



Gateway Clothing Co.

Junior Achievement of Greater St. Louis

Spring 2022

Rockwood Summit High School

Fenton, MO

Advisor: Libby D'Angelo

Executive Summary

Mission Statement: We will answer the needs of St. Louisans by providing a product that will make locals happy, comfortable and wanting to show city pride.

Goal of Company: Gateway Clothing Co. planned to sell 126 t-shirts and crewnecks and 84 Hats with expected revenue of \$3,624.00. At the end of our sales window we sold 250 t-shirts, 225 crewnecks, and 120 Hats.

Financial Results: We earned \$9,709.00 total revenue, and each stockholder earned a \$30.17 payout. This is a 1,408.97% return on investment.

Our Products / Services: Gateway Clothing Co. offered Softstyle Gildan T- Shirts, Gildan Crewnecks, and trucker style hats. Both the t-shirts and crewnecks had a front left chest logo as well as a full back logo. T-shirts and crewnecks were available in Sand, Gray, Carolina Blue, Bright Pink, and Black. Trucker hats were sold in Black and White with monochromatic embroidery at the heart of the hat.

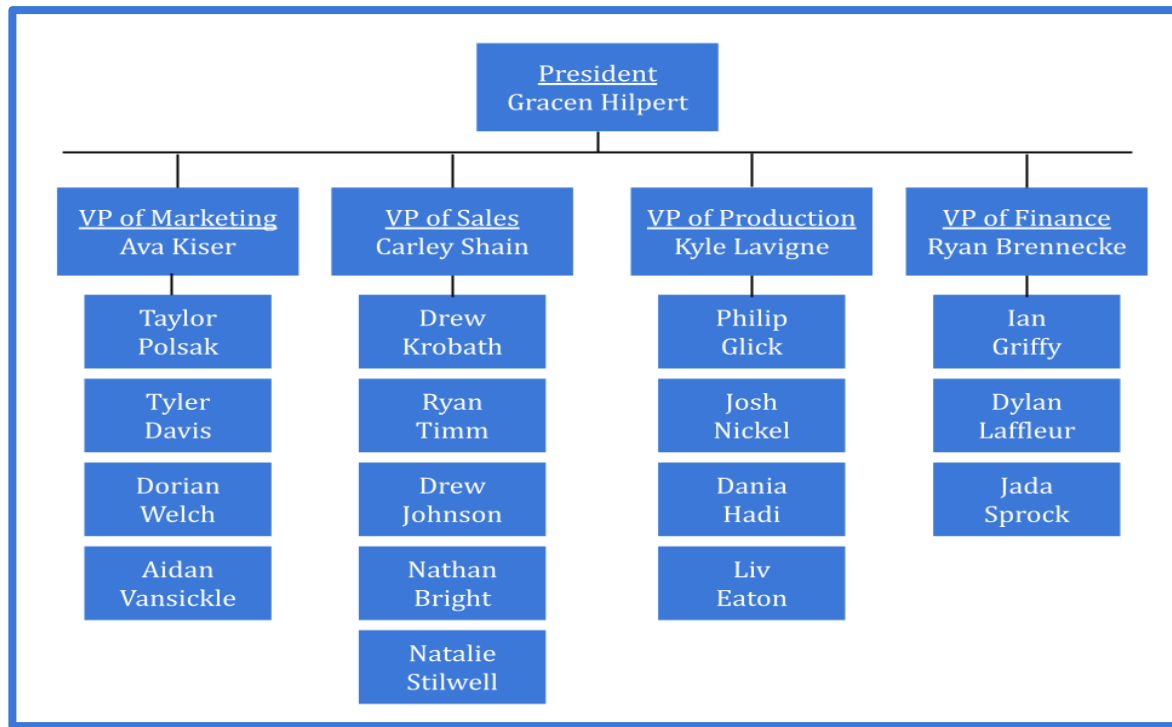
Summary Statement: We learned that a lot of hard work goes into running a successful business. We would have a business either way but to make it successful is another level of commitment. In addition to the dedication we had, we realized that the needs of the business don't just end when you go home. A lot of time went into answering emails, designing our product, and keeping sales in order on our own. Overall, with the commitment of our employees, our company ran very smoothly internally, so when problems with our supply chain occurred, we persevered through it, coming out on top.



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Organizational Chart



Job Descriptions

President: Gracen Hilpert was voted President by the employees. She oversaw all departments, led the class in our daily tasks, and found solutions to any obstacles we faced. Good leadership was very important to the success of the business, in making sure tasks were completed with a great work ethic by the employees.

Marketing: Members were creative, artistic, and had a good eye on design. They took charge in leading our social media presence, and could easily represent our company. The team also researched preferred products, colors, and designs to help establish our final design.




Finance: Members were good with mathematics, and could pay attention to detail and record keeping on Excel or Google Sheets. They were attentive to stock payout, any and all fees, and revenue tracking.

Production & Supply Chain: These members were comfortable speaking with vendors and product representatives, had optimal communication skills, and were able to track and check the quality of each item. The team was quick to make decisions when dealing with supply shortages as well.




Human Resources & Sales: Members were in charge of employee evaluations, kept people motivated and informed about our products, and paved the way to make the best quantity of sales possible. Sales members also were responsible for training employees on the proper ways of selling a product.

Our Company

Our name "Gateway Clothing Co." was inspired by St. Louis pride our citizens hold. Our designs are the perfect representation of STL because of the city name in the shape of the Gateway Arch and the Fleur de Lis placed on our city's location in Missouri. We were very successful in creating a quality brand that was recognizable to our community members.

Front, Left Chest Print	Back Print	Hat Embroidery
		

The Products

Item	T-Shirt	Crewneck	Hats
Product			
Sizing	S-2XL	S-2XL	One size fits all
Colors	<ul style="list-style-type: none"> - Black - Arch Gray - Rose - Natural - Sky Blue - Seafoam 	<ul style="list-style-type: none"> - Black - Arch Gray - Rose - Natural - Sky Blue 	<ul style="list-style-type: none"> - Black - White
Quantity Sold	250 items	225 items	121 items

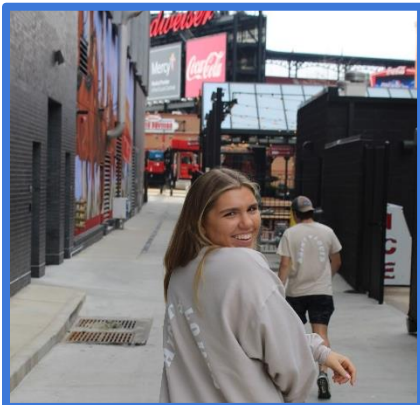
Vendor Selection

Our salesman was STL Sportswear and we worked closely with Dan Eagan. We are very satisfied with their reliability. Dan helped us pivot quickly when we encountered the multiple product shortages in crewnecks and hats, and provided us with continuous support along our business journey. His input and expertise in the apparel supply chain was invaluable and allowed us to keep our customers happy.



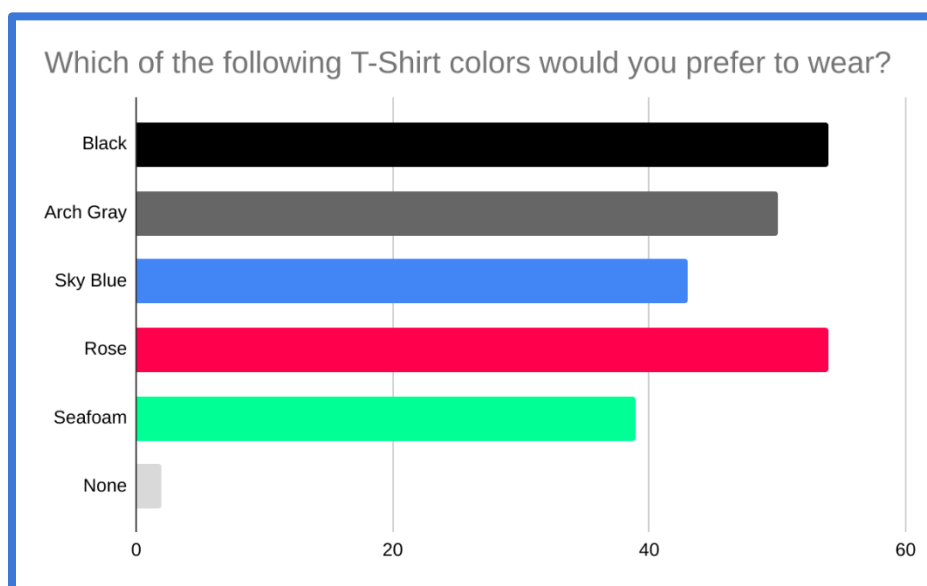
Quality Control

The company associates ordered samples in order to make sure that the product was high quality before it was sold to customers. This allowed customers to see and examine the product in person before purchasing the product. Upon receipt, we verified quality for each and every product before we packaged and delivered as well. Any issues we encountered were fixed by our vendor.



Target Market and Competitive Advantage

Our target market was citizens living in St. Louis with an emphasis on students in our school. Promoting our business through different social media platforms helped us reach our target market of students and friends. Our competition consisted of other JA classes in neighboring schools as well as stores selling St. Louis apparel with a bigger variety. However, we overcame this by attracting the attention of our customers via social media and a unique design. Before sales started, we collected market research directly from the students and staff in our school to predict the most popular colors and other important data (see chart below). By meeting the demands of our customers, we were able to maximize sales.

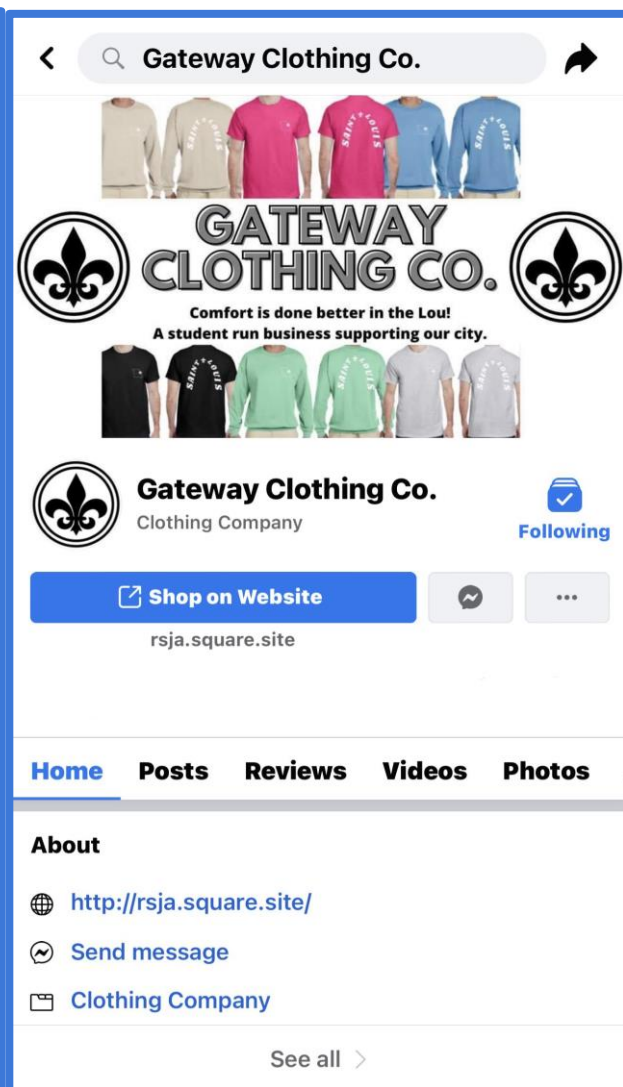
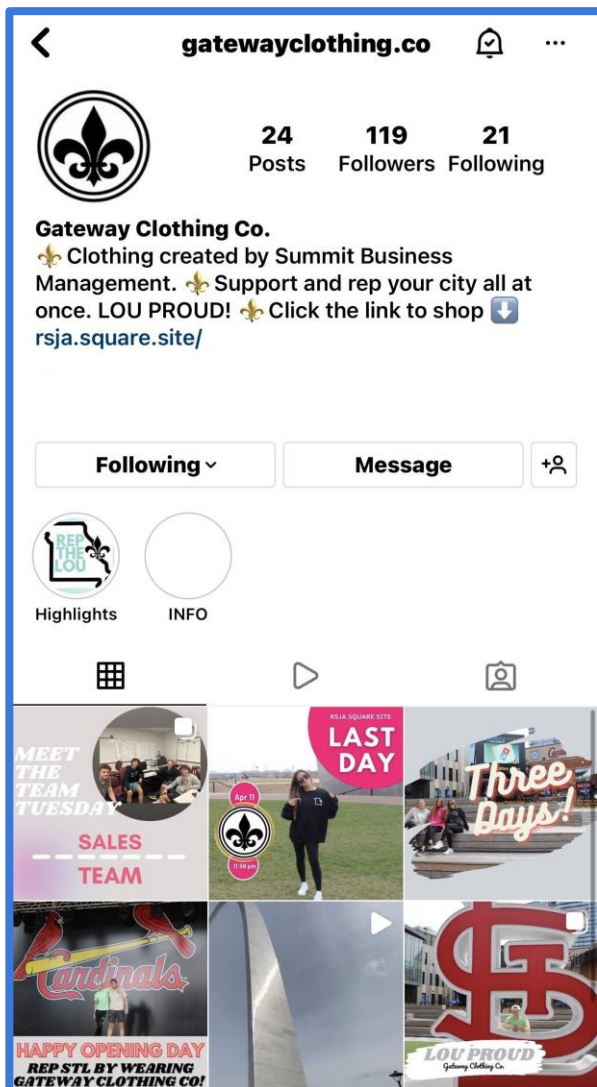
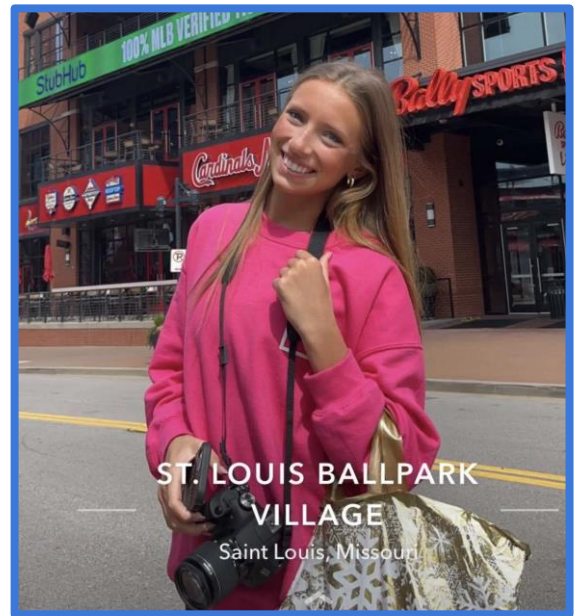


Sales Method and Challenges

We chose to sell our products exclusively online with Square. This allowed us to pivot away from any miscommunications with our customers. In order to make a more personal connection with our customers, in person sales were pitched to family and friends, along with fellow classmates. Sales pitches to classes were also key to our success. When we ran into a product shortage on Seafoam crewnecks and black monotone hats, we immediately removed them from the website until the issues were resolved. Square's online marketplace allowed us to easily notify our customers who had already placed their order, so they could receive either their secondary option or a refund. We knew updating our customers about the products they purchased as well as ease of access would widen our sales target market.

Advertising

The Company utilized social media extensively to publicize our products. We were active on Instagram, Facebook, and TikTok. We posted everything we could: modeling samples, “Meet the Team Tuesdays” and reminders of our closing date. Some other strategies used were printing posters to display around our school's campus, and making a commercial at The Arch. With the spring color theme of our products incorporated in our ads, the overarching goal was for our customers to associate the spring weather and representing St. Louis by wearing @gatewayclothing.co apparel.



Income Statement

Period ending April 30, 2022

	Tee	Crewneck	Hat	Total
Revenue	\$3,594.00	\$4,083.00	\$2,032.00	\$9,709.00
Cost of Goods Sold	\$1,487.00	\$2,758.75	\$1,512.50	\$5,758.75
Gross Profit				<u>\$3,950.25</u>
Operating Expenses				
JA Inc. Fee			\$25.00	
Classroom Display			\$18.25	
Wages/Salaries			\$52.00	
Commissions			\$2,308.00	
Square Service Fee			\$369.85	
Total Operating Expenses				<u>\$2,773.10</u>
Net Profit Before Charity				\$1,177.15
Charitable Contribution			\$363.00	
Excess Charitable Contribution				\$245.29
Taxable Net Profit				<u>\$1,059.44</u>
Taxes to Junior Achievement				\$222.48
Net Profit After Taxes				<u>\$591.67</u>

Liquidation Statement

Initial Investment	\$42.00	
Net Profit After Taxes	<u>\$591.67</u>	
Total to Liquidate		\$633.67
Number of Shareholders		21
Payout per Shareholder		\$30.17
Return on Investment		1,408.73%

Explanation of Financial Statements

Our initial sales goal was 126 crewnecks and tees and 84 hats. Our estimated sales revenue at launch was \$3,624.00. However, due to our dedication and hard work, we were able to sell 475 crewnecks and tees and 120 hats. Our final sales revenue of \$9,709.00 is almost triple our predicted estimate. Our cost of goods went from \$6.50 for tee shirts and \$13.00 for crew necks to \$5.75 and \$11.75. We were able to reduce these costs by the amount of goods we sold as a class. Since we sold more than we expected our cost of goods drastically decreased, increasing our stock payout per person. Due to the nature of our business and pre-sales we did not need a break-even point, because we only encountered costs with each item sold. However, we used the break-even point as a benchmark goal and made sure we sold at least 79 tee shirts and crewnecks and 59 hats. Our estimated gross profit was \$1,267.50 at launch, with our cost of goods decreasing due to a large amount of sales, we ended with a gross profit of \$3,950.25, which was a percent change of 213.63% increase from our business plan.

Our operating expenses started with the JA Incorporation fee of \$25.00. Our total wages and commissions amounted to \$2,360.00 to our employees. We operated on commissions to motivate our employees and reward them for selling more (see chart below). Our class display cost \$18.25, as we bought our top seller hat and shirt for our teacher to display in her classroom. Our square service fee was \$369.85. Although this is a steep cost, it was more than worth it, as it generated \$9,709.00 in revenue! We did not have any advertising expenses because we utilized free social media to spread awareness to our brand and close sales.

Commission Structure for Tee and Crewnecks

1st sale	2nd sale	3rd sale	4th sale	5th sale	6th sale	7th sale
\$1.00	\$2.00	\$3.00	\$4.00	\$5.00	\$15.00	\$5.00

Our company decided that we would support a charity, as we felt that it was part of our social obligation as a profit generating company. Relating back to our mission statement of bringing together and inspiring our community, we found it fitting to improve the quality of life for the less fortunate in our city. Our hat sales contributed to Gateway 180 Homeless Services. We were able to donate \$363.00. The benefits of our contributions include providing affordable housing and food and making strides to improve the lives of those who are in need.

Summary of Capitalization & Liquidation

Thanks to 21 out of 21 employees that invested \$2.00 in our company, we had an initial startup of \$42 dollars for our company, upon liquidation, we had \$633.07 to distribute to shareholders. The initial business plan indicated that our investors would earn a \$16.46 payout. The actual payout was \$30.17, leaving each of the stockholders with a 1,408.73% return on initial investment. Our company performed better than expected, and we are incredibly proud of our outcome and the team effort that made it happen.



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