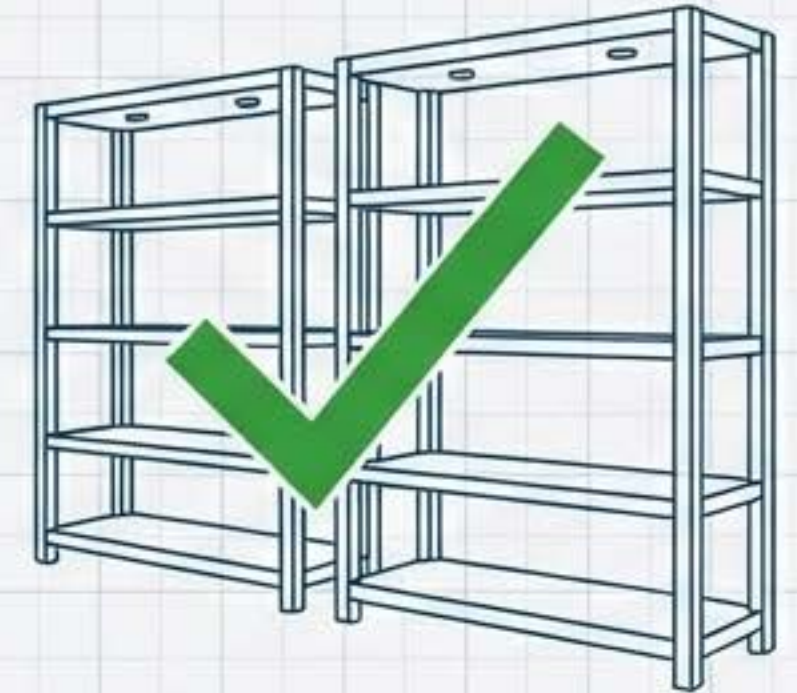
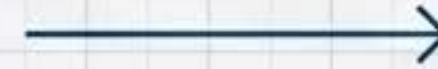
PILLAR 4: FIXTURES & DISPLAYS

\$25,000
EXPERIENCE BUDGET



CHEAP NEW (\$\$\$)

BETTER VALUE
& PERCEPTION



USED HIGH-END
(20-40% SAVINGS)

KEY CONCEPT

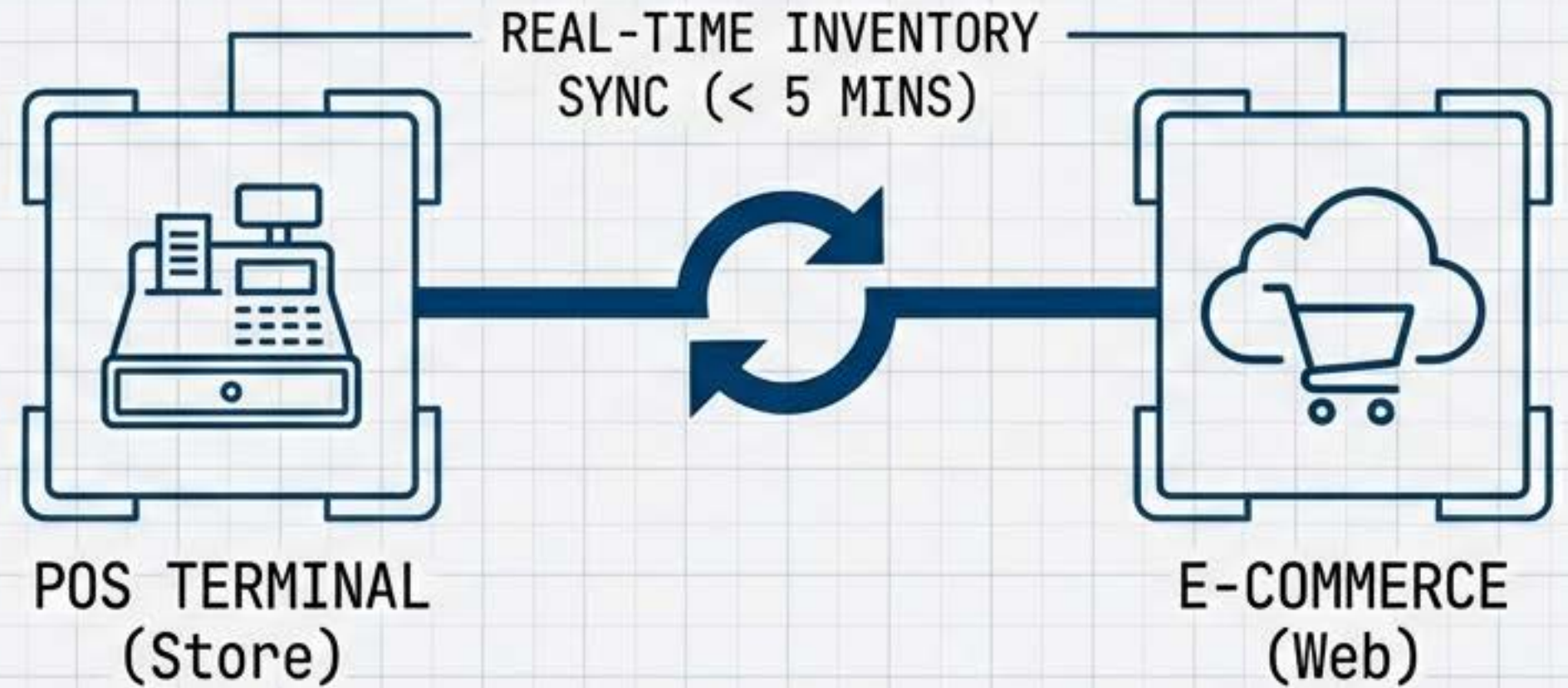
Durability = Brand Value.
Flimsy fixtures signal
low-quality product.

SOURCING HACK

- Source gently used high-end fixtures.
- Prioritize modular systems.
- Avoid cheap, single-use items.

PILLAR 5: THE TECH STACK

\$20,000
\$8K HARDWARE / \$12K SOFTWARE



CRITICAL REQUIREMENT

If a sweater sells in-store, it must vanish from the web immediately to prevent overselling.

STRATEGY

- Hardware: Buy certified refurbished terminals.
- Software: Use SaaS platforms. Ensure API compatibility.

PILLARS 6 & 7: SECURITY & MARKETING

SECURITY (\$4,000)



- **Items:** Cameras, Alarm Sensors.
- **ROI:** 5-15% discount on insurance premiums.
- **Action:** Don't cheap out; **inventory shrinkage costs more than the system.** !

MARKETING (\$5,000)



- **Items:** Exterior Signage (\$3k) + Collateral (\$2k).
- **Insight:** Exterior branding drives initial foot traffic. ✓
- **Tactic:** Digital ads for reach; bulk pricing on print runs.

THE RISK MANAGEMENT RADAR



CAC SPIKES

If Customer Acquisition Costs rise above projections, runway shortens fast.



INVENTORY STAGNATION

Initial \$50k stuck on shelves ties up working capital.



SCOPE CREEP

Construction changes after start date will balloon the \$40k budget.

MITIGATION: Monitor monthly burn rate relentlessly **against the \$21,567 baseline.**

THE FOUNDER'S GO/NO-GO CHECKLIST

Do you have \$157k CAPEX + \$64.7k Pre-Opening Ops?

YES

Is the \$468k Working Capital buffer secured?

YES

Is the lease signed with TI allowances confirmed?

YES

Are inventory terms (Net 30/60) negotiated?

YES

PROCEED TO LAUNCH

SURVIVAL IS THE STRATEGY

The goal of the first 26 months is not profit; it is stabilization. Secure the runway. Control the burn. Survive until 2028.



JAN 2028:
BREAK-EVEN
Profit Green

