

NoraJean Designs



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I. EXECUTIVE SUMMARY

The purpose of this business plan is to request a one year loan of \$3,000 from The Women's Initiative, for a start up business sole proprietorship, NoraJean Designs. The business will be owned by Nora Jean Gatine and will be located at the owner's residence, 50 Chumasero Drive, 1-M, San Francisco, California, 94132.

The proceeds from the loan will go towards the business license, separate computer and phone equipment, business software, a secure website host, shipping and packaging supplies, art supplies, and trade association fees. All needed to turn a 10 year volunteer activity into a legitimate business.

NoraJean Designs will sell both raw and cured polymer clay items. The raw polymer clay products are aimed at the subscribers of CITY-o-Clay, and others seeking to learn the craft, as learning aids. The cured polymer clay products will range from low end to high end items, depending on the amount of labor involved. The service NoraJean Designs will offer is teaching polymer clay, miniature, and doll making techniques. This will be done by way of live workshops, customizable DVDs, and printed booklets.

The owner has invested 10 years of pro bono polymer clay teaching online and has all the tools, peripheral supplies, and some already made inventory. The owner has a large website, <http://www.norajeans.com>, open to the public, with a gigabyte of polymer clay tutorials that has been growing since 2000. NoraJean-Designs.com has been registered as the new website domain. NoraJean.Com/Designs is the new WordPress blog to encourage user generated interaction with the owner. The owner has name recognition in the field of polymer clay art teaching, has established a brand, and has a following that resulted from hosting CITY-o-Clay at Yahoo Groups since 1999.

The dollar value of what the owner has invested in nearly a decade is difficult to estimate, but is it a distinct advantage over other competitors starting an e-commerce small business without the same head start.

NoraJean Designs aims to provide the polymer clay, miniature, and doll making communities with a wide range of teaching aids and finished products. The customer base is worldwide based on statistics of incoming visitors to NoraJean.com and the subscriber base at CITY-o-Clay. E-commerce is the only way to serve such a wide flung customer base. Nora Jean Gatine has already established herself in the communities she aims to provide products and services for. Since a large percentage of her products and services are for customers who wish to learn the craft NoraJean Designs is poised to be a micro-business incubator for future polymer clay artists and teachers.

Based on financial and competitive analysis NoraJean Designs will be successful. The cash flow projection, exhibit VII c, indicates a break even with an owner's draw of \$17,390 by the end of the first

year. This will represent over half of the owner's annual income. The other income will come from the owner's family.

The goal of Nora Jean Gatine is to support her pro bono teaching. Art is the cultural glue that holds a society together. Self expression is therapeutic. NoraJean Designs is more than a small business; it will be a vehicle to be able to continue to serve the public.

II. GENERAL COMPANY DESCRIPTION

NoraJean Designs will be a sole proprietor e-commerce home based business run by Nora Jean Gatine, offering both products and services related to polymer clay and miniatures. The products will consist of raw and cured polymer clay items, instructional booklets and DVDs of lessons. The service provided will be live teaching events.

Nora Jean Gatine has been teaching polymer clay art online for 10 years as a volunteer for CITY-o-Clay at Yahoo!Groups. Her website <http://www.norajeans.com> has the largest collection of free polymer clay tutorials on the internet and ranks second for polymer clay traffic by websites that track internet traffic. She is featured in "The Traditions of Polymer Clay" ⁱ as a miniature food artist. "H" magazine article names Nora Jean Gatine as the artist who sculpted the heads for the characters in "Belmont Heights", a stop motion animation pilot created by Daryl Oreng. ⁱⁱ

In order to be successful with this e-commerce plan one needs:

- To have traffic come to the website.
- To have the e-commerce section that is clear and simple for the buyers to use.
- To have a wide range of prices.
- To increase ones presence in the polymer clay, art, and miniature communities.

Traffic: <http://www.norajeans.com> attracts over 4,000 unique visitors each month on average, who comes back often for the free tutorials and inspirational articles.

E-Commerce web section. The e-commerce section will be a separate domain, NoraJean-Designs.com, on her website, which will insure that the customers have easy navigation. Nora Jean has a PayPal account so people can pay through their checking account or credit card via Mals-e-commerce free electronic shopping cart.

Prices: The products will represent wide range of polymer clay both raw to baked. The low end buyer can purchase beads by the handful or miniatures in small amounts at modest prices. CITY-o-Clay students can buy raw and cured polymer clay items at various stages of the process as learning aids at modest prices. The mid range buyer can purchase finished jewelry, i.e., necklaces with matching earrings and bracelets. The upper end buyer can purchase figurines set in “mini scenes” or room boxes for a price they are accustomed to spending for such one of a kind works of collectible art.

Presence: Nora Jean has hosted a clay art Yahoo Group for 9 years and has over 1,860 members. While teaching others polymer clay techniques Nora Jean has built tutorials on her website, which now holds 975 megabytes of non-commercial content. She is a member of the National Polymer Clay Guild, listed in their directory as a teacher. She is listed as a teacher on the Polymer Clay Central website. She is a member of the American Craft Council.

III. PRODUCT/SERVICES

Polymer clay is a form of polyvinyl chloride. As defined by The Columbia Encyclopedia, Sixth Edition, 2001: “(PVC), thermoplastic that is a polymer of vinyl chloride. Resins of polyvinyl chloride are hard, but with the addition of plasticizers a flexible, elastic plastic can be made.”

Polymer clay is a plastic when unbaked is elastic. Fillers and pigments are added to the polyvinyl chloride to give polymer clay a wide range of colors. Polymer clay cures (becomes hard) at 265F/130C, which qualifies it as a low fire clay, and is easily cured at home with the ordinary kitchen stove or toaster oven. Polymer clay is also inexpensive when compared to real silver and gold, and more accessible when compared to earth clay which requires an expensive kiln to fire.

The unbaked polymer clay products:

“Canes” are designs made with the different colors and formed into a log. The term comes from Venetian Glass tradition due to the similarity of starting with a collection of colors rods in a wide bundle and stretching it to make the design smaller. The customer can slice sections off of the raw canes, add the slices to their artwork, and then cure the item. Raw canes can be utilized for makers of jewelry, miniatures, household accessories, and as decorations on altered books and even on faux finger nails. Some examples of popular cane tutorials on Nora Jean’s website are: Fish scale, bird feather, Tiger, Zebra, Leopard, leaves and flowers of all types.

Members of CITY-o-Clay can buy raw polymer clay items that are learning aids: canes which can be sliced and used to make jewelry, cover tins, picture frames, and mini food; “chop logs” (logs made of multiple canes chopped up) ready for bead making.

Miniaturists have embraced polymer clay whole heartedly. Polymer clay is elastic and mini food canes can be made large and then “reduced” (stretched by pulling) to achieve the miniature size that is needed. Polymer clay has a color range that makes replicating real life items possible. The invention of translucent polymer clay in solid and liquid form gives miniature food that has high water content look realistic, e.g. citrus fruit. Eyeball iris raw cane is a new cane technique Nora Jean has introduced to Doll Makers to free them from buying glass eyes for dolls. Science Fiction action figure makers can use the eyeball iris technique to make “space alien” eyes that are not available in glass. Raw polymer clay canes that are aimed at the miniature enthusiasts market will be a 7% of the total products offered at NoraJean Designs.

Faux gem stone is another popular technique. Raw faux turquoise, faux jade, faux lapis, and faux amber would be part of the raw polymer clay products offered on NoraJean Designs. The artist buyer can form these faux gem stone mixes into the shapes they desire and create jewelry items.

Baked polymer clay items:

Everything Nora Jean has taught others to make she will make again for sales: Beads both loose and strung, earrings, bracelets, pins, brooches; covered boxes and tins; miniature food, miniature accessories for dolls houses such as vases, domestic pets, dishes, pots and pans; covered pens, sculpted figures on covered pens, sculpted figures, articulated “One Of A Kind” Art Dolls and marionettes. That list goes from the least expensive to the most expensive items in the product line.

DVDs of tutorials: Nora Jean was the first online polymer clay teacher to utilize the technology of Yahoo Messenger and Web Cams to provide free webcam demos of polymer clay and miniature techniques. She provided free webcam demos for 2-3 days a week, every week, for 4 years. These webcam demos were captured as avi files by CITY-O-CLAY volunteers, and NoraJean edited them into MicroSoft Movie Maker to be uploaded to YouTube.ⁱⁱⁱ These 21 YouTube videos were the test market and after one year Nora Jean has 197 YouTube subscribers. The two part video on sculpting a face has been seen by over 73,000 times in a year and a half. This proves that there is an audience available for DVDs of tutorials. Free YouTube videos account for advertising that only cost direct labor.

Customized DVDs of tutorials will be offered at NoraJean Designs, enabling customers to choose specific tutorials they desire. This customization is unique to the art teaching world and is planned in response to numerous complaints Nora Jean has heard from her students, “I only wanted that one tutorial, not the whole thing.” Labels and CD jewel case inserts will be customized for each customer for the value added status of having “their own” personal DVD of tutorials. NoraJean is proficient with PhotoShop and DVD making and DVD label software and will provide this service without needing to hire others to do this work.

Printed Booklets of Tutorials:

Karen Rhodes of ClayAlley^{iv}, a vendor of polymer clay supplies and tools, helped Nora Jean test market “Booklets” that focused on one or two techniques, without the repeated basic information that expensive polymer clay books all have. The booklets were copies of Nora Jean’s tutorials from the website. Customers purchased the booklets even though the same information is available for free because paper booklets are portable and can be shared away from the computer. The money generated from these booklets was donated to purchase polymer clay and tools for CITY-O-CLAY artists in need. The test market booklets served two purposes: to determine their desirability and to generate funds for CITY-O-CLAY charity.



The service Nora Jean will provide is teaching polymer clay and miniature techniques in person for a fee. Her method of teaching is based on stand-up comedy and she teaches in a way to demystify the process. She makes things easy by explaining the design process and breaking it down into small simple steps. No other polymer clay teacher has taught for free, for so many, for so long, as Nora Jean has.

In 2001 Nora Jean test marketed her workshops in a three month pro bono tour and held workshops in Little Rock, AR with the National Association for Miniature Enthusiasts (twice); Charlotte, NC, Miniatures and Dolls House convention; Halifax, Nova Scotia, Canada, LEXX unConvention; as well as meeting with CITY-o-Clay volunteers and members in Atlanta, GA, Houston, TX, St. Petersburg and Dundin, FL, and Montreal, Québec, Canada. In 2003 a similar pro bono tour was test marketed and covered southern California: San Diego, Los Angeles, Norcol, and Monterey. In 2007 the Austin (TX) Polymer Clay Guild invited Nora Jean to teach a workshop and while in Texas she held workshops in San Antonio and Arlington.

The pro bono tours enabled Nora Jean to practice her teaching style as well as bring more members to CITY-o-Clay and to her website. With a wide network of CITY-O-CLAY members and volunteers Nora Jean will be able to offer workshops at a fraction of the cost of other polymer clay teachers. Nora Jean’s group members and volunteers will provide ground transportation, housing and meals. Nora Jean’s sister works for Delta and provides air fare as part of the family plan. These savings will be passed onto attendees of the workshops. In a distressed economy the need for reasonably priced workshops is increasing. Crafters are seeking instruction that will enable them to start their own small businesses and they need that instruction to be reasonably priced. Some of the prices for workshops and retreats

sponsored by NPCG and individual polymer clay artists can run into the hundreds for one person. Nora Jean can teach a workshop for \$50 per person, with the hostesses and volunteers attending for free – plus one. This gives Nora Jean a competitive advantage in a harsh economy.

The packaging of the product will be simple using free USPS Priority Mail supplies. In keeping with a small carbon footprint fancy packaging will not be part of NoraJean Designs. Products will be delivered by Priority Mail through the USPS. For Fee teaching will be conducted in person at polymer clay and miniature events, i.e. Polymer Clay Guilds and meetings with the National Association of Miniature Enthusiasts.

IV. MARKETING PLAN

a. Economics/Industry

The current troubling economy cannot be ignored in this business plan. NoraJean Designs is in a positive position in spite of a difficult economy. Nora Jean’s focus is on teaching people how to make things themselves at reasonably priced workshops, offering raw and cured partially completed items as teaching aids, and creating innovative strategies like customized DVDs and booklets. Nora Jean has kept the focus on keeping costs down and addressing the lack choice for the polymer clay and miniature community.

On May 2, 2008, economic expert Bernard Baumolh presented information about the current state of our economy to the CHA (Craft and Hobby Association) Board of Directors.

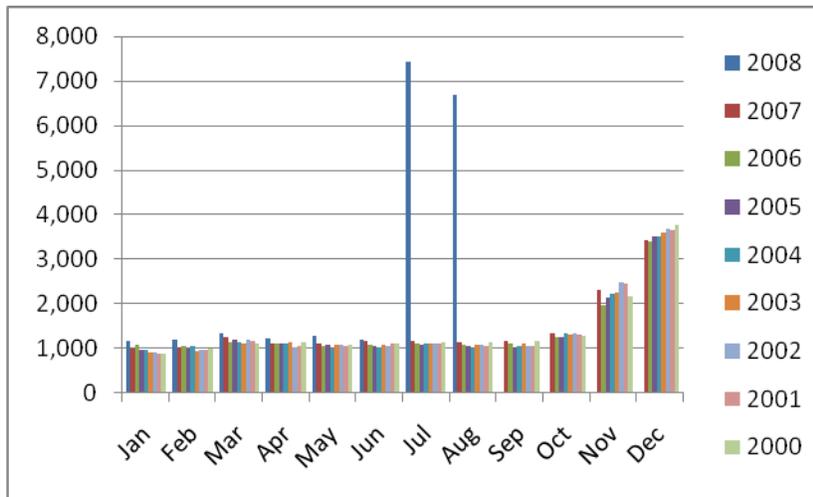
“It’s interesting to note that the impact on consumer spending began to be felt in the second half of 2007 -- just as the financial crises broke...

Here we see something very interesting. Hobbies and etc. have actually done better so far this year than overall retail sales.

Indeed, not only have they bounced back up in January & March. Total spending in this category is at a record HIGH.

Why? People are willing to spend on things they have a real passion for --- such as hobbies and crafts. It’s doing well in spite of recession -- or BECAUSE of recession. “^v

The chart at the left shows the NAICS Code 45112 - Hobby, toy, and game stores sales totals from 2000 to 2008. Estimates are shown in millions of dollars and are based on data from the Monthly Retail Trade Survey, Annual Retail Trade Survey, and administrative records. Note the 2008 July and August increase.



This is proof that in spite of a troubling economy, and maybe because of it, people are willing to spend for small pleasures. ^{vi}

NoraJean Designs is strategically placed to take advantage of the Hobby, Toy and Game Store niche strength since Nora Jean has created name recognition as a teacher and artist, as well as creating a following over the last 9 years.

There is a status that is the “value added” to having an item that is OOAK (One Of A Kind) that has been a growing trend, especially in the Art Doll market. Nora Jean has had requests for “certificates of authenticity” for gifts she’s given to CITY-o-Clay volunteers and members. When Nora Jean asked “Why?” she was told, “Because your artwork is collectible.” Those who cannot afford an Art Doll that costs over \$1,000 can easily afford an OOAK polymer clay covered ball point pen and still have the thrill of showing it off in public, i.e., taking notes in school, signing for purchases.

Crafts and DIY (Do It Yourself) activities have increased in America to the point that there are cable TV channels devoted to these activities alone: HGTV, DIY network, CraftTV is a new website that shows and sells DVDs of craft tutorials. Etsy is a new website where only “handcrafted” items can be sold. It came about as a reaction to crafts being lost in the crowd on Ebay. ^{vii} E-commerce is on the increase. The high price of gasoline has made driving around for purchases an expendable expense when one can purchase online and have it delivered to one’s home.

“The Census Bureau of the Department of Commerce announced today that the estimate of U.S. retail e-commerce sales for the second quarter of 2008, adjusted for seasonal variation, but not for price changes, was \$34.6 billion, an increase of 2.9 percent ($\pm 1.0\%$) from the first quarter of 2008. Total retail sales for the second quarter of 2008 were estimated at \$1,034.8 billion, an increase of 0.9 percent ($\pm 0.3\%$) from the first quarter of 2008. The second quarter 2008 e-commerce estimate increased 9.5 percent ($\pm 1.2\%$) from the second quarter of 2007 while total retail sales increased 2.5 percent ($\pm 0.5\%$) in the same period. E-commerce sales in the second quarter of 2008 accounted for 3.3 percent of total sales.” ^{viii}

E-commerce by its very nature sorts customers to the middle to upper income range because it presupposes that the visitors to the website are computer literate, have a computer and a means of paying for items online. The assumption is that they have more disposable income than customers who don't own a computer, are not computer literate, or do not have a debit card to use on PayPal. This is why Nora Jean is not going to start out at Craft Fairs, which are losing customers over online e-commerce.^{ix} That loss of customers could be caused by the high cost of gasoline, the price of entry to many craft fairs, higher price of goods sold to make up for the Booth fees, or just the physical wear and tear it takes to do price comparison.

b. Benefits and Features

NoraJean Designs will provide teaching aids that are unique and still keep direct costs low. Nora Jean's products and services can be found elsewhere but not at such reasonable prices. After years of serving the polymer clay and miniature community Nora Jean has gained a positive reputation and that has made her finished creations collectible. She determined to "drag crafters into high tech" through the free webcam demos and has been a pioneer in the Web 02 trend of user generated content by posting CITY-o-Clay comments on her website.

Teaching crafts in person, over the internet as in podcasting, or by DVDs is a trend that is growing, partly because of the current difficulty in the American economy. When people had more disposable income they could easily purchase something new. Less disposable income creates a resurgence of "making it from scratch" in all areas of house husbandry: cooking, sewing, needlework like knitting and crochet, and hand crafted items. The men are also involved in the DIY. Home Depot profits are down but they are still making a profit, even with the devalued dollar. In some cases making things instead of buying them is a political statement as well as a means of self expression.

"... crafting is a political statement, with globalism, factory labor, and sweat shops as a growing concern and giant chains like Starbucks, McDonalds, and Old Navy turning America into one big mini-mall, crafting becomes a protest. By MIY (Make It Yourself) we vote with our wallets and assert our individuality, knowing that no one will have the same hand knitted sweater or silk screened T-shirt."^x

Some of the NJ Design DVDs will focus on activities for the family. Art classes are being cut in public schools because of lack of public funding; Nora Jean has been filling the gap with CITY-o-Clay. Families are not going on vacation but rather staying at home and giving rise to the new term "Staycations". Activities that involve the whole family, like general clay crafts and Dollhouse or Diorama building, with a medium that is inexpensive, doesn't need an expensive kiln to heat set, will be popular. These family activity DVDs can also be given as gifts to the extended family and friends with school aged children. The customization of DVDs can make family activity CDs a special gift by naming the children or grand parents in the DVD. Pictures of the children can be added to the insert of the CD jewel case, adding

value and status to the product with little effort. No other polymer clay or miniature teacher offers this sort of personalization to the learning process.

By hosting CITY-o-Clay for 10 years and having a large website with free tutorials since 2000 Nora Jean is ahead of her competition when opening a new c-commerce craft business. People are eager to give back to her because they feel they've received so much from her over the years.

The demand for hand crafted "Made in America" products has increased in recent years. There are a growing number of households who prefer to purchase items made locally for a number of reasons: Maintaining a smaller carbon foot print; a reaction to the toxic ingredients found in items made in China, and the general lack of a FDA or any environmental enforcement in items made in developing countries. This trend has even become a local phenomena with new companies like Mio – Made in Oakland. <http://www.madeinoakland.org/> (mio is a social venture enterprise of the unity council). Below are some of the websites and blogs devoted to "Made in America" products.

<http://www.madeinusamag.com/>

<http://lenox-china.net/archives/the-newest-trend-buying-american>

<http://www.bestamericanbuy.com/cart/>

c. Customer/Target Market

Nora Jean's CITY-o-Clay members have traditionally been females, over 50, with grown children and grand children and some males who are hobbyists. This has been the demography of CITY-o-Clay over the last 10 years. Now "Radical Crafters" are coming on board. "Radical Crafters" are 20-somethings, who are forced to make things by hand because there are few jobs available to them that pay a decent wage. In reaction to a limited budget they make crafts and their styles and expression echoes the intensity of their youth. In 2007, Fort Mason hosted a "Renegade Crafters" exhibition.

"The young and hip factor at the Renegade fairs is quite high. Nearly all of the exhibiting artists have websites and much of the word of mouth about the earlier fairs circulated via blogs and YouTube".^{xi}

The customer base for Nora Jean's teaching aids, tutorial booklets and DVDs will become younger and her website and YouTube presence will reach this younger crafting demography.



Young men are also changing the landscape of beaded jewelry. This young man said he'd rather have Nora Jean's original art to wear than "bling" that anyone can purchase anywhere. The value added is this is wearable art and it is original. He says young women come up to him to talk to him about his "art beads". He tells them that it helps him rediscover his African roots, which is true. Nora Jean says, "Real men do wear beads."

The change in this demography also comes from the Science Fiction fans and Action Figure fans that are mostly male, younger, not married, and obsessed with the subject. There are young men who have built replicas of Fox Mulder's office from the "X-Files" TV show, or historical replications of medieval castles resplendent with shields, swords, and meat cooking on a spit in the big fireplace. There are young and old men and women who are involved with metaphysical topics, as well as young readers of Harry Potter that make wizards a popular topic to make for miniature scenes. All these people need to learn the craft somewhere and Nora Jean's website's size and longevity draws them in like a magnet.

In Arlington, TX, 2007, Nora Jean test marketed workshops that focused on Star Trek and Scottish Renaissance Faire participants. The attendees of these workshops were new to polymer clay and have subsequently joined CITY-o-Clay. Science Fiction Fan groups and members of the Society for Creative Anachronism are new target markets for Nora Jean.

Miniatures have been with the human family going back to the time of humans living in the cave. There were tiny fertility statues found in Neolithic settlements; miniatures in tombs of ancient Egypt; portable family gods and goddess that traveled with Roman colonists. Miniature making is part of wish fulfillment. If one cannot afford a suburban home with the housing down turn the next best thing is a doll house. If one cannot afford jewelry with real gem stones the next best thing is polymer clay faux jade.



Miniature Enchilada and Taco dinner with guacamole, note the penny for size reference.

NoraJean Designs will offer miniature food not found on most websites that sell mini food, i.e. Mexican and Asian meals, tropical fruit and culturally specific "comfort foods". These might be found on websites that sell imported mass produced mini food, but the quality is low on those mass produced miniatures.

Americans of Mexican descent are one of the prime target markets for NoraJean Designs, not only by providing culturally sensitive products, but also by tailoring DVDs and Booklets that help them celebrate the culture of Mexico. Nora Jean feels that Mexican/American crafts should not be made in China.

Hispanic Population - 42.7 million

The estimated Hispanic population of the United States as of July 1, 2005, making people of Hispanic origin the nation's largest ethnic or race minority. Hispanics constituted 14 percent of the nation's total population. (2005 US Census Press Release^{xii})

Hispanic craft spending on the rise – The 2007 Study confirmed that approximately half of Hispanics aged 18 – plus participate in some craft or hobby. While consistent with the 50 percent figure reported in the original 2003 CHA Hispanic Crafting Study, the new research indicates that Hispanic crafters are now spending more on crafts, on average, in a typical year - \$413 versus \$183 in 2003.

Dramatic shift in Hispanic sales channels – The 2007 Study unveiled dramatic decreases for shopping at flea markets/ craft faire while discount stores, craft and hardware chains have now captured more than half of the shoppers in the Hispanic segment.

Favorite crafts – Hispanic crafters reported a variety of craft activities as their “favorite,” with knitting and tacking first, followed by woodworking, cross-stitching/embroidery, cake decorating, crocheting, art and drawing, floral arranging, home décor/decorative painting and apparel/fashion sewing. In addition, the study also pointed to high interest in trying new crafts, especially scrapbooking, sewing crafts, floral crafts. (Latest CHA Market Research to be unveiled during 2007 Summer Convention and Trade Show: Spending, shopping patterns, Market Growth Areas Among Highlights. ^{xiii}

Dollhouse and miniature items sold online and in stores are European influenced. Americans whose home culture is non-European are not well represented in the miniature community. Nora Jean has learned from hosting CITY-o-Clay that it isn't that these communities aren't interested, they are simply neglected. NoraJean Designs will have mini food and home items that will represent the diverse cultures that make up America in general, the San Francisco Bay Area specifically. Nora Jean aims to share her knowledge in workshops that are geared to the prevailing culture of the attendees, keeping in tradition with Nora Jean's flexibility in providing teaching services.

Nora Jean's primary market research comes from 10 years of hosting a Yahoo Group that specializes with polymer clay. Over the years she has received off list email from members who wish to purchase the finished product rather than learn how to do it themselves. The members of CITY-o-Clay are one target market for finished items. The members of CITY-o-Clay who want to practice specific steps in the creative process lead Nora Jean to realize that raw and partially worked polymer clay items would be a good teaching tool, and therefore a good product to sell.

From “Creating a successful online craft store”

“First you need to find your niche....

Second you need to create a craft website. That's website, not web store. Starting an online craft store should be secondary to building your website. Before you can expect to get visitors, let alone make sales, you need credibility and traffic.” ^{xiv}

Nora Jean has found her niche and has had a website devoted to her medium of polymer clay, open to the general public for 8 years at <http://www.norajeans.com>. Her website draws over 4,000 unique visitors each month, 63% from overseas, giving even more reason to open an e-commerce store and not a “brick and mortar” store that’s dependant on walk in traffic.

As the dollar gets weak against the Euro overseas sales will constitute a large part of Nora Jean’s sales. On <http://crafttrends.com> there’s reader response stating that sales from the UK and Australia were her four largest sales. ^{xv}

Also on the reader response page of CraftTrends there a number of craft business people who have “brick and mortar” stores struggling to make overhead. E-commerce overhead is smaller than a physical location. With that savings Nora Jean plans to join more trade associations, those that require that members have a business in order to join.

The Craft and Hobby Association also found 57% of US households (62 million households) participated in craft or craft activities. 4 million new people come to the crafting craze each year. The crafting industry experienced a 43% growth since 2003.

The same Craft and Hobby Association study found that craft is highest in households with higher incomes, with 3+ people, and with children under 18 years old. Beading is fourth behind cross stitch, crochet, and scrapbooking. 42% of all crafters are purchasing beads annually and 25% are purchasing jewelry making supplies annually. Jewelry making accounts for \$1,032 million in sales and the hobby grew 5.2% among US households, up from 4.7% in 2005. ^{xvi}

The growth and popularity of crafts in America points to a target market of people who want to learn a new medium. Just as important as making a living with a small business, Nora Jean feels it is important to encourage others to start their own business as a way to help the economy grow. Teaching craft is a micro-business incubator. Nora Jean has seen subscribers to CITY-o-Clay fledge and start their own small businesses. In response to that trend Nora Jean has teamed up with Debbie Gill to start CITY-CraftBizAdvice at Yahoo!Groups ^{xvii}, where other crafters can share the building of their craft small businesses. Nora Jean aims to have workshops be a large part of the total income for NoraJean Designs because there are other women who are looking open a small business as well as find a means for self expression.

d. Competition Analysis

It has taken polymer clay more than 30 years to be accepted as an “Art” medium. There are many polymer clay artists who over the past 10 years have raised the bar by challenging themselves as designers and doing experiments with polymer clay in multi-media art forms. Now we see polymer clay being exhibited in Modern Art Museums. This medium that is still relegated space in art/craft supply stores to the “kiddy art” section is moving to the “respectable” art medium space because of the efforts of artists like Donna Kato, Sarah Shriver, Susan Hearsers, and others. This is not a fad medium.

American Craft Council show in San Francisco, August 15-17, 2008, exhibited Stephen Ford, who uses polymer clay and real silver to make brooches that sell for \$1,600. Karyn Kozak sells polymer clay tea pots decorated in a wild patch quilt pattern for over \$1,000 each. Elise Winters sells bracelets for over \$1,000. Polymer clay is not a medium that only brings in low to middle income customers but can also be tailored to attract the high end buyer. Two of the new exhibitors of this juried show were artists who work in polymer clay exclusively. Even in a troubled economy collectible art has been seen as a viable investment.

The market Nora Jean is aiming at is the new to intermediate polymer clay users who have ambitions of being one of those polymer clay artists who can command those high prices. Again a faltering economy makes hobbyists think about making money with their efforts.

Some polymer clay styles could be termed as a fad, e.g., Dinko Birds (cartoon birds with big buck teeth). The finished polymer clay products NoraJean Designs will offer will not follow fads, but rather set trends. The instructional booklets, DVDs, and live teaching event will not follow fads but help the polymer clay user find their own style of self expression.

PolymerClayCentral in conjunction with Delphi Forums is the closest competitor to NoraJean.com and CITY-o-Clay. Their focus is oriented to beginners and there are fewer tutorials offered. Leigh and Stephen Ross do not offer tutorials or lessons for sculpting figures. Nor do they sculpt figures to be sold. They are also a two person team and they still do not cover as wide a range of techniques as Nora Jean does working alone.

Nora Jean has created a website that focuses on the medium before opening an e-commerce store and that website has been growing steadily since 2000. To give that some perspective the first web site built was at CERN and was first put online on 6 August 1991 by Timothy John Berners-Lee. The commercialization of the internet took place between 1996 and 1998, when Nora Jean was working as an administrative assistant for the Director of New Technology at AOL. Nora Jean's domain and website were established in 2000 during the Dot.Com boom, with three years of free GeoCities websites that preceded it. There are no other websites owned by one polymer clay artist that has as much free content and has been available to the public uninterrupted for so long. Since 1987 Nora Jean has had a computer in her home, before MicroSoft Windows was released. The computer skills developed incrementally over 20 years gives Nora Jean a big advantage over other polymer clay, miniature, or figure sculpting artists in regard to building and maintaining her own website and e-commerce section.

NoraJean Designs offers a wider range of products at a lower price than other polymer clay artist because Nora Jean has simplified the techniques to increase production. She has proven that she can teach all the techniques she mastered. She has name recognition, a recognizable style, and a brand built over years of public service to the polymer clay and miniature community.

Nora Jean is not known in the circles of high paid polymer clay teachers, who hold workshops at expensive “retreats” and there’s a reason for that. Nora Jean has focused her time, energy and resources serving those who cannot afford those expensive retreats.

Nora Jean is not known to whole sale polymer clay suppliers because for over 10 years Nora Jean has paid retail price for her clay supplies, exclusively with Karen Rhodes at ClayAlley^{xviii}. ClayAlley got its start through CITY-o-Clay and supporting a female owned small business is part of the philosophy of Nora Jean that differentiates her from her competitors.

The following competitive analysis shows that Nora Jean will have competitors in the niches of OOAK Art, workshops, and miniatures. Nora Jean’s advantage over these competitors is that she can what they do, as well as build and maintain her own website. As the original owner of CITY-o-Clay Nora Jean has an advantage of having exposure to a large number of polymer clay users, who have been helped for years to “get a grip on their clay.”

Karen Kozak makes wonderful OOAK art. Her website is limited to one page, not updated, no email link to contact her and a non-800 phone number. There are no tutorials and no user interface for potential customers to have onsite discussions with her.

Sarah Shriver has a website that is more developed but it is untended. There’s missing pictures, showing empty frames with the red “x”. She teaches workshops but they are 6 times as expensive as Nora Jean’s workshops will be. Sarah Shriver does not have free tutorials and no user interface outside of an email link. Her workshops are limited in scope, focusing on her signature design “the arabesque cane”.

Betsy Neiderer is IGMA certified (International Guild of Miniature Artisans, an organization created to promote miniatures as an art form) and her miniatures are pieces of art. Her website is hosted on a free web host server and looks unprofessional. Her items are sold on eBay exclusively, which limits what some customers will buy because it’s easy to get lost in the crowd of lower quality items. She has a few free tutorials and there is no user interface outside of an email link.

FACTOR	My Business	Strength	Weakness	Karan Kozak	Sarah Shriver	Betsy Niederer	Importance to Customer 1=critical 5=not important
Products	OOAK Art Workshops Miniatures	Large choice of products and services	New to selling products.	OOAK Art	Workshops	Miniatures	1
Price	Low, Med, High	Something for every price	Low price items might be admin intensive	High	High	Medium	1
Quality	High	10 years of teaching polymer clay	Need to experiment with new media	High	High	High	1
Selection	Varied	Something for everyone	Too much to see	Limited	Limited	Limited	1
Service	Website up since 2000, contact by email.	Contacts via website replied 24 hr	Not tested professionally, service TBD	Website Limited, contact phone only	Website not updated, pictures X'd out.	Free Website, not professional looking	1

FACTOR	My Business	Strength	Weakness	Karan Kozak	Sarah Shriver	Betsy Niederer	Importance to Customer 1=critical 5=not important
Reliability	Start Up, TBD	Website been up for 8 years, 9 years hosting list.	Sole Proprietor, no back up if out of commission.	Good	Good	Good	1
Stability	Website been up for 8 years, 9 years hosting list.	Web visitors and group members witness stability	Not tested as vendor	Good	Good	Good	1
Expertise	High	More variety	Need to experiment with non polymer clay media	High	High	High	1
Company Reputation	Start up, TBD	Name Recognition and web traffic	Known for teaching probono and not seen as a	Limits selling to art fairs. Website limited and	Good rep, limits to teaching workshops	Master in miniatures, unprofessional website, sells	1

FACTOR	My Business	Strength	Weakness	Karan Kozak	Sarah Shriver	Betsy Niederer	Importance to Customer 1=critical 5=not important
		established via teaching	vendor.	not updated.	only, no free tutorials	via eBay.	
Location	Internet	Contactable around the world	People without computers not exploited	Via galleries, limited website.	Via Workshops, easy to contact via website.	Internet, needs to go Web Pro.	5
Appearance	E-commerce section will be easy to use.	Do my own webwork.	Wide range of products, could get confusing.	Website neat, but limited and not updated.	Website needs tending, pictures and links not working.	Website needs to be moved off of the free site and she needs her own domain.	3
Sales Method	E-Commerce, PayPal	Free electronic shopping cart, PayPal	People not online are not exploited	Art fairs and galleries. No sales online.	Workshops and retreats, no sales online.	Sales online, via eBay but not her website because it's free.	1

FACTOR	My Business	Strength	Weakness	Karan Kozak	Sarah Shriver	Betsy Niederer	Importance to Customer 1=critical 5=not important
Credit Policies	None	Admin easy	No wholesale	Unknown	Cash and carry	eBay/PayPal only.	3
Advertising	Established website with free tutorials and Yahoo Group	Traffic to website already established before starting business	Visitors to site accustomed to free tutorials and not items for sale.	Very low outside of art fairs and gallery circuit.	Very low outside of polymer clay workshop and retreat circuits.	Very low outside of armature and semi-pro miniature sites.	3
Image	Casual and fun	People like fun	Might not be taken seriously as a professional	Professional but aloof	Friendly and professional	Nice but semi pro	3

e. Pricing Strategy

NoraJean Designs will be producing polymer clay products that range from low cost to high cost. Nora Jean will be selling clay in raw and cured form as a teaching tool. The less direct labor cost that goes into the product the lower the cost to the consumer.

One low cost item would be beads, which ranks fourth in popularity with crafters.^{xix} . Nora Jean has evolved the “Natasha bead” method through “Chop and Toss” to create complex designs on beads that have four mirror images on each bead. She has taught this technique on her website, CITY-o-Clay, and



webcam demos. Nora Jean has created a method of mass production of these beads that keeps the direct cost low and still is priced less than her competitors

Nora Jean has a method of raw bead production called “Chop Logs”. These logs are prepared up to the point where the clay student will cut off a bit, put it on a skewer and cure them at home.



Each of these “Chop Logs” is made up of a number of “canes”, logs made with many colors in different designs. Students who want to practice forming beads but have not mastered cane making can start at “Chop Logs.”

Another product would be beads cured on a skewer but not sanded or with a finish applied. That would be so students at CITY-o-Clay can practice their sanding and finishing.





If the student doesn't want to finish the process but buy beads loose in a bag, by weight, that's another offering that NoraJean Designs will have. Beads sold by weight can be sold to beaders who are not students at CITY-o-Clay.

Mid-price items: A customer could also buy a beaded necklace already strung and ready to wear. Depending on

which part of the process the beads are bought the price will vary.



Covered tins are a mid price item that can be used to decorate art items on the shelf, hung on the wall, or used to hold items. The prices will vary depending on the amount of artwork that is covering the tin.



Novelty pins are a mid priced due to direct labor costs. them



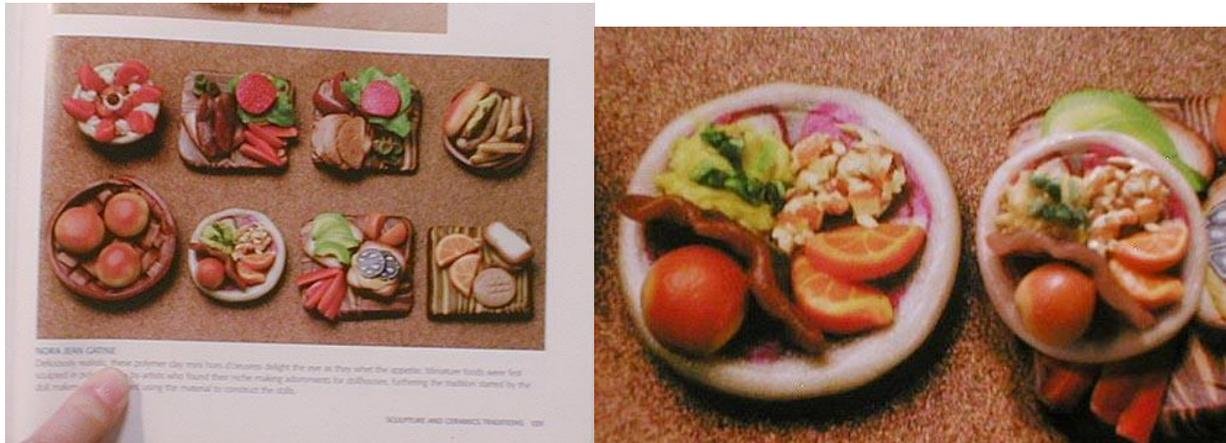
The price of polymer clay is low, \$2.00 per ounce, retail. Prices for finished items will vary according to the time involved to create them. Nora Jean has perfected mass production techniques to keep direct labor cost low.

Revised 10/06/08

Miniature food can cost as much as the same meal in a mid-range restaurant. For example, a breakfast of bacon, eggs, biscuits and gravy would cost you \$10 at Denny's. It would cost you the same in miniature. 6 miniature toasted bagels cost \$6.00 on Betsy Neiderer's eBay listing.

Nora Jean has perfected miniature food to the point that the President of the National Polymer Clay Guild, Judy Belcher, requested Nora Jean's miniature open faced sandwiches to be featured in the book "Polymer Clay, Creative Traditions", page 121.

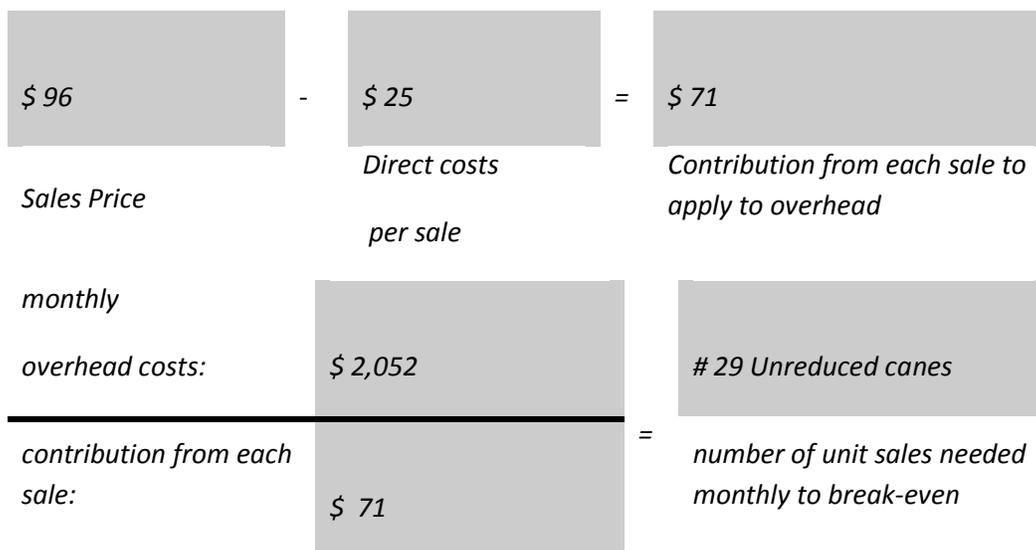
<http://www.norajeans.com/Books/PolymerClayTraditions.htm>



The picture on the right shows the actual miniature, which is smaller than the picture in the book. This miniature breakfast is made of 5 mini-food canes. These canes are constructed large (2" x 8") and then reduced to produce 32 canes 1/4th inch wide and 2 inches long. Below is a cost analysis of miniature

Mini Food	DC &DL UR-Canes	Amt.Cane	Slices		
Orange	\$ 50.00	64	1024		
Bacon	\$ 25.00	32	512		
Eggs	\$ 25.00	32	512		
Roll	\$ 25.00	32	512		
Potatoes	\$ 25.00	32	512		
DC-DL Canes	\$ 150.00	192	3072		
Assembly	\$ 1,680.00				
COGS	\$ 1,830.00				
Amt. Meals		512			
Price	\$ 9.00				
Total Sales	\$ 4,608.00				
Minus COGS	\$ 2,778.00				
% Apply to O/H		74%			
Note: One unreduced cane 2"x8" produces 32 canes of 1/4th inch by 2 inches					
One reduced cane produces 16 slices					
Assembly: 5 minutes times 521 mini breakfasts @ \$40 per hour					
If sold by the gross (144 items) this would make 3.61 gross.					

Another example of a little bit of polymer clay can bring in larger than expected revenue is “nail art”. There’s a new trend in the nail salons of adding polymer clay slices on the tips of fake nails. Polymer clay artists are selling raw canes 1/4th inch in diameter, 2 inches long, for \$3.00, to nail salons. Nora Jean can make a Leopard spot cane that’s 2 inches in diameter and 8 inches long in less than an hour. Polymer clay is elastic and can be “reduced” by pulling the ends. That one cane can be reduced to 1/4th inch and 64 inches long. That’s 32 nail art Leopard spot canes. If those 32 canes were sold at \$3.00 each that would be \$96 in sales. Direct cost was \$25, including labor. That’s \$71 that goes towards overhead.





The high price products will be Nora Jean’s sculpted figures. Below is a picture of “The Lady with a Pot”. This figure is 6 inches tall. It would retail for \$400. If it were in a diorama, or mini scene, the price would increase.

Sculpted Figure Cost Analysis

Sculpt Body	\$ 160.00
Sculpt Face	\$ 40.00
Canes for "fabric"	\$ 10.00
Clay Sheets	\$ 20.00
Mini Pot	\$ 7.00
DC clay	\$ 10.00
Assembly	\$ 60.00
COGS	\$ 307.00
Price	\$ 400.00
Apply to O/H	\$ 93.00
Amt. to B/E	22.06

Note: Cane slices used to make “clay fabric” are in inventory and used as needed. Mini pots are made in bulk and are used as needed.

Nora Jean has made figures like this during a one day free WebCam demo for the subscribers of CITY-o-Clay. More time was taken typing the explanation of the technique than the actual hands on work on a figure like this.

Nora Jean’s “PenPals” are figures that are sculpted around the barrel of ball point pens, taking the tradition of covering ball point pens with polymer clay up a notch. The Sleeping lady “PenPal” is a separate item from the flower bed she is placed in. One holds her by the foot to use the pen. This item would retail for \$500.



Sleeping Lady PenPal Cost Analysis

Sculpt Body	\$ 120.00	
Dress Body	\$ 40.00	
Flower & Leaves	\$ 120.00	
DC Polymer Clay	\$ 4.00	
Assembly	\$ 80.00	
COGS	\$ 364.00	
Price	\$ 500.00	
Minus COGS	\$ 136.00	
Amt to B/E	15.09	

The prices at NoraJean Designs will vary because Nora Jean is a teacher. Polymer clay manipulated and sold in stages of production is a part of the teaching process. The direct labor costs of a Chop Log are going to be less than a finished beaded necklace. A mini food cane is going to cost less than a mini meal on a plate. A roombox with a sculpted figure, furniture, wall papered and wired for electric lights will cost more than the separate elements sold individually.



Nora Jean has taught these techniques and more for 9 years and has the processes mastered. Because of this extensive experience she can manufacture items quickly, keeping the direct costs lower than her competitors.

f. Advertising and Promotions

Since 1999, Nora Jean has hosted CITY-o-Clay. <http://groups.yahoo.com/group/CITY-o-Clay/> and as of 10/04/08, has 1,866 subscribed members. Most polymer clay artists do not have the name recognition that Nora Jean has built during nearly a decade of teaching polymer clay online for free and offering the largest collection of tutorials available to the general public. New e-commerce websites do not have that advantage. Here are some examples of Nora Jean's ranking on Google search engine.

Google search results:

- NoraJean - **9,470** listings for **NoraJean**, NoraJean.com comes up first.
- Polymer Clay miniatures – NoraJean.com comes up on the first page, 7th listing.
- LEXX sculpting – NoraJean.com comes up on the first page, third listing. LEXX was a TV series made in Canada and Nora Jean received permission from the creator, Lex Giggeroff in 2001, to use the TV characters in sculpting tutorials.

In the years that Nora Jean has hosted CITY-o-Clay she's noticed that the group members are often members of other Yahoo Groups. They are often members of artist guilds and clubs. An announcement on CITY-o-Clay that NoraJean Designs has opened its doors would reach more than the members on CITY-o-Clay. Word of mouth will extend the reach of that one announcement.

The use of signature files at the end of email posts, the method of communication on Yahoo Groups, is another method of reminding the group members that NoraJean Designs is open for business. Each time Nora Jean posts to the group: welcoming new comers, answering questions, commenting on art that group members share, that signature file will remind the readers that NoraJean Designs is open for business. Placing an announcement on the home page of NoraJean.com, as well as on the two tutorial indexes, and the "Ramble" pages (Rambles are inspirational articles) would catch the eye of the over 4,000 unique visitors that come each month to NoraJean.com for free tutorials.

"Internet marketing strategies, including: optimizing your website for search engines; pay per click advertising on search engines; doing an e-newsletter the right way; setting up a blog; Podcasts and web video; social media sites such as Facebook and LinkedIn; virtual reality sites such as Second Life; choosing a web traffic analytics program;" Topics discussed in an advanced internet marketing workshop, headed by Cliff Ennico, a nationally recognized authority on the problems facing small businesses. For the Entrepreneur.com Growth Conference.
<http://www.entrepreneur.com/growthconference/index.html>

Optimizing website for search engines: This has already been done by the incoming links from around the world. Over 63% of incoming links are from overseas. Each incoming link increases NoraJean.com's rank on Google Search engines. The use of "Meta-tags" on the home page is read by search engines.

Pay Per Click Advertising: After the NoraJean-Designs.com is built and functioning Google AdWords, Yahoo Links, and Amazon link affiliates will be added for an alternate revenue stream.

Newsletter: NoraJean Designs will have an "opt in" button to receive a newsletter for each new customer. Customers who have purchased an item will be notified about "Specials" and "Sales" in the future.

Blogs: The e-commerce section has a separate blog, <http://www.norajeandesigns.com/Designs>, that focuses on the business side of NoraJean.com keeping it separate from the personal creative blog that already is there.

WebVideo: 21 YouTube videos made by recycling avi files from past WebCam demos.
<http://www.youtube.com/user/AuntyAlias> In less than two years drew 197 subscribers and some new list members found CITY-o-Clay through YouTube.

Social Media: <http://groups.yahoo.com/group/CITY-o-Clay/> Since 1999, 1,860 group members.

Norajeandesigns.com's webhost offers a half dozen web traffic analysis programs which can track where visitors are coming in from, which pages they view, how long they stay. Below is a graph that shows the traffic for Nora Jean's website as of 10/04/08.

Month	Unique visitors	Number of visits	Pages	Hits	Bandwidth
Jan 2008	0	0	0	0	0
Feb 2008	3973	6296	37125	192634	2.52 GB
Mar 2008	5198	10268	61113	257828	3.16 GB
Apr 2008	4819	7786	74606	261718	3.56 GB
May 2008	5432	9454	106108	342733	3.95 GB
Jun 2008	5417	9871	111315	340974	3.84 GB
Jul 2008	2834	5195	55903	152204	1.54 GB
Aug 2008	4752	9738	83634	272616	3.68 GB
Sep 2008	4822	10405	89867	303533	4.38 GB
Oct 2008	579	1077	14022	36729	327.17 MB
Nov 2008	0	0	0	0	0
Dec 2008	0	0	0	0	0
Total	37826	70090	633693	2160969	26.95 GB

There were no statistics for January 2008 because of a change in webhosts. The average amount of unique visitors between February and September 2008, is 4,656. New e-commerce websites have no traffic and would have to rely on aggressive marketing to attract visitors. This is not the case with Nora Jean’s website.

There will be minimal cost incurred using the existing traffic of NoraJean.com. That would amount to less than an hour of web edit time to make an announcement that an e-commerce section is open. There even less cost incurred making an announcement to the CITY-o-Clay’s population, and no cost with the passive advertising of using signature files on email to the group.

Nora Jean is a member of the National Polymer Clay Guild. As a member when Nora Jean has a workshop she may list the workshop on the member’s calendar on the NPCG website. People visiting that website to access that calendar are doing so with the expressed purpose of finding workshops in their area.

The importance of using existing traffic to NoraJean.com, the CITY-o-Clay Yahoo Group, and the NPCG, is the people being exposed to announcements are self selected. They are already users of polymer clay. For example, Nora Jean has observed that some polymer clay students want to experiment with clay designs that they are not skillful enough to create themselves; this is an instant market for raw canes.

Other polymer clay e-commerce sites have to build name recognition, branding, and create a following of fans. This takes time, energy and resources. Nora Jean has laid this groundwork before opening the e-commerce doors.

Advertising and promotion for NoraJean Designs will be with minimal cost with the maximum amount of reach. NoraJean Designs can take advantage of the “word of mouth” marketing. Nora Jean’s website has been stable for 8 years and has supported a large Yahoo Group, for 9 years. In combination Nora Jean gives potential customers a means of communication that other clay artists do not have. For some artists who have a website but no following and no user created content, suffer from lack of “word of mouth” marketing. That could prove to be a barrier to entry to this niche market.

“Use-generated content – defined as information generated not by a business or media outlet but by a user of such online assets – drives Web 2.0. When businesses enable customers – or users – to write reviews, ask or answer questions from the community, or share experiences, they create conversations that become the most powerful form of marketing – word of mouth marketing.”^{xx}

<http://www.bazaravoice.com> 2008, “Driving Sales with User-Generated content: How Word of Mouth Impacts Manufacturers Online”

Revised 10/06/08

Insert promotion and production calendar page 1

Revised 10/06/08

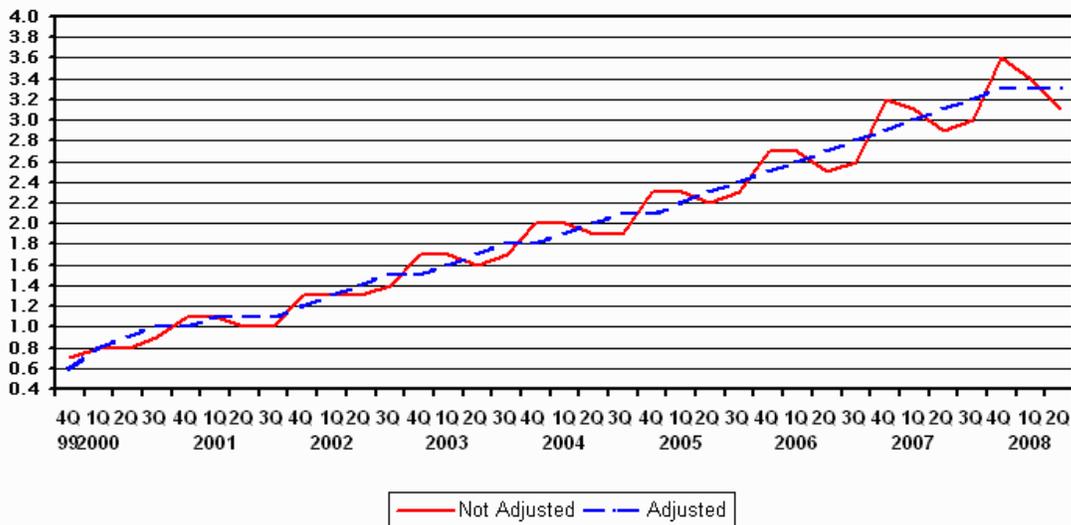
Insert promotion and production calendar page 2

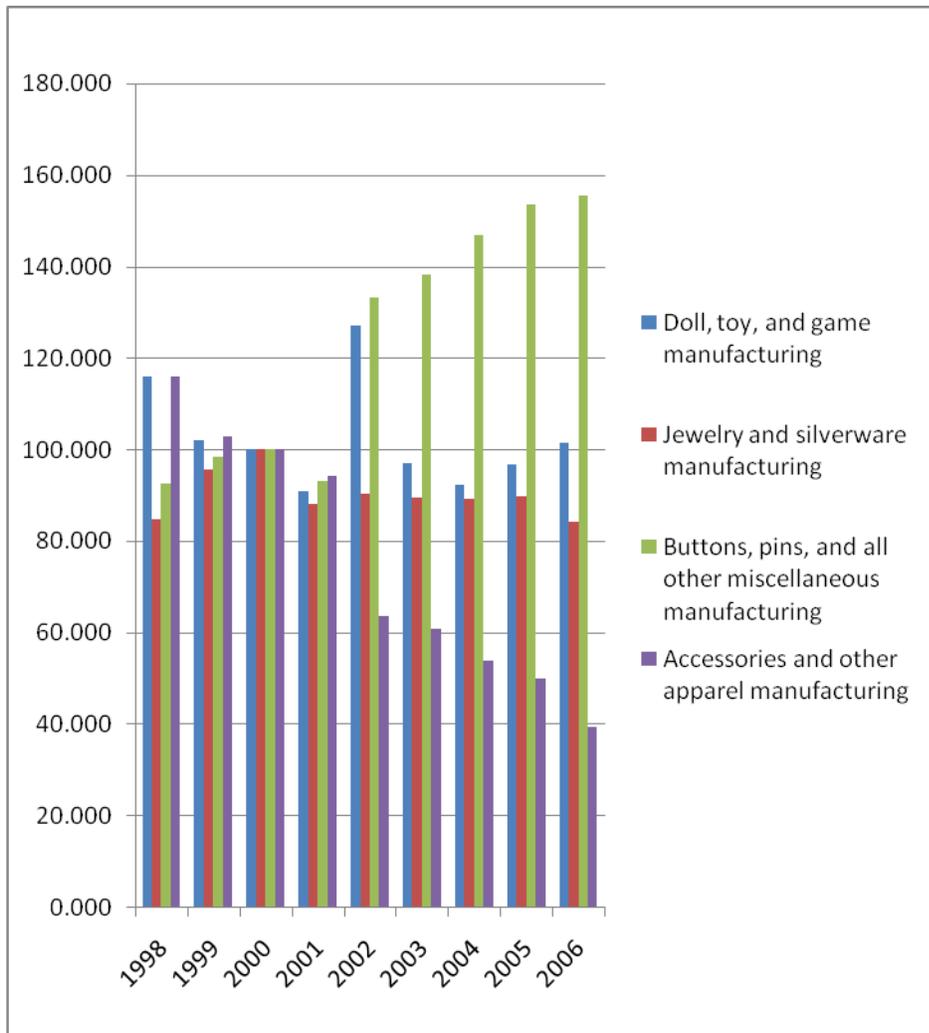
g. Sales Forecast

NoraJean Designs will be selling dolls, buttons, beads, accessories, online. The data below show that e-commerce is increasing and the various niches that NoraJean Designs will compete are healthy economic sectors.

“On a not adjusted basis, the estimate of U.S. retail e-commerce sales for the second quarter of 2008 totaled \$32.5 billion, an increase of 0.5 percent ($\pm 1.0\%$)* from the first quarter of 2008. The second quarter 2008 e-commerce estimate increased 8.9 percent ($\pm 1.2\%$) from the second quarter of 2007 while total retail sales increased 2.3 ($\pm 0.5\%$) in the same period. E-commerce sales in the second quarter of 2008 accounted for 3.1 percent of total sales. “

Estimated Quarterly U.S. Retail E-commerce Sales as a Percent of Total Quarterly Retail Sales: 4th Quarter 1999–2nd Quarter 2008





The Data in this chart is from the Bureau of Economic Analysis.

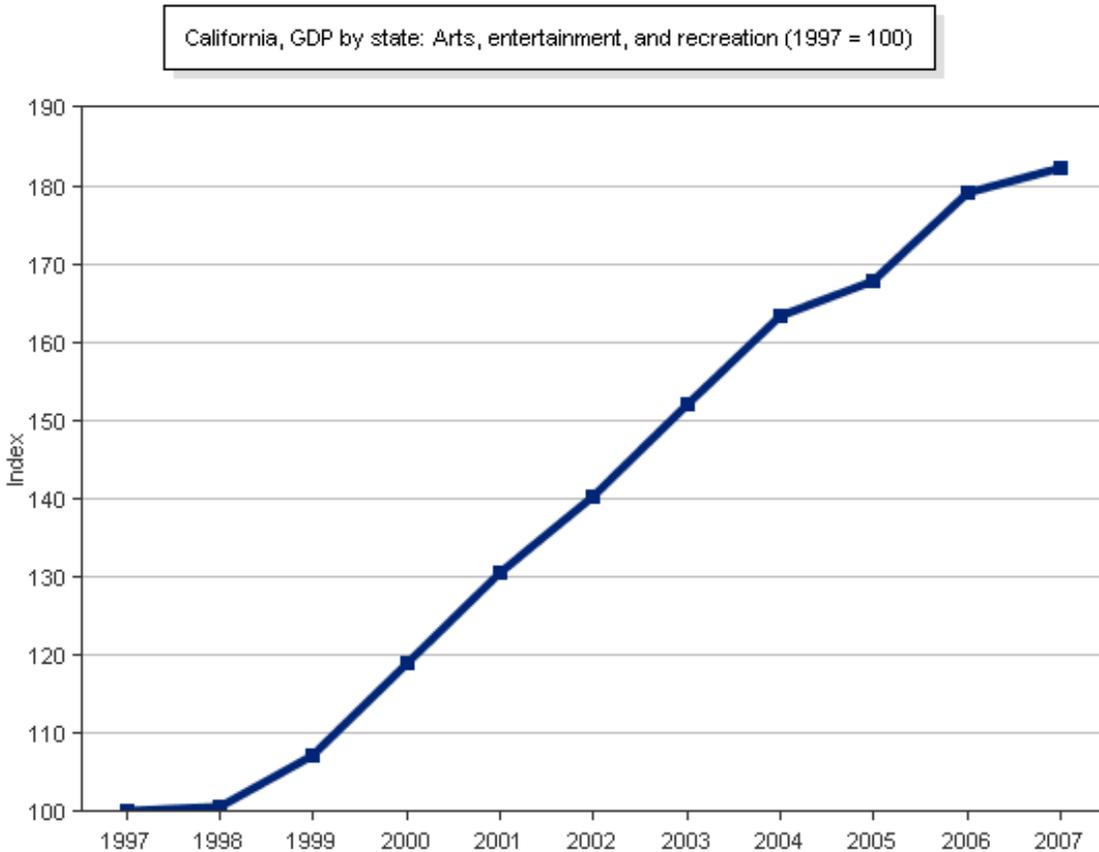
^{xxii} This chart shows Buttons, Pins and all other miscellaneous manufacturing has grown from 1997 – 2006. Dolls and Jewelry are holding strong, in spite of a dip in personal income in 2003. The decline in Accessories and apparel manufacturing, that Nora Jean feels, is caused by more of these items being made overseas.

NoraJean Designs will be competing in a vigorous section of the economy.

NoraJean Designs will also sell locally at Art and Craft fairs, Polymer Clay Guild events, and Holiday festivals. California GDP for Art – Entertainment and Recreation is robust (See graph below) and in spite of the economic down turn Californians will find disposable income for their art, entertainment and recreation.

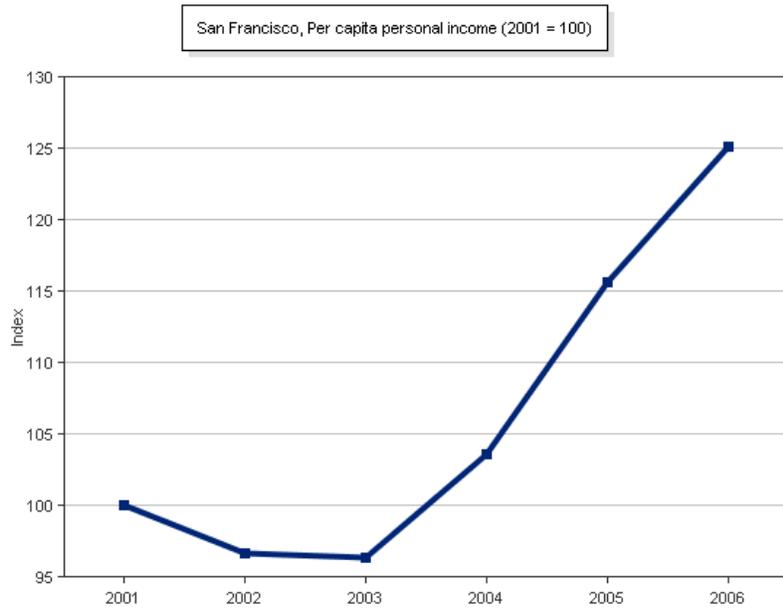
In fact, when there is uncertainty in the financial institutions high end consumers tend to invest in art and not stocks, because art will always appreciate in value. During the Great Depression people still went to the movies. During this recession I feel cable TV will take the place of the movie palaces of the early 1930's. The high price of gas, the television signal changing from analog to digital, grown children moving back in with their elderly parents and/or 20-30 “somethings” still living with their Boomer parents, cable TV will be hugely popular because it gives one the illusion of going places and seeing things. “Staycation” is the coming trend, where people are going to look for entertainment close to home because of high fuel prices. This means that San Francisco, which has a tradition of having a many street fairs, holiday events, street artists, will be the entertainment outlet

for the locals.



San Francisco Per Capita Income between 2001 and 2006 shows a steady increase, showing a strong come back after a decline in 2003. Unlike other regions in the United States, California in general and the San Francisco Bay Area in particular are going to be stronger economically because there is a large population of higher educated individuals, working in Silicon Valley, at BioTech industries, and the burgeoning “Green” industries that focus on reduce, reuse and recycle. NoraJean Designs will have OOAK Art for the high end consumer, who will always have disposable income to invest in “collectibles” and NoraJean Designs workshops will be the micro-business incubator that craft teachers have always been to the low end consumer/crafter.

On September 23, 2008, a TV news article stated that San Jose now has over 50% of the homes speaking a language other than English: Hindi, Tagalong, Vietnamese, Dutch, and Spanish were some of the languages over heard outside of a Big Box store. The article went on to state that 80% of those families speak English very well because they are highly educated and work for the high tech and bio tech industries. NJ Design is in a good position to provide culturally specific jewelry, accessories and collectible miniatures for those highly educated multi-cultural segments of the Bay Area.



Source: U.S. Bureau of Economic Analysis <http://www.bea.gov/regional/reis/>

The San Francisco per capita income has increased steadily from 2003 to 2006, the latest year that could be seen at the U.S. Bureau of Economic Analysis.

“Over these years we had violent financial crashes of various types, bank panics, piles of recessions and a huge depression, many foreign wars and one enormous domestic war, had a central bank and didn’t, were on the gold standard and weren’t, had governments topple in scandal and multiple leaders assassinated, and what did it all amount to in the medium to long run? In per-capita income terms: Nothing. The overall trend does not bend or shift. Every bad year was followed by a good year that returned us to trend.”^{xxiii}



Revised 10/06/08

Insert 12 month sales forecast page 1

Revised 10/06/08

Insert 12 month sales forecast page 2

OPERATIONAL PLAN

e. Location and Facilities

NoraJean Designs is a home based business.

f. Production including Break-Even Point

Polymer clay comes in separate colors and is manipulated by hand. The tools used are commonly found in the kitchen:

- Food Processor to chop the clay and mix colors
- Pasta machine to press sheets
- Aluminum foil and bamboo BBQ skewers
- Rolling pin

Specialized tools for sculpting, i.e., clayshapers, wood carving tools, wood tools used in traditional ceramic sculpting, are inexpensive and easy to find.

Tools to cut clay: exacto knife, Kemper cutters (cutter tools in shapes like circle or square), pizza pie cutter, are all inexpensive and easy to find.

Polymer clay is heat set (made hard or “cured”) at a low temperature, 265F/130C, therefore polymer clay can be cured in a kitchen oven, toaster oven, or even a solar oven in a sunny back yard.

The process for all polymer clay projects starts with conditioning the clay by chopping it up in the food processor. When the clay clumps into a ball in the food processor it is warm and elastic.

The next step is to pull the polymer clay like taffy. Pull and fold until it is conditioned enough that it does not break when pulled but stretches to the thinnest strand. This is also how one mixes clay colors.

When making a “cane” design the motto is “if it is a dot, that’s a snake of clay. If it is a line, it’s a sheet of clay. If there a gradation of color, it’s a blend.” The designs that one sees in two dimensions are made into three dimensions with “snakes, sheets, and blends.” Think of a jelly roll cane that shows a spiral at each end. If the design on the end of the cane is a smile face, then it would be two snakes for the eyes and a sheet for the smile and background color.



If the design on the end of the cane is an orchid, with petals of many colors and dots, along with leaves, with a background then there are more direct labor costs in a cane design of that sort.



If one took that complex orchid cane and chopped it up like egg salad, gave the chopped bits a toss, and then repacked it into a loaf; that is preparation for a “chop log”. Take that chop log and cut it in half. Take those two halves and cut them in half again. Turn the outer corners to the center and you get a “Natasha” bead of chopped cane.



If you chopped Tiger, Leopard and Zebra cane you’d get an African Jungle design.

In canes there are a finite amount of elements: snakes, sheets and blends. There are an infinite amount of designs that one can make depending on what one is aiming to represent. That is why NoraJean.com has nearly a gigabyte of tutorials; there are so many things that one can create with polymer clay.



Nora Jean has had years of practice while teaching others via free webcam demo. She can create a sculpted figure starting from the aluminum foil armature, covering the armature with skin color clay, build muscle mass, sculpt a face, slice cane and press it to a sheet to make “clay fabric” and dress and then pose the figure in one afternoon demo. That was how the “Aba Fold Show Girl” was created. With years of practice Nora Jean can create sculpted figures quicker than most artists who never had to perform in front of a webcam with 30 ClayMates watching. Check out her YouTube videos to see for yourself. <http://www.youtube.com/user/AuntyAlias>

Nora Jean has invented techniques that stream line the process of sculpting figures, making chop and toss Natasha beads and mini food. Years of practice makes her fast; being organized leads to mass production without a headache.

Instead of sanding beads one by one Nora Jean keeps them on the skewer and sands a dozen at a time. Instead of picking up one size grit of wet/dry sandpaper, Nora Jean staples different grit sizes together so she can leaf through the different sizes of grit while sanding.



Efficiency, organization, and practice enables Nora Jean to create a lot of product in less time than other artists who aren’t obsessed with efficiency or organization while they practice. Nora Jean was because her goal was to get to this point, turning her hobby into a business. Dreams of mass production drove

her to find the “easy breezy way to get a grip on clay”.



This piles of beads were made in a month, using scrap clay. This is an example of the amount of production that Nora Jean can do in a period of time. Those beads can be sold individually, by weight, or strung into finished necklaces.



Mini food is made in a mass production mode. The ceramic tile is 6" square and can 10 dozen of mini donuts. One oven tray can hold 6 tiles. Two oven trays can cure 12 tiles in a half hour. That's 1,440 mini donuts cured in a half hour. If sold for \$6.00 per dozen (and that's inexpensive) that is \$720. Minus direct labor cost of \$320, that would be \$400 towards overhead. Mini donuts can be used as beads, put on pins, hung from earrings. Mini food is not limited to doll houses.



To get an idea of how small these "cinnibuns" are check Nora Jean's finger tips holding the mini knife while she slather's on the "frosting" made with liquid polymer clay mixed with white and pearl solid polymer clay for color.

Quality is insured because each item made is handled and viewed a number of times before the item is complete. To see how things are made visit <http://www.noraJean.com> .

Miniature Breakfast				
Mini Food DC &DL UR-Canes	Amt.Canes	Slices		
Orange	\$ 50.00	64	1024	
Bacon	\$ 25.00	32	512	
Eggs	\$ 25.00	32	512	
Roll	\$ 25.00	32	512	
Potatoes	\$ 25.00	32	512	
DC-DL Canes	\$ 150.00	192	3072	
Assembly	\$ 1,680.00			
COGS	\$ 1,830.00			
Amt. Mea	512			
Price	\$ 9.00			
Total Sale	\$ 4,608.00			
Minus CO	\$ 2,778.00			
% Apply to	74%			
Note: One unreduced cane 2"x8" produces 32 canes of 1/4th inch by 2 in				
One reduced cane produces 16 slices				
Assembly: 5 minutes times 521 mini breakfasts @ \$40 per hour				
If sold by the gross (144 items) this would make 3.61 gross.				

Sculpted Figure Cost Analysis				
Sculpt Body	\$ 160.00			
Sculpt Face	\$ 40.00			
Canes for "fabric"	\$ 10.00			
Clay Sheets	\$ 20.00			
Mini Pot	\$ 7.00			
DC clay	\$ 10.00			
Assembly	\$ 60.00			
COGS	\$ 307.00			
Price	\$ 400.00			
Apply to O/H	\$ 93.00			
Amt. to B/E	22.06			
Note:				
Cane slices used for clay "fabric" are parts of unreduced canes in inventory.				
Mini Pots are made in bulk and used as needed.				
Nora Jean has created figures like this in WebCam Demo many times.				

Sleeping Lady PenPal Cost Analysis		
Sculpt Body	\$	120.00
Dress Body	\$	40.00
Flower & Leaves	\$	120.00
DC Polymer Clay	\$	4.00
Assembly	\$	80.00
COGS	\$	364.00
Price	\$	500.00
Minus COGS	\$	136.00
Amt to B/E		15.09

g. Personnel

NoraJean Designs will be run by Nora Jean Gatine.

h. Technology

Computer: Acer Q6000, purchased 02/14/08, with read/write DVD function.

Digital Camera: Epson PhotoPC

WebCam: Logitech Pro

Printer: Epson Photo Stylus

Domain Registration: NoraJean-Designs.com, to be added to NoraJean.com account.

Software:

- Word 2007: Word, Power Point, Excel
- FrontPage 2003
- Photoshop 6
- Premier (Video Editing)

i. Record Keeping Systems

QuickBooks (to be purchased)

TurboTax

V. MANAGEMENT AND ORGANIZATION

NoraJean Designs will be run and managed by Nora Jean Gatine.

VI. FINANCIAL PLAN

a. Personal Financial Statement

Personal Financial Statement of:					
Nora Jean Gatine					
as of:					
10/6/2008					
Assets	Amt in Dollars				
Cash - checking accounts	\$ 145				
Cash - savings accounts	-				
Certificates of deposit	-				
Securities - stocks / bonds / mutual funds	-				
Notes & contracts receivable	-				
Life insurance (cash surrender value)	-				
Personal property (autos, jewelry, etc.)	-				
Retirement Funds (eg. IRAs, 401k)	-				
Real estate (market value)	-				
Other assets (specify)	-				
Other assets (specify)	-				
Total Assets	\$ 145				

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Liabilities	Amount in Dollars
Current Debt (Gym)	\$480
Notes payable (describe below)	-
Taxes payable	-
Real estate mortgages (describe)	-
Other liabilities SF DA	1,780
Other liabilities (Comcast)	173
Total Liabilities	\$2,433

b. Start Up Expenses and Capitalization

Item Description	Amount	More Research	Need To have	Nice To Have
Business Registration	\$25.00		\$25.00	
Publish FBN/Recorder	\$35.00		\$35.00	
Fee Proof of Filing FBN	\$6.00		\$6.00	
Postal Meter and Scale	\$240.00			\$ 240.00
NoteBook/DVD burner *	\$1,000.00		\$1,000.00	
Wasp Quick Store	\$1,369.00			\$ 1,369.00
Epson all in one	\$300.00			\$ 300.00
Secure Server website	\$300.00		\$300.00	
Cell phone for Business	\$150.00		\$150.00	
Art Supplies				
T-Shirt transfer paper	\$20.00			\$ 20.00
Tins - Heart shape- 1doz	\$7.00			\$ 7.00
Tins - palm size - 1 doz	\$10.00		\$10.00	
2 part silicon putty	\$29.00		\$29.00	
Polymer Clay / 15 lbs	\$176.00		\$176.00	
Bic Round Stic / 3 doz	\$6.00		\$6.00	
2-mil reclosable bags	\$26.00		\$26.00	
Bio-degradable loose fill	\$11.00			\$ 11.00
Wet Wipes	\$9.00		\$9.00	
Bio-degradable Liquid Soap	\$5.00		\$5.00	
Office Supplies				
2 Drawer File Cabinet	\$50.00			\$ 50.00
Permanent Marker/5 pack	\$4.00		\$4.00	
Invisible Tape	\$15.00		\$15.00	
Hanging File Folders	\$14.00		\$14.00	
File Folders	\$18.00		\$18.00	
Packing Tape/Dispensor	\$24.00		\$24.00	
Bubble Wrap Mailers	\$21.00		\$21.00	
Business Envelopes	\$24.00		\$24.00	
Standard Staples	\$3.00		\$3.00	
Printing Paper	\$60.00		\$60.00	
Quick Book Pro	\$200.00		\$200.00	
Insurance, Health	\$250.00		\$250.00	
Business Insurance	\$500.00		\$500.00	
DVD Ulead (software)	\$70.00			\$ 70.00
DVD copier/blanks	\$350.00			\$ 350.00
Jewel Case DVD	\$25.00			\$ 25.00
Mals e-commerce Premium	\$90.00		\$90.00	
Total Costs	\$5,442.00		\$3,000.00	\$ 2,442.00
Minus "nice to have"	\$2,442.00			
Total Start-up Costs	\$3,000.00			

* ThinkPad SL Series SL300(273849U) Notebook Intel Core 2 Duo P8400(2.26GHz) Intel C 4500MHD 13.3" Wide XGA 2GB Memory DDR2 667 160GB HDD 5400rpm Dual layer DVD E

c. Cash Flow Projections and Assumptions

The cash flow projection represents the assumed income and expense of NoraJean-Designs. It does not take into consideration income that comes from family member's income, which will be half of the

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household's budget. There are no expenses for mortgages, auto loans, or credit card debt. There are no other revenue streams outside of the family's working wages. The Women's Initiative Loan of \$3000 at 10%, which would create a monthly expense of \$275 has been added to the cash flow as an assumption that the loan will be granted.

d. Loan Requests

Nora Jean Gatine is requesting a loan of \$3,000 from The Women's Initiative to turn a volunteer activity into a small business. After nearly a decade in giving time, energy, and resources in the quest to share knowledge, Nora Jean knows this activity is what she was meant to do for a career. She has paid for all of the hardware and software, websites, tools, books, equipment, and peripheral supplies needed to teach pro bono. What is needed now is this loan to transform her activities into a legitimate business.

Use of the loan proceeds:

- Business Registration
- Publishing DBA
- Separate computer, as dictated by Federal Tax law
- Secure Server for NoraJean-Designs.com to accept payments from customers
- Cell phone, needed to separate home phone and business phone use
- QuickBooks
- Business Operation Policy, insurance
- Health insurance
- Office supplies, including packaging material
- Premium account with Mals-ecommerce for inventory and customer tracking
- Polymer clay, jewelry findings, wire, and other supplies needed for production

The above lists the "need to have" items to turn a long term hobby into a business. There are items that would be "nice to have", i.e. the supplies needed to burn DVDs.

As a low income woman, who has invested all she has in building this venture thus far, Nora Jean has no collateral that she can offer for this loan request. It is her hope that what she has built on her own will show her sincere determination to make NoraJean-Designs successful.

APPENDICES

ⁱ “The Traditions of Polymer Clay” by Judy Belcher, ISBN# 0-8230-4065-8, page 121,

ⁱⁱ <http://h-monthly.com/issues/Volume2Issue9/DarylOreng.html>

ⁱⁱⁱ <http://www.youtube.com/user/AuntyAlias>

^{iv} <http://www.clayalley.com>

^v <http://www.craftandhobby.org/pdfs/EconomistPresentation.ppt> page 23

^{vi} <http://www.census.gov/mrts/www/data/excel/mrtssales92-08.xls> Shows that “Hobby, toy, and game stores” sales have increased each month for 2008. (see NAICS appendix)

^{vii} <http://www.infortoday.com/searcher/sep07/Gordon-Murnane.shtml>

^{viii} <http://www.census.gov/mrts/www/data/html/08Q2.html>

ix

<http://www.chashow.org/eweb/docs/2007SShow/pressrelease/CHA%202007%20Hispanic%20Crafting%2Study%20ReleaseFNL.doc>

^x http://www.craftzine-digital.com/craft/vo101/templates/pageviewer_print?pg=12&pm=2

^{xi} <http://www.fortmason.org/features/2008/07/feature03.shtml>

^{xii} http://www.census.gov/Press-Release/www/releases/archives/facts_for_features_special_editions/007173.html

xiii

<http://www.chashow.org/eweb/docs/2007SShow/pressrelease/CHA%202007%20Hispanic%20Crafting%2Study%20ReleaseFNL.doc>

^{xiv} http://cashcrafters.com/forum/smf_1-1-3_install/index.php?page=35

^{xv} <http://crafttrends.com/reader-response/new-reader-responses/>

^{xvi} Craft & Hobby Association “CHA Attitude & Usage Study Update Unveiled During 2007 Winter Convention & Trade Show”

<http://www.craftandhobby.org/cgi-bin/pressrelease.cgi?func=ShowRelease&releaseid=195>

^{xvii} <http://finance.groups.yahoo.com/group/CITY-CraftBizAdvice/>

^{xviii} <http://www.clayalley.com>

^{xix} Craft & Hobby Association “CHA Attitude & Usage Study Update Unveiled During 2007 Winter Convention & Trade Show”

<http://www.craftandhobby.org/cgi-bin/pressrelease.cgi?func=ShowRelease&releaseid=195>

^{xx} Bazaarvoice, March 17, 2008, Sam Decker, Chief Marketing Officer, Bizzarvoice, “Driving Sales with User-Generated Content: How Word of Mouth Impacts Manufacturers Online”

^{xxi} <http://www.census.gov/mrts/www/data/html/08Q2.html>

^{xxii} [http://www.bea.gov/industry/xls/GDPbyInd GO NAICS 1998-2006.xls](http://www.bea.gov/industry/xls/GDPbyInd%20GO%20NAICS%201998-2006.xls)

^{xxiii} <http://bubblemeter.blogspot.com/2008/10/two-centuries-of-american-per-capita.html>