The Fabric Store: A 5-Year Operational Roadmap to Profitability

Capital Requirements, Execution Strategy, and the 26-Month Path to Breakeven.

Internal Strategy Document | 2026-2030 Horizon

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The Business Case at a Glance

$419,000

Minimum Capital Runway Required

Covers $100k Setup + Operational Deficit.

26 Months

Time to Breakeven

Cumulative cash burn stabilizes in Year 3.

$100,000

Year 3 EBITDA Projection

First positive earnings year (2028).

10-Mile Radius

Primary Service Area

Community hub model for local makers.

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We Serve the ‘Maker’ Who Pays for Curation

The Quilter

$1,500 AOV

Requires specialized, high-margin quilting bundles.

The Designer

$2,200 AOV

Demand from designer/small-batch clients.

Geography is Destiny.

Our reach is limited to a community hub zone; high AOV validates the boutique model within this 10-mile constraint.

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The Revenue Ecosystem: Goods vs. Education

The 20% Challenge

Achieving the workshop target means 1 in 5 dollars comes from classes. This requires running 40 running 40 workshops monthly @ $250/seat. A significant operational ask.

$40k/month Target
Driven by high AOV transactions.

$10k/month Target
20% of Total Revenue

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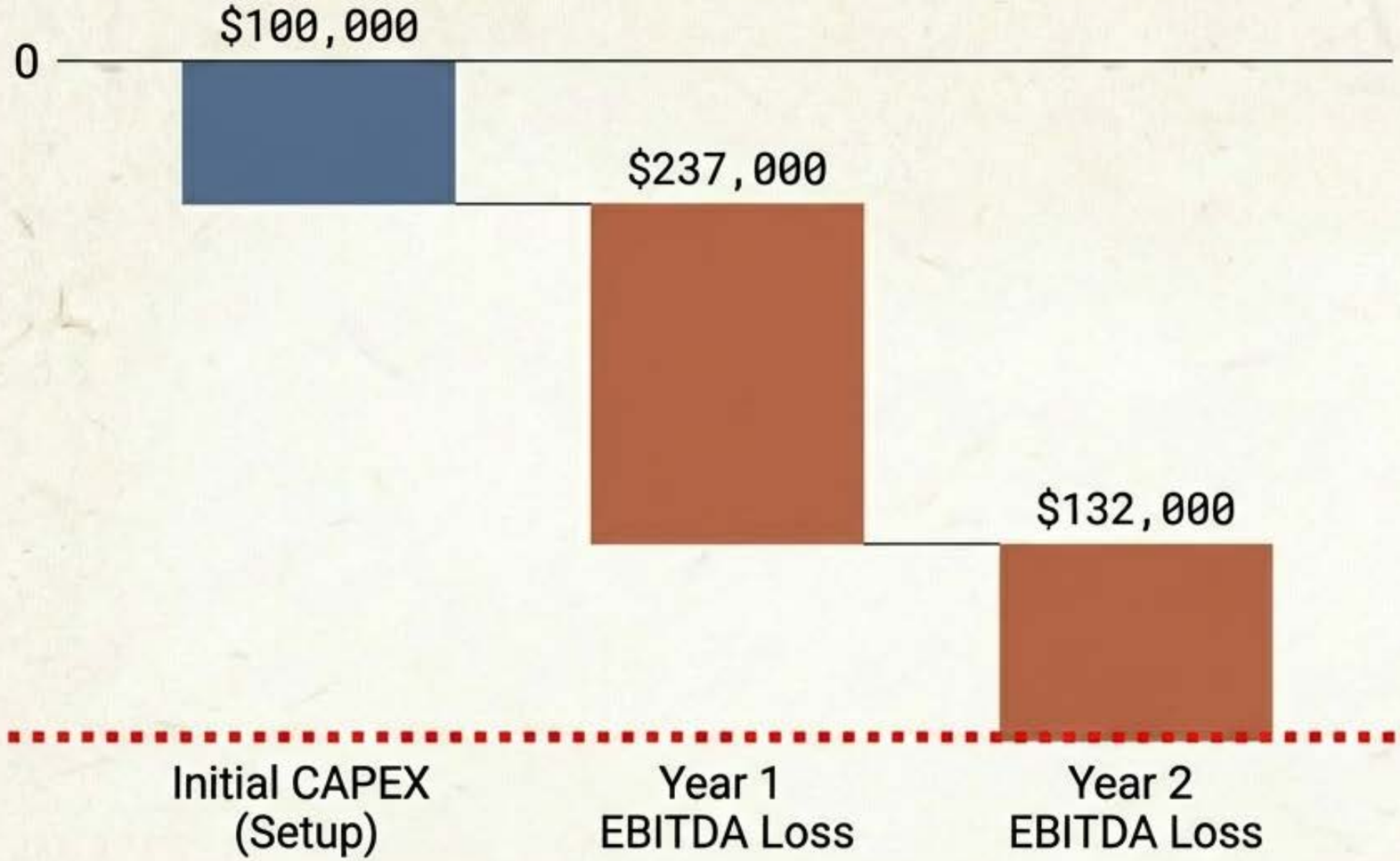
Quantifying the Cash Burn



The Survival Line
($419k Total Funding)

Securing less than

$419k risks bankruptcy before the customer base stabilizes in Month 26.

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Phase 1: Validation & Anchors

Step 1: Define Price Anchors

Menu

Quilting Cotton Bundle	$1,500
Apparel Fabric Bolt	$2,200
Workshop Series Fee	$6,500

Workshop fees target 20% of 2026 Revenue.

Step 2: Fund the Runway

Fixtures, Stock, Build-out.

Working Capital & Operational Buffer.

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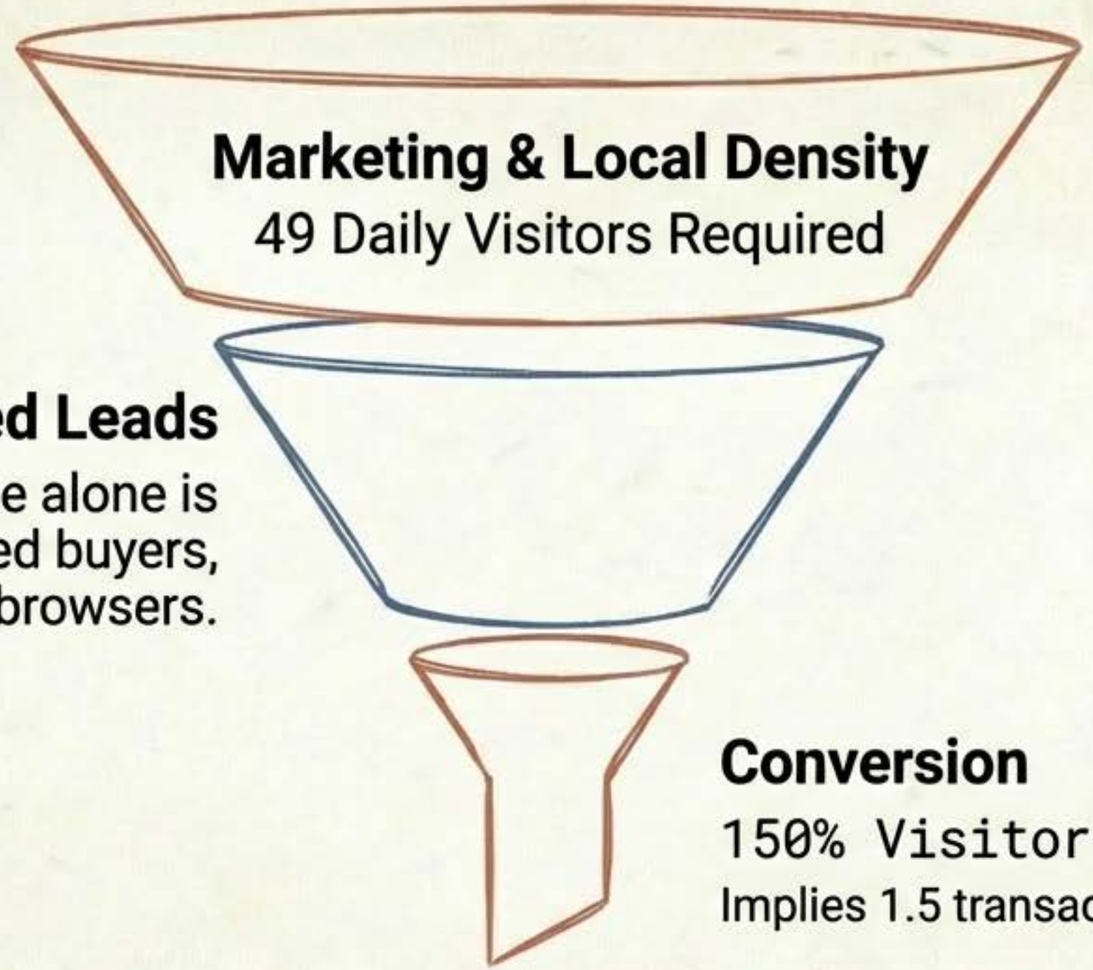
Phase 2: Proving Demand (Traffic & Conversion)



Marketing & Local Density

49 Daily Visitors Required

Qualified Leads

Traffic volume alone is insufficient; we need buyers, not browsers.

Conversion

`150% Visitor-to-Buyer Rate`

Implies 1.5 transactions per person.

> The Aggressive Goal:
>
> We need 49 visitors per day to convert at 150% to make the math work.

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Phase 3: The Fixed Overhead “Floor”

$21,367

Monthly Fixed Overhead

- Commercial Lease: **$3,500**
- OpEx (Utilities/Software/Ins): **$4,700**
- Payroll: **~$13,167**

Critical: Any monthly revenue below $21k is an immediate loss.
This number sets the baseline for survival.

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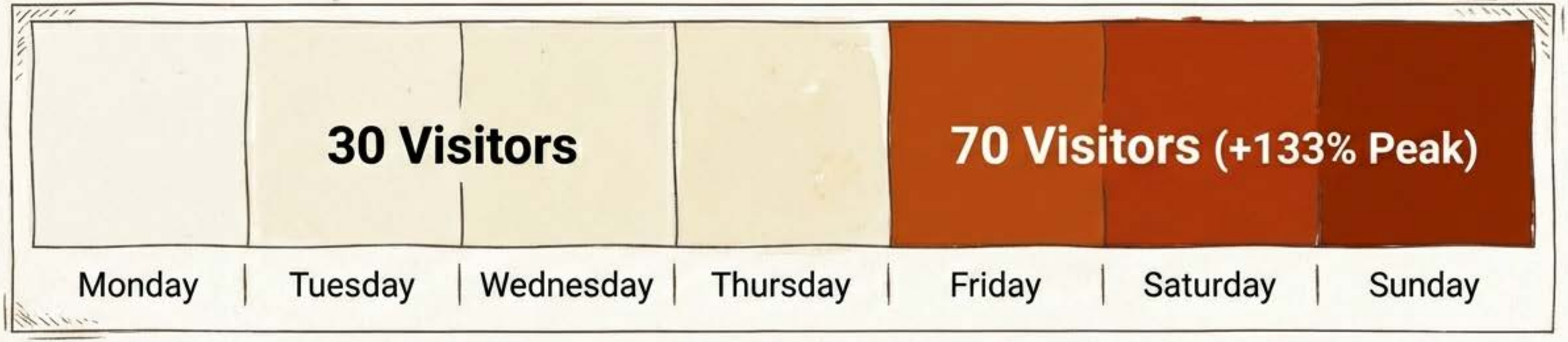
Phase 4: Workforce & Capacity Planning

Heat Map



Headcount Strategy

40 Total FTEs by 2026

Scaling Retail Associates from 15 to 25

Financial Constraint

$200k Annual Wage Expense

~$5,000 / FTE Average Cost

High headcount but low average cost confirms a heavy part-time model. Scheduling must strictly align with traffic peaks to prevent payroll leakage.

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Phase 5: Optimization & Margin Protection

The Lever: Reducing wholesale cost is the primary driver of profitability.

The Risk: If inventory turns slow, holding costs eat the margin.

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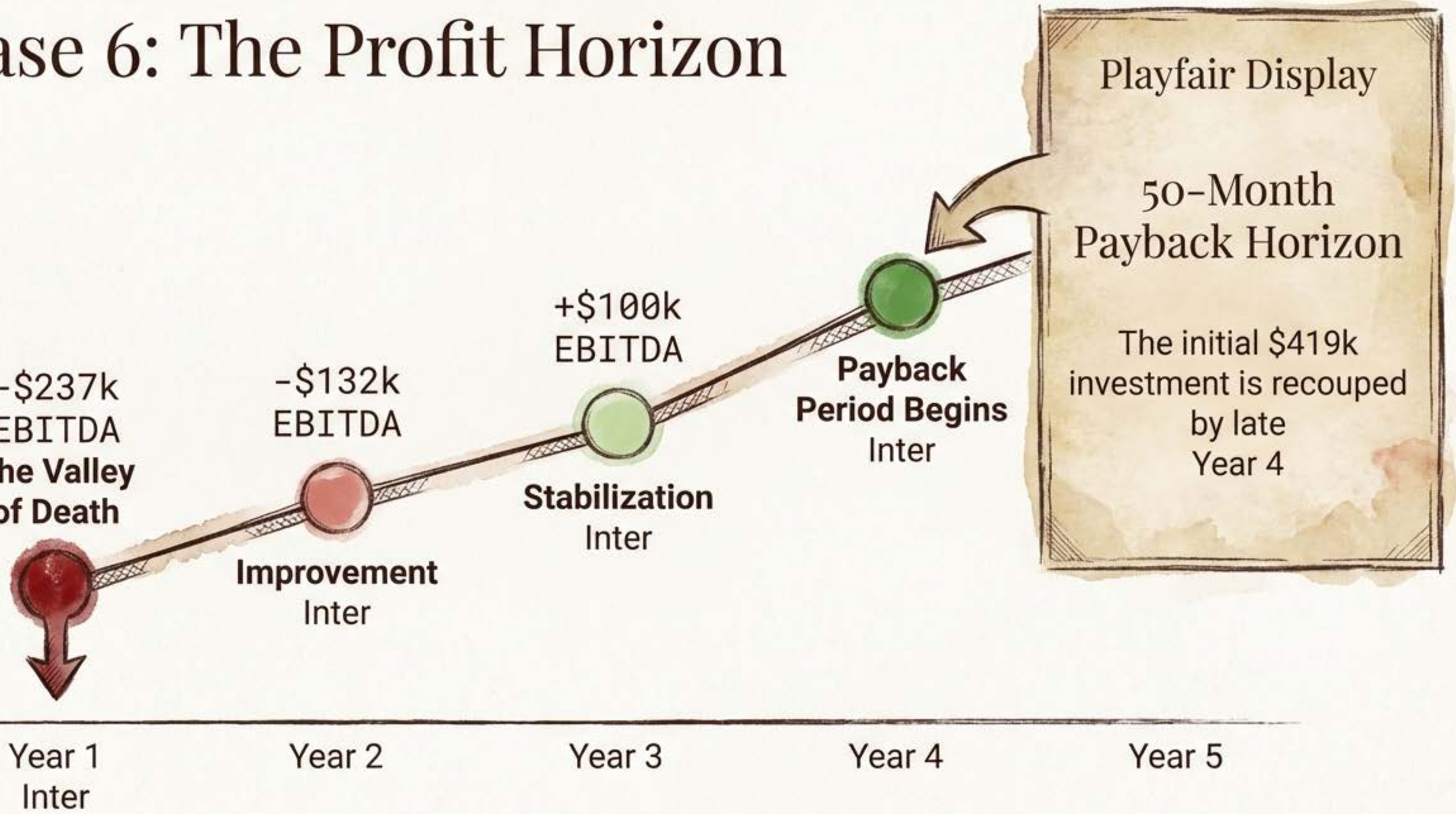
Phase 6: The Profit Horizon



Playfair Display

50-Month Payback Horizon

The initial $419k investment is recouped by late Year 4

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Growth Strategy: Deep Loyalty & Retention

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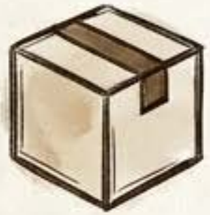
Risk Assessment & Mitigation

	Risk	Impact	Mitigation
	Peak Understaffing	If visitor count hits 70 and staff is low, frustration spikes.	Precise scheduling matrix aligned to traffic.
	**Inventory Drag**	Wholesale costs staying at 120% kills the margin.	Strict buying controls & tiered pricing.
	Workshop Fill Rate	Missing 40 classes/month creates 20% revenue hole.	Doubling Instructor FTEs (5 to 10).

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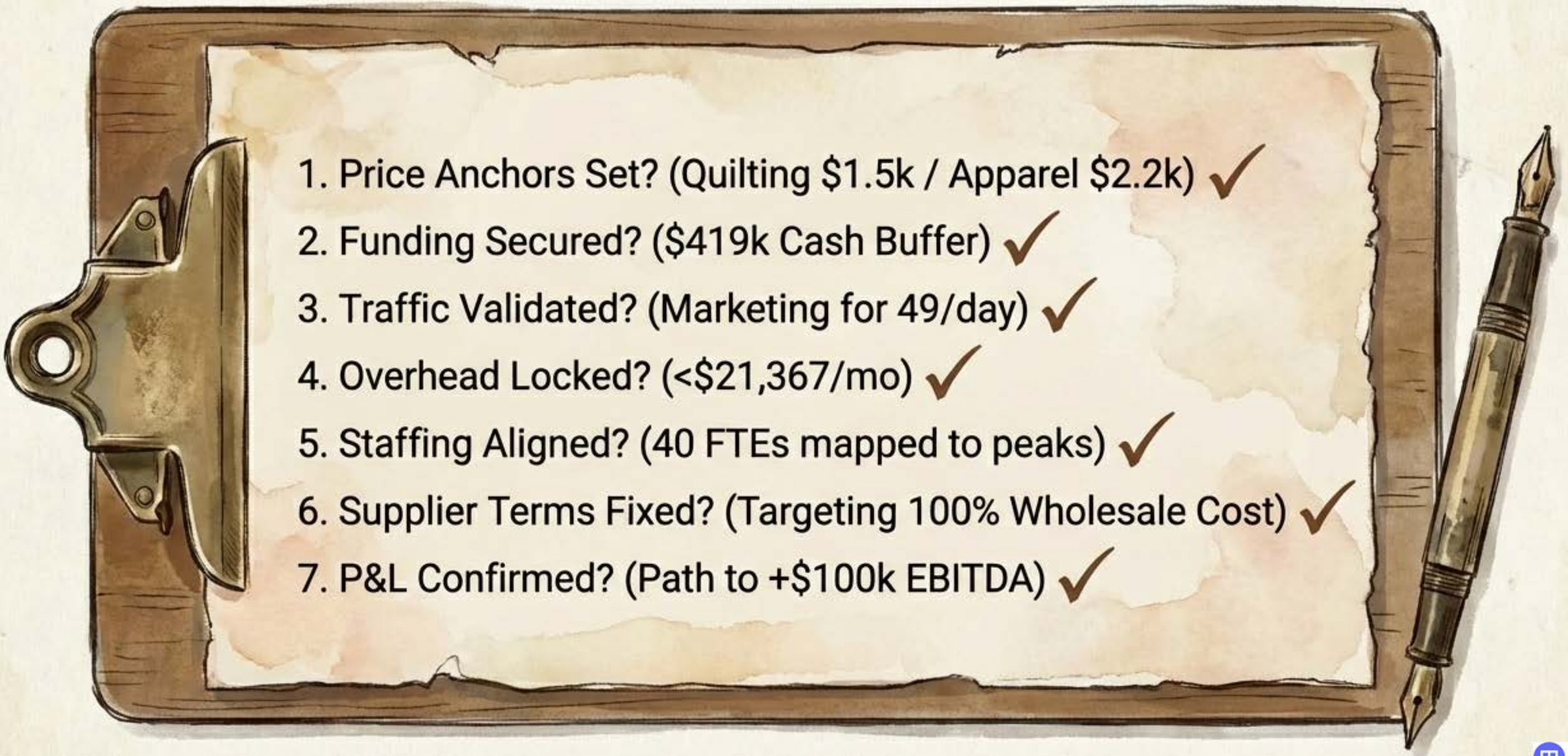
Operational Readiness Checklist



1. Price Anchors Set? (Quilting $1.5k / Apparel $2.2k) ✓
2. Funding Secured? ($419k Cash Buffer) ✓
3. Traffic Validated? (Marketing for 49/day) ✓
4. Overhead Locked? (<$21,367/mo) ✓
5. Staffing Aligned? (40 FTEs mapped to peaks) ✓
6. Supplier Terms Fixed? (Targeting 100% Wholesale Cost) ✓
7. P&L Confirmed? (Path to +$100k EBITDA) ✓

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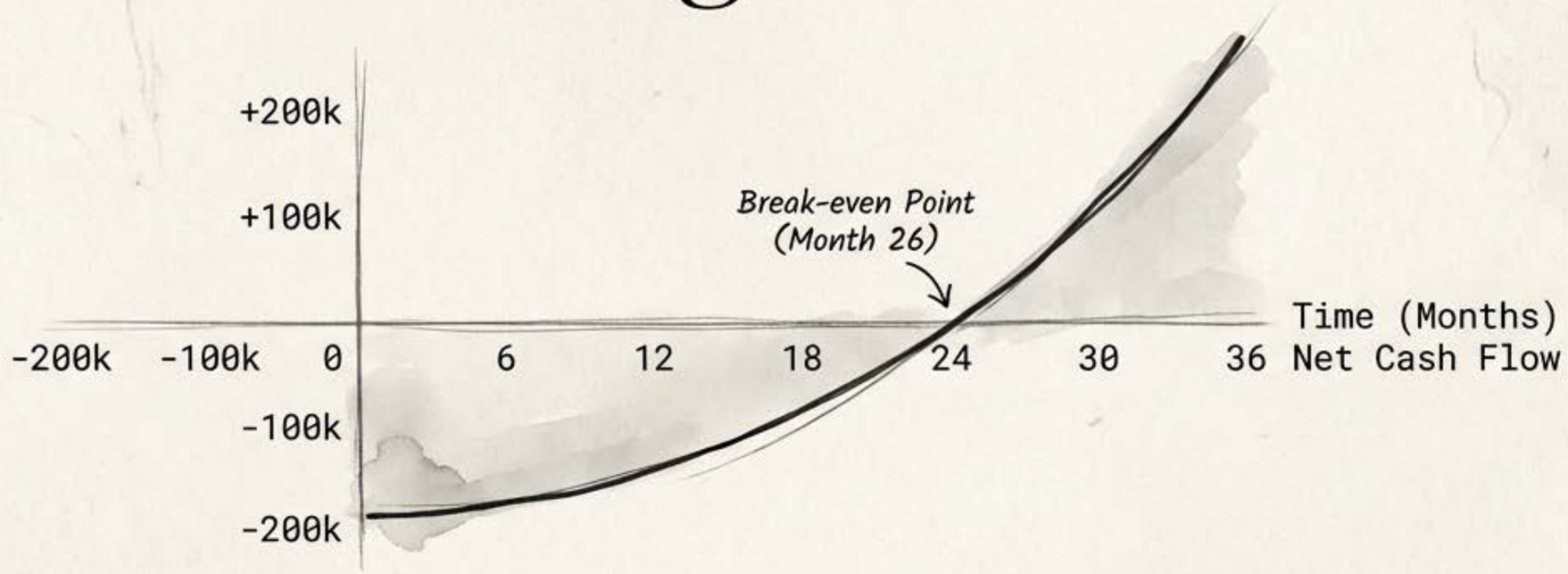
The Long Game



The model works, but it requires capital patience. The initial 26-month burn is the price of entry for long-term dominance in the local maker market.

ACTION: Approve Funding / Commence Step 1

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