

# The Bronze Age Of Comics Business Plan:

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**Note:**

Table of Contents should be left justified and include page numbers for reader's convenience.

# The Bronze Age Of Comics Business Plan

## OVERVIEW

We, the Executives of the **The** Bronze Age of Comics, **are** ~~are~~ proudly introducing a new concept into the comic book retail industry. This revolutionary concept ~~will offer~~ **offers** to the consumer a new way to buy and enjoy comic books.

The Bronze Age of Comics will offer low prices, excellent service, and the feel of being inside a Comic Book. This concept has never been totally achieved in the comic book retail industry before. **(Why should this strategy increase sales?)**

The price of the current comic book magazine ranges from \$1.00 to \$4.95. The price of hard bound comic books ranges from \$4.95 to collectibles valued at more than \$400.00. To enable the consumer to purchase as many titles as he or she desires, The Bronze Age of Comics will offer a consistent discount on new comic books, with periodic sales that will enable the consumer to purchase even more for their dollar. **(How price-sensitive are comics customers? What's the break-even point where increased sales due to discounting generate more profits than selling products at full freight?)**

The service inside the comic book retail industry, on average, is below that of minimal courtesy and customer service, also in a few cases rude. In our research, we have found that the average store within the comic book retail industry is unclean, in a few cases to the point of being unsafe. The Bronze Age of Comics will be run as a "FOUR STAR" establishment. Our management staffing plans will make the consumer want to come back again and again.

**(Entire paragraph is poorly phrased, emphasis is all wrong. If existing customer base patronizes unclean, untidy stores; will they find a modern, clean, well-organized store more attractive? Or is the intend to attract new customers who are turned off by existing competitors? The strategy is unclear).**

The Bronze Age of Comics believes that environment is a deciding factor in whether a consumer returns. **(Where's the research to support this belief? If it's a key part of the marketing plan, a mere assertion isn't sufficient).** We plan to have the store designed to give the feel of being inside a comic book. **(How? Where are floor plans, illustrations, or photos of elements of existing stores that you want to incorporate into your design? How will this affect the cost of build-out and fixtures for your prototype?)** Doing this will bring the consumer more into the world of comics, and will make the act of buying, reading, and collecting comic books a completely satisfying experience.

The Bronze Age of Comics will carry only the highest quality merchandise that is sold in the industry. **(Explain this. Isn't this a commodity business, where merchandise is essentially the same regardless of where it is sold? Or are you discussing having a broader merchandise mix than the normal comics retail shop? What will your merchandise mix be? Are there differences in margins between merchandise categories? What are your departmental margins and the expected overall margin for the entire business?)** This will include toys, posters, comic books, role playing games, and other related merchandise. We will be specializing in the rare comic books of the *Golden Age* (1935-1955 approx.). These books will be on sale and displayed in The Bronze Age Comic Vault. The Vault is a specially designed storage unit that keeps the books from aging by sealing them hermetically in a nitrogen atmosphere, therefore increasing their life span and value. We, The Executives of The

Bronze Age of Comics, will be contributing \$ 16,000.00 in assets to the foundation of this company. These assets will be provided in the form of comic books and other collectible items. **(Poor phrasing, pretentious. What's the cost of the Bronze Age Comic Vault? Can this be purchased 'off the shelf', and if so, at what cost?)**

**Note:**

**At this point I gave up trying to reproduce the lineouts, editorial corrections, etc. that I added as I read along the document. For the rest of the document I've clustered notes at the end of each section. You'll have to figure out for yourself how I edited the document language.**

# The Bronze Age Of Comics Business Plan

## THE MARKET

The comic book retail industry, having in the 1988 financial year, achieved sales of over \$250 million'. With 25% to 30% growth annually, it is one of the fastest growing fields in retail merchandising', with the advantages of cross-selling with other collectible items, such as baseball cards, coins, video tapes, and stamps. Adding the growth rate of the comic book retail industry with that of other collectibles gives a positive outlook for the future.

With the compact size of comic books and other related specialties, a store located inside a shopping center has been shown to achieve in excess of \$3,000 per square foot in sales a year', placing sales well above national average in square foot sales year'.

- 1 Comic Buyers Guide #802, 'The Comics Industry: 1989 By Maggie Thompson
- 2 Comic Buyers Guide #802, 'The Comics Industry: 1989 By Maggie Thompson
3. Comic Buyers Guide #823. Interview With Stephen Geppi owner of (Iappis Comic World and Dlamond Comic Distributors, on the subject of Harbor Place Mall, Baltimore MD

**Notes: This is totally inadequate. A lender will want to see a chart or graph depicting at least a five-year sales period for the industry. At the least, provide a five-year chart of total comics sales and a five-year chart of trade paperback/graphic novel sales.**

**The figure of \$3,000 annual sales per square foot is completely outside the realm of reason. Gross sales figures for comic/popular culture retail stores range from \$100 per s.f. to \$600 per s.f., depending on location, gross store size and other factors. In general, stores with smaller retail footprints in the 500-900 s.f. range tend to achieve higher per s.f. sales levels, while large stores in the 2,500 s.f. range and larger tend to achieve much lower sales levels per s.f.**

**This is one of the key elements that an outside lender will look for. The brevity of this section and the lack of substantial information would kill any chance of obtaining outside financing immediately. The Bronze Age Of Comics Business Plan**

# The Bronze Age Of Comics Business Plan

## THE TARGET CUSTOMER

### Sex:

Male	95%
Female	5%

The Market is predominantly male, although the female readership has shown strength in recent years with the publication of many comic books geared mainly towards females.

### Age:

5 to 11 (Pre-Teen)	10% of customer base.
12 to 18 (Teenagers)	45% of customer base.

The largest percent of buying customers as in many other areas of retail sales. Also, this group is showing more interest in the older, collectible comics as an investment.

18 to 25 (College Students)	35% of customer base.
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Purchases comic books for entertainment, and as well for study aids for certain course work.

25 and Up (Adults)	10% of customer base.
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With the financial stability and willingness to invest in Golden Age Comic Books.

The Comic Buyers Guide #817, Who Buys Comic Books, By Maggie Thompson

### **Notes:**

**This is inadequate and inaccurate. The percentage of college students in the customer base would be possible only if the proposed business location was near a major college or university.**

**This material does not indicate what annual average expenditures are by sub-category, not what consumer preferences each customer group may have.**

# The Bronze Age of Comics Business Plan

## THE COMPETITION

The competition in Orange County is somewhat large, with over fifteen store only the following are considered true competition:

1. Amazing Unlimited - Four stores
2. Comic Creature - Three stores
3. Inferior Comics - Two stores

The reason that these are considered true competition is that they are multiple store operations that may be able to enact marketing that may be detrimental to the effectiveness of The Bronze Age of Comics marketing strategy.

**This is completely inadequate.**

1. **Show all competitors on an area map, including potential Bronze Age of Comics locations**
2. **Present competitor information in tabular format**
3. **Show number of competitors per 1,000 household population**
4. **Non-existent competitor analysis. What are their individual strengths and weaknesses (location, merchandising, operations, customer service, etc.?)**
5. **How many competitors are there in toto?**
6. **Why aren't most of these businesses considered to be competition for the projected store?**
7. **Are any competitors expanding?**
8. **What are the estimated gross volumes of the existing competitors?**
9. **What are the actions ("marketing that may be detrimental to the effectiveness of The Bronze Age of Comics marketing...") that existing competitors could take and what responses do you have in mind to these actions?**
10. **Calling a multi-store company a chain is inaccurate. Chain operation implies centralized marketing, merchandising, purchasing and the establishment of a consistent corporate brand or identity at all stores. A well-run single store can be a more effective competitor than several mediocre stores owned by the same person.**

# The Bronze Age Of Comics Business Plan

## LOCATION

The Bronze Age of Comics' planned location is in either the Mesa Verde Center, located at Harbor Blvd. and Adams St., or the Harbor Center, located at Harbor Blvd. and Wilson Ave. **(Where? What city? Where is a map showing each location, competitors, schools, etc.etc.?)**

Both of these locations are within 2 miles of two High Schools: John Belishi High School and Alta Mesa High School. The locations are also placed very near two institutes of higher education: South Central College and Norteno Community College. **(How many students at each facility? How many students drive to and from school in automobiles? Is there adequate public transit between each school and the projected store locations?)**

The projected population for this area is 168,345 with 64,000 households by 1992. The average family income in 1987 was \$51,414.00, with a predominance working in the white collar trade.

*Demographics provided by Urban Decision Systems Inc. . and U.S. Census Dept.*

### Notes:

- 1. Are the colleges commuter-based or with large resident populations? If there are resident student populations, do they primarily reside in dormitories or in off-campus private housing?**
- 2. Show 24-hour average traffic counts for the major streets leading to and past each potential site.**
- 3. What are shopping center anchors? How many square feet of retail is in each center? What are their vacancy rates? Who are the co-tenants? Where are site maps of each potential center, showing ingress and egress from adjacent streets and also showing the location of co-tenants? What sort of signage is available, both on the storefront and on the center street "monument"?**
- 4. What is the 3-mile household count, percent persons < 14 years of age, 15-18, 19-34 and 35 years plus? Show income and household population by census tract or at least postal code.**
- 5. Is the area single-family residential or multi-family? If mixed, what are the proportions?**
- 6. Is the area growing, stable or declining in population? Where is the majority of the area's households in terms of family structure or ageing? Are there large numbers of elementary school children, or is the area about to become an "empty nest" area?**

# The Bronze Age Of Comics Business Plan

## MARKETING STRATEGY

1. Encourage comic appreciation clubs through local schools and colleges. Offer free comic fanzines and newspapers to local and school libraries.
2. Create an in store newsletter for the clubs and consumers that will keep them updated as to what is going on in the comic world and Bronze Age store.
3. Start a weekly television show on local public television. This show will interview 06 local guests who are from the comic industry, and give sneak previews of upcoming comics and films which are related to the comics.
4. Advertise in fandom magazines and papers. We also plan to advertise on two cable channels: MTV and NICKELODIAN, the two most viewed by our target customer.
5. In-store promotion would consist of guest comic celebrity speakers and book signings, contests, special give sways, and cross promotional with local theaters.
6. We will offer a consistent discount on new comic books with periodic sales.

### Notes:

1. **Costs of promotions are not specified.**
2. **Costs of newsletter are not specified, nor frequency, size or quality of print/paper.**
3. **Costs of weekly cable show is not specified.**
4. **Costs of cable advertisements and production of advertisements not shown.**
5. **Demographics of cable networks not shown.**
6. **Plan does not indicate whether cable advertisements will be targeted around specific shows or will be shown at random during day.**
7. **Marketing activities by other retailers/competitors not displayed or analyzed. What discounts (if any) do they offer customers? Do they have customer loyalty programs? Do they advertise? If so, where and how often?**
8. **No cost or information provided for Yellow Pages advertisement.**
9. **Discounting is a good way to go out of business. At a 50% wholesale cost for comics from Diamond a w0% customer discount equals a 40% loss of gross profits! This does not include the additional cost of labor in providing subscription services or the loss from customers who do not purchase all merchandise that you pre-ordered for them.**

# The Bronze Age Of Comics Business Plan

## 1ST QUARTER FINANCIAL PLAN

	1st Month	2nd Month	3rd Month	1 <sup>st</sup> Qtr
<b>TOTAL SALES</b>	<b>\$15,000.00</b>	<b>\$25,500.00</b>	<b>\$35,000.00</b>	<b>\$75,500.00</b>
<b>COST OF SALES:</b>				
PURCHASES	7,050.00	11,985.00	16,450.00	35,485.00
WAGES	2,000.00	3,000.00	3,000.00	8,000.00
PAYROLL TAXES	2,100.00	3,500.00	3,500.00	9,100.00
CREDIT CARD DISC	35.00	35.00	35.00	105.00
SUPPLIES	75.00	75.00	75.00	225.00
<b>COST OF SALES:</b>	<b>11,260.00</b>	<b>18,595.00</b>	<b>23,060.00</b>	<b>52,915.00</b>
<b>GROSS PROFIT.</b>	<b>3,740.00</b>	<b>6,905.00</b>	<b>1140.00</b>	<b>22,585.00</b>
<b>EXPENSES</b>				
<b>SELLING EXPENSES:</b>				
ADVERTISING	4,500.00	2,750.00	3,000.00	10,250.00
PROMOTIONS	600.00	500.00	300.00	1,400.00
PUBLIC RELATIONS	15.00	15.00	15.00	45.00
TRAVEL & ENTERTAINMENT	400.00	2,000.00	300.00	2,700.00
DUES & SUBSCRIPTIONS	50.00	50.00	50.00	150.00
<b>TOTAL SELLING EXP:</b>	<b>5,565.00</b>	<b>5,315.00</b>	<b>3,665.00</b>	<b>14,545.00</b>
<b>FACILITIES EXP.</b>				
STORE RENT:	5,000.00	5,000.00	5,000.00	15,000.00
ALARM & SECURITY SYS	200.00	200.00	200.00	600.00
UTILITIES	300.00	300.00	300.00	900.00
REPAIRS & MAINTENANCE	100.00	100.00	100.00	300.00
INSURANCE	300.00	300.00	300.00	900.00
<b>TOTAL FACILITIES EXP:</b>	<b>5,900.00</b>	<b>5,900.00</b>	<b>5,900.00</b>	<b>17,700.00</b>
<b>OFFICE EXPENSES:</b>				
TELEPHONE	125.00	125.00	125.00	375.00
ACC17. & LEGAL	200.00	200.00	200.00	600.00
LICENSES & FEES	100.00	100.00	100.00	300.00
OFFICE SUPPLIES	100.00	100.00	100.00	100.00
<b>TOTAL OFFICE EXP:</b>	<b>525.00</b>	<b>525.00</b>	<b>525.00</b>	<b>1,575.00</b>
<b>TOTAL EXPENSES:</b>	<b>1190.00</b>	<b>11,740.00</b>	<b>10,090.00</b>	<b>33,820.00</b>
<b>NET OPER. PROFIT:</b>	<b>-8,250.00</b>	<b>-4,835.00</b>	<b>1,850.00</b>	<b>-11,235.00</b>
<b>OTHER EXPENSES:</b>	600.00	600.00	600.00	1,800.00
<b>NETPROFIT:</b>	<b>\$-8,850.00</b>	<b>\$-5,435.00</b>	<b>\$1,250.00</b>	<b>\$-13,035.00</b>

### Notes:

We have omitted Quarters 2, 3 and 4 in the interests of brevity. The only difference between this table and the other tables were the assumed sales and expenses.

### Projected sales for Year 1 by quarter were:

\$ 75,000 Quarter 1  
 \$ 135,000 Quarter 2  
 \$ 118,000 Quarter 3  
 \$ 135,000 Quarter 4  
 \$ 463,000 Year 1

**A store that did \$460,000 in gross sales in year 1 would be likely to generate between \$600,000 and \$800,000 in gross sales by the end of the third or fourth year of operation; which would categorize this store as being in the top 10% of all comics/pop culture stores in North America!**

**There is no reality checking to back up these gross sales figures, whether in terms of sales per day, sales per hour or sales per square foot of retail space.**

**There is no cash flow or break-even analysis in this document.**

**There is no ratio analysis in this document, such as setting turnover ratio targets, gross margins by department, targeted average customer transactions, etc. This document does not address store hours and days of operation.**

# The Bronze Age Of Comics Business Plan

## OPENING COSTS ESTIMATES

Store Fixtures .....	\$ 15,500
Computer System .....	\$ 15,000
Store Signs.....	\$ 5,000
Security System .....	\$ 6,000
1st Quarter Funds .....	\$ 35,000
Opening Merchandise .....	\$ 26,000
 TOTAL ESTIMATED STORE OPENING COSTS	 \$102,500.00

### Notes:

**This is grossly incomplete. The earlier part of this Business Plan implies that an elaborate store design will be an integral part of this business' marketing plan. Build-out costs for an elaborate mall-location themed business in a 2,500 to 3,000 square foot area are on the order of \$250,000.**

**An elaborate store design normally requires the services of an architect to create the design. No such fees are included in this table.**

**Permits, fees and other construction costs are missing.**

**There is no breakdown between the wholesale/retail value of the owner's back issue collection that is being used as initial merchandise and the cost of product that is being ordered from various distributors on a C.O.D. basis (typical of new accounts).**

# The Bronze Age Of Comics Business Plan

## OPENING COSTS ESTIMATES

Other than a start-up in the comic book retail industry, We, the executives of the Bronze Age of Comics have explored the possibility of purchasing an existing Comic Book store. But because of fiduciary responsibilities we can not release the name or location of this establishment. We can release that from the financial statements that the estimatees in this business plan are very similar with one exception. The first quarter of negative income will be eliminated. The locations' demographics skew very similar to that of Alta Mesa thus allowing the marketing to remain the same.

Owners asking price	\$ 95,000.00
Prudent reserves	\$ 15,000.00
Other expenses	\$ 15,000.00
Total estimated cost	\$ 125,000.00

Along with the above listed store it has become known that there are several other comic book stores for sale. The estimate of the costs to purchase may be between \$65,000 and \$375,000, with a large verity of profitability, dollar value of merchandise, and value of fixture relating to the asking price of the store.

### **Notes:**

**As throughout the entire document, poor grammar and spelling. Overly pretentious wording.**

**Why are so many local competitors (about one-quarter of all stores) available for sale?**

**Where are the calculations showing how debt service on \$125,000 would affect the operation of a \$400,000 grossing business? Would the seller of the business accept time payments in exchange for a slightly higher sales price? What is the minimum initial payment that the seller might accept?**

***"I'll always let let set any price you want, so long as you'll let me set the terms of sale!"***

**We have omitted the two pages of this plan that described the experience of the person who drew up the plan and would be the owner/operator of the business.**

**This material only showed two positions that had any connection to the comics industry, and did not include dates of tenure.**

**No information about the education obtained by the person who would be the key manager was presented in the business plan.**

## Analyst's Cover Letter to Client

I have enclosed the copy of your business plan which you mailed me after last year's San Diego Comic Book Expo. I've annotated it in red ink as I went through it. In this letter I want to add some other comments about the business plan.

First, don't be put off by the quantities of red ink on the plan. I realize that this plan is an early start, and writing a good business plan is very hard. You always need to remember that writing a business plan is an exercise in "reality planning" for yourself, and must persuade or convince a reader that their participation in your activities is reasonable, whether making you a loan or assisting you in some other way.

As I evaluate your draft business plan, there are five major weaknesses which need to be addressed. They are: (1) no substantial industry overview or sales figures, (2) no substantial competitor review or analysis, (3) no analysis of your projected merchandise mix, turnover rates, etc., (4) no description of the unique design or attributes of your projected store, and (5) an over-reliance on a simple spreadsheet approach to financials.

#1. Market Size/Growth. You must present more detailed information on the growth of the direct market in terms of dollars and stores, not to mention publishers' products. An outsider who is considering investing in your business would not be able to get any real idea of the potential strength of the Direct Market.

#2. Competition. You are implicitly relying on your projected store being significantly different from all other comics stores and being able to compete effectively as a result of those differences. What are your potential competitors like? What do they carry, how are they marketed, etc.etc. Any banker, investor, etc. will want to know about this.

#3. Merchandise. Similarly, your reader will want to know the following information: (a) major merchandise lines that you'll carry, (b) estimated percent of sales by merchandise line, and (c) estimated sales area allocated to each merchandise line, turnover rates, cost-of-goods-sold, etc. The Cost-of-Goods sold which you present in your draft is not adequately explained.

#4. Store Design/Concept/Operation. Your business plan alludes to a unique visual presentation for your store. Your business plan must include information about this, especially as it seems that this is a vital part of your attempt to distinguish yourself from your competition. You will need to include rough floor plans, sketches, etc. which illustrate this to your reader.

Your draft plan illustrates a common error in preparing business plans: relying on a spreadsheet to generate the bulk of the plan. As a rule, most serious investors/lenders avoid business plans which consist primarily of spreadsheet printout -they are concerned about the assumptions or data which went into the projections... not the results themselves. Anyone can work with a spreadsheet and come out with glowing figures. The investment community knows this, and instead focuses on the foundations.