



CITY OF HUGHSON  
**ECONOMIC DEVELOPMENT COMMITTEE MEETING**  
CITY HALL COUNCIL CHAMBERS  
7018 Pine Street, Hughson, CA

**AGENDA**  
**MONDAY, JULY 28, 2014 - 5:30 P.M.**

**CALL TO ORDER:**

**ROLL CALL:**

Mayor Matt Beekman  
Councilmember George Carr  
Councilmember Jeramy Young  
Business Member Marie Assali  
Business Member Jim Duarte

Staff to be Present:

Raul L. Mendez, City Manager  
Jaylen French, Community Development Director  
Dominique Spinale, Assistant to the City Manager/City Clerk

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**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):**

Members of the audience may address the City Council on any item of interest to the public pertaining to the City and may step to the podium, state their name and city of residence for the record (requirement of name and city of residence is optional) and make their presentation. Please limit presentations to five minutes. Since the City Council cannot take action on matters not on the agenda, unless the action is authorized by Section 54954.2 of the Government Code, items of concern, which are not urgent in nature can be resolved more expeditiously by completing and submitting to the City Clerk a "Citizen Request Form" which may be obtained from the City Clerk.

**2. NEW BUSINESS:**

- 2.1:** Approval of Minutes of the May 27, 2014 and June 23, 2014 EDC Regular Meetings.
- 2.2:** Discuss and Consider Business Assistance for Lila Janet Trading Co.
- 2.3:** Discuss Status of the Proposed Business at 2224 Santa Fe Avenue (Formerly Known as the Husky Burger).

- 2.4:** Discuss Status of the Dollar General Presence in Hughson.
- 2.5:** Discuss the Hughson Municipal Code Chapter 17.02 Zoning Districts Regarding Drive Through Windows for Restaurants.

**3. EDC COMMENTS:**

**ADJOURNMENT:**

**WAIVER WARNING**

If you challenge a decision/direction of the City Council in court, you may be limited to raising only those issues you or someone else raised at a public hearing(s) described in this Agenda, or in written correspondence delivered to the City of Hughson at or prior to, the public hearing(s).

**RULES FOR ADDRESSING CITY COUNCIL**

Members of the audience who wish to address the Economic Development Committee are requested to complete one of the forms located on the table at the entrance of the Council Chambers and submit it to the Committee. **Filling out the card is voluntary.**

**AFFIDAVIT OF POSTING**

**DATE:** July 25, 2014 **TIME:** 5:00pm  
**NAME:** Dominique Spinale **TITLE:** Assistant to City Manager/City Clerk

**AMERICANS WITH DISABILITIES ACT/CALIFORNIA BROWN ACT  
NOTIFICATION FOR THE CITY OF HUGHSON**

This Agenda shall be made available upon request in alternative formats to persons with a disability; as required by the Americans with Disabilities Act of 1990 (42 U.S.C. Section 12132) and the Ralph M. Brown Act (California Government Code Section 54954.2).

**Disabled or Special needs Accommodation:** In compliance with the Americans with Disabilities Act, persons requesting a disability related modification or accommodation in order to participate in the meeting and/or if you need assistance to attend or participate in a City Council meeting, please contact the City Clerk's office at (209) 883-4054. Notification at least 48-hours prior to the meeting will assist the City Clerk in assuring that reasonable accommodations are made to provide accessibility to the meeting.

**Notice Regarding Non-English Speakers:**

Pursuant to California Constitution Article III, Section IV, establishing English as the official language for the State of California, and in accordance with California Code of Civil Procedures Section 185, which requires proceedings before any State Court to be in English, notice is hereby given that all proceedings before the City of Hughson City Council shall be in English and anyone wishing to address the Council is required to have a translator present who will take an oath to make an accurate translation from any language not English into the English language.

- General Information:** The Economic Development Committee meets in the Council Chambers on the fourth Monday of each month at 5:30 p.m., unless otherwise noticed.
- EDC Agendas:** The Economic Development Committee agenda is now available for public review at the City's website at [www.hughson.org](http://www.hughson.org) and City Clerk's Office, 7018 Pine Street, Hughson, California on the Friday, prior to the scheduled meeting. Copies and/or subscriptions can be purchased for a nominal fee through the City Clerk's Office.
- Questions:** Contact the City Clerk at (209) 883-4054



CITY OF HUGHSON  
**ECONOMIC DEVELOPMENT COMMITTEE MEETING**  
 CITY HALL COUNCIL CHAMBERS  
 7018 Pine Street, Hughson, CA

**MINUTES**  
**TUESDAY, MAY 27, 2014 - 5:30 P.M.**

**CALL TO ORDER:** 5:32pm

**ROLL CALL:** Mayor Matt Beekman  
 Councilmember George Carr  
 Councilmember Jeramy Young  
 Business Member Jim Duarte

Business Member Marie Assali - Absent

Staff Present: Raul L. Mendez, City Manager  
 Jaylen French, Community Development Director  
 Dominique Spinale, Management Analyst

Guest: Matt Venema, Branding Iron Catering  
 Alan Seaton, Hughson SBDC

**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):** None.

**2. NEW BUSINESS:**

**2.1:** Approval of the Minutes of March 24, 2014 EDC Regular Meeting and April 30, 2014 Special Meeting.

Motion by Councilmember Carr, Second by Councilmember Young (4-0)

**2.2:** Discuss Status of the Proposed Business at 2224 Santa Fe Avenue (Formerly Known as the Husky Burger).

It was reported that the prospective business operator (Mr. Ashur Youkhana) was still considering options for the locale. Originally envisioned as a Snow White Drive Inn, he was now looking possible a juice bar venture. City staff had

previously met with County Environmental Health and Mr. Youkhana on site to discuss items that needed to be addressed with the proposed Shami Hot Dog business. The need for a grease interceptor facility was reaffirmed at that time, in addition to other necessary repairs pointed out by the Environmental Health Inspector. The new business concept would need to be evaluated.

**2.3:** Discuss Status of the Proposed Business Expansion at 2400 Santa Fe Avenue (Branding Iron Catering).

Mr. Matt Venema was in attendance to further discuss his needs for the Branding Iron Catering and expansion of the Santa Fe Coffee component. He indicated that during the prior meeting, he had understated the funding necessary and came back to discuss other funding assistance options. He indicated that assistance in the amount of \$15,000 would be necessary to get that coffee element up and running for equipment purchase and tenant improvements. The Economic Development Committee (EDC) discussed the need for a drive up/through coffee service in town as well as potential negative impacts to other café businesses in the City limits. After significant discussion, it was recommended by the EDC to the Hughson City Council that a \$3,000 grant (tenant improvements) and \$12,000 loan (equipment purchases) be provided to the Branding Iron Catering. The loan would include simple interest and a two-year repayment. City staff indicated that they would bring the recommendation to the City Council at the earliest opportunity.

**2.4:** Information Only: Comprehensive Economic Development Strategy for Stanislaus County 2014-2017.

City Manager Mendez referenced the Comprehensive Economic Strategy for Stanislaus County 2014-2017. He explained that this document is required in order for the County and incorporated cities to apply for loan/grant funds from the U.S. Economic Development Administration (EDA). He noted that the Hughson section included demographic information and general information about the City's economic development focus and that an update of information should be done during the next revision opportunity.

**2.5:** Information Only: Alliance Efforts at ICSC Show in Las Vegas and ED Practitioners Meetings/Resources.

City Manager Mendez indicated that City staff had provided information regarding the vacant space at the Marketplace (Whitmore Avenue) to the Alliance for incorporation into their collateral material to share with prospective businesses at the ICSC Show in Las Vegas. City Manager Mendez also discussed briefly the Standards of Excellence Retail Attraction handout provided by the Alliance at a recent Economic Development Practitioners meeting.

**3. EDC COMMENTS:** Councilmember Carr directed City staff to look into the opportunity of bringing a children's hospital to the City of Hughson. Through his work on the Board of Directors for Sierra Vista Child and Family Services he was made aware of the Merced Children's Hospital looking to expand.

**ADJOURNMENT:** 6:55pm



CITY OF HUGHSON  
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 7018 Pine Street, Hughson, CA

**MINUTES**  
**MONDAY, JUNE 23, 2014 - 5:30 P.M.**

**CALL TO ORDER:** 5:30pm

**ROLL CALL:** Mayor Matt Beekman  
 Councilmember George Carr  
 Councilmember Jeramy Young  
 Business Member Marie Assali  
 Business Member Jim Duarte

Staff Present: Raul L. Mendez, City Manager  
 Jaylen French, Community Development Director  
 Dominique Spinale, Management Analyst

**1. PUBLIC BUSINESS FROM THE FLOOR (No Action Can Be Taken):** None

**2. NEW BUSINESS:**

**2.1:** Discuss Status of the Proposed Business at 2224 Santa Fe Avenue (Formerly Known as the Husky Burger).

Community Development Director French provided a brief update on the status of the proposed business at 2224 Santa Fe Avenue. Recent discussions with prospective business operator (Ashur Youkhana) had evolved back to a drive in food establishment with reliance on a mobile food vehicle. The existing building would be where orders would be taken and served and the mobile food vehicle would be for food preparation and cooking. Waste would be removed from the food vehicle thereby eliminating the need for a grease interceptor facility as previously discussed. Community Development Director French was researching whether this was a viable option.

**2.2:** Discuss the Downtown Strategy.

Community Development Director French discussed some of his initial thoughts for the downtown. This included looking at alternate uses for vacant property, pocket park concepts, unique street designs, etc. Community Development Director French would continue researching and exploring various concepts and bring back additional details to the Economic Development Committee (EDC) in the future for discussion. The EDC was very receptive to City staff looking at creative and innovative ideas for the downtown area.

**2.3:** Discuss the Mobile Truck Ordinance.

City staff discussed the Hughson Municipal Code pertaining to mobile food vendors and the limitations in light of the recent interest in its use at the 2224 Santa Fe Avenue location. Members of the EDC discussed some of the history behind the code section.

**2.4:** Discuss a Fats, Oils, and Grease (FOG) Ordinance.

City staff introduced the concept of establishing a FOG Ordinance to protect infrastructure systems going forward. Many cities in Stanislaus County have such an ordinance in place. The term "FOG" refers to fats, oils, and grease, which are commonly found in such things as meat fats, lard, cooking oil, shortening, butter and margarine, food scraps, baked goods, sauces and soups and dairy products. When FOG is poured down the drain it solidifies and sticks to the insides of sewer pipes causing obstructions and eventually blockages. Sewer overflows can cause raw sewage to enter the streets, storm drains, streams, businesses, yards, and even homes. City staff will continue researching this item and bring back additional information to the EDC at a later date.

- 3. EDC COMMENTS:** City Manager Mendez indicated that the Hughson City Council had awarded the grant/loan to the Branding Iron Catering/Santa Fe Coffee as previously recommended by the EDC. Community Development Director French indicated that he had been researching the request by Councilmember Carr regarding the siting of a children's hospital in the Hughson area.

**ADJOURNMENT:** 6:50pm.

**Business Plan Overview**  
**Request for Incentive Assistance from the City of Hughson to  
establish an export/ trading business in Hughson**

**Initial request: A City of Hughson surplus truck**  
**Lila Janet Trading Co. grant fund request: \$8,000**

**Company Name: Lila Janet Trading Co.**

**Date Established: Feb. 14, 2014**

**Key Team Members: Lilybeth George and Frank George**

**Prepared by: Team member Lilybeth and team member Frank**

**Revision date: June 17, 2014**

***Mission Statement***

**Lila Janet Trading Co. buys ships and distributes authentic American designer products to an underserved part of the world where demand is great and supply is minimal. Lila Janet Trading Co. strives to put underemployed and unemployed people to work in an area where profitable and enjoyable employment is difficult to obtain. The company also offers its products at festivals and flea markets throughout California.**

**1. Development and needs plan:**

- July 2014: One City of Hughson surplus pickup truck. This is desperately needed so we can purchase and transport larger and more profitable loads of product for distribution. The city could conceivably donate the truck to Lila Janet Trading Co. and get a significant tax write off. The idea eliminates the man hours and red tape involved in surplus and trying to sell the truck for a decent price. The truck could later be used as collateral for the grant funding.
- July 2014: \$3,000 in grant funding for the purchase of a potentially profitable pallet of designer clothing and accessories. These are currently available at Via Trading in Lynwood, CA. We could use the city surplus truck to haul it as it would be difficult to transport the product in our Honda Civic.

We also need money for booth supplies and to design a company logo and create signage for our fiesta booth.

- September-October 2014: \$3,000 in grant funding to open a warehouse/distribution center in Hughson. First and last month's rent plus a deposit on the building is necessary. We also need up front funding to pay a Hughson resident to operate a booth weekends at Crows Landing Flea Market in Modesto. Profits from that booth, our overseas shipments, and our own fair booth sales should eventually enable us to pay this person or someone else to operate the store in Hughson.
- November-December 2014: \$2,000 in grant funding to help pay for a business trip to the Philippines. We will conduct an annual sales meeting with our distributors, where we can strategize and offer pep talks for our people. We also plan on handing out ***Lila Janet Trading Co.*** tee shirts. Silkscreen by Design in Denair will create the shirts for \$2 apiece. We are choosing not to apply for a new business loan for various reasons.

**2. Company overview:** ***Lila Janet Trading Co.*** is a growing product exporting and wholesale company. Our primary product line is designer toiletries, fashion clothing and accessories targeted to working class Filipinos and people who patronize fairs, fiestas and festivals. These products will be procured here at substantially less than retail and sold throughout California and in the southern part of the Philippines, particularly in the province of Misamis Occidental. Price points will be very affordable in the planned market with anticipated high demand due to designer names, and imported from the U.S designations. Brand names include Victoria's Secret, Ralph Lauren, Lacoste, Aeropostale, Hollister, Abercrombie & Fitch among other designer labels offered at Macy's and Nordstrom. We are positioning ourselves as a high quality distributor in this region of the Philippines and eventually expanding to the rest of the islands of the Philippines.

**3. Product Makeup:** ***Lila Janet Trading Co.*** is offering recognized American brands. We purchase our products online and from factory outlets at *wholesale* prices and from liquidation warehouses in Southern California for pennies on the dollar. We're selling a variety of sizes, colors and styles to our target market. Team member Lilybeth is originally from the Philippines and knows what people like, need, and want in the product lines we offer. Our merchandise includes fragrance mists and body wash from Victoria's Secret,

followed by clothing, shoes, purses and fashion accessories. We will closely follow generational fashion trends as well as our own customers' purchasing preferences.

Current product list:

- ***Victoria's Secret*** toiletries are pleasantries enjoyed by women and their spouses.
- ***Aeropostale*** clothes are durable and attractive and they fit people well
- ***Abercrombie & Fitch*** shirts are durable and attractive
- Name brand clothes and accessories from **Macy's**

### **Important Product features and competitive comparison**

We are specializing in high quality products that are difficult to find in that part of the world and offering them at 50 to 75 percent off locally. Once our customers realize these are the genuine article others don't have they'll be digging into their wallets and purses. Just about everyone we've talked to from Mindanao says so. The competition is mostly street vendors and coworkers selling cheap knockoffs. That's what makes Lila Janet Trading Co. unique, people cannot find original designer products in their area and owning such products brings them comfort and status. Our distributors can easily attract customers. Just about everyone in Mindanao has a side business and almost every house is a store. These people are tight knit with big families and lots of friends.

**4. Target Market:** Initially, ***Lila Janet Trading Co.*** will be selling at street fairs and festivals throughout California. We also sell in Ozamiz City, a center of trade and commerce in the province due to improved port facilities in the city. The current population estimate of Ozamiz City is 150,000. Our secondary market, the province of Misamis Occidental, has an estimated population of 500,000. The market features about 70% working class.

Our primary target market is working class Filipinos via social media and the workplace. Our distribution network is made up of family and

motivated people anxious to profit from a steady source of American fashion goods. A primary sales method will be the posting of products on Facebook. Secondary methods include distributors pitching their products to friends, family and co-workers and of course booths at flea markets.

### ***Market Forecast***

We've visited several street fairs and fiestas and name brand clothing and accessories is a hot item. Internationally, Filipinos like to copy the west. Most Filipinos instantly recognize and identify with famous American brands. If they see their friends with a brand name product from the USA, they want that brand name product also. One significant trend is Filipinos are willing to pay a higher price for the "real thing." The Philippines is growing economically, due to the availability of cheap land and housing, which is attractive to foreign expatriates and people living in the United States with family there. Also, the U.S. will soon be reestablishing military operations near Manila and other parts of the country, which will help the economy as well. What most affects our industry is the lack of competition and the demand for American designer products.

**5. Marketing Strategy:** We have already signed up for several street fairs. In the Philippines, the sales force for the ***Lila Janet Trading Co.*** will be friends and family and second tier friends and family of owners, Lilybeth and Frank George. This sales force will make the initial purchases from us, and then become a part of the distribution network. This is a critical assumption to our initial success and long-term growth. Our first shipments have already arrived in Ozamiz City, the distributors have all the product and most of it is already sold.

***At Lila Janet Trading Co.*** our target customers are working class Californians that can't find designer labels at these prices. We're also selling to Filipinos that have difficulty finding and purchasing original name brand items not available in most areas in the Philippines. Our major competitors are selling knockoff items at a cheaper price point than Lila Janet. The desire for the genuine article is a dominate purchase motivator.

We buy the products at 70 to 80 percent less than the original price. Our target gross profit margin is 100 percent (keystone). We estimate at least a \$1,500 gross profit on our first shipment.

## **6. Distribution and Sales Strategy:**

Initially, ***Lila Janet*** is setting up booths at street fairs and fiestas. We're also shipping products by the box (2-feet-long-by-18-inches-high-by-18-inches-wide) via LBC, a Filipino shipping company in Stockton that charges about \$70 a box. It takes about six weeks for these boxes to reach Ozamiz City. Coincidentally, one of Lilybeth's cousins is an LBC driver and he will be grabbing the box as soon as it reaches town. We're sending one box every month but our plan is to ship at least twice a month. We'd like to eventually ship by the pallet and ultimately by the shipping container and are working on obtaining certificate of origin paperwork.

Future plans include opening a boutique in Ozamiz City, managed by close family and staffed by numerous highly motivated distributors in Ozamiz City. We also want to open a store front/storage area in Hughson, where the product will be sorted, boxed, stored, shipped and retailed. We're finding that the Southern California pallets contain plus sizes and winter wear, which wouldn't sell well in the Philippines. We plan on offering these products at discount prices at the Hughson location.

***Lila Janet*** planned sales incentives:

Our Hughson employees will get a commission for every item sold plus a base salary. Filipino distributors will earn a percentage from each sale and earn an allowance of one free item for every 12 products sold.

End use customers will be offered an installment payment plan, motivator for immediate purchase.

***Lila Janet*** will establish a business bank account locally and in Ozamiz City, where bank to bank transfers will head back to the local bank in Stanislaus County. Future ideas include insuring our shipments through the United States Export/Import Bank.

**7. Operations Plan:** Lilybeth is the "brains" of ***Lila Janet*** and Frank is the driver/motivator in the management structure. Presently both work full time at other jobs and brainstorm new ideas and processes

for *Lila Janet* in their spare time. Evenings and weekends are reserved for strategizing, buying and shipping product. Currently, we operate out of our home in Modesto and have a Modesto business license, a California resale permit and an EIN. Plans are to get a Hughson business license and operate out of Hughson. Our overseas distributors are highly motivated because they can make more money than those who sell knockoffs because our products are worth more and are selling for more.

**8. Financial Estimates:** Lila Janet Trading Co.'s first year income projection calls for a 40 percent profit margin, or at least \$13,000 per year. The business planned growth rate is 15 percent for the first year as we build name recognition and status in the community. We look to increase revenue to 20 percent in the second and third year as we gain a larger market share and increase the customer base beyond the city and province. We project our annual profit to reach \$20,000 by year three. We also plan to carry kitchen wares, home domestics and electronics in the future. Management will rely on customer feedback, suggestions and sales reports to introduce, or eliminate products, style and sizes. Shipping methods and retail strategy will change according to customer demand sales volume.

## **9. Competitive analysis**

We do know there's a woman buying thousands of dollars worth of Victoria's Secret fragrances each time the local outlet has them on sale. Our reconnaissance has also shown a demand for quality clothing and accessories at street fairs. And as far as we can determine, the Victoria's Secret woman is shipping her stuff to Manila, which is on another island thousands of miles away. The other competitors would be those selling the knockoffs, one of which is offering copied Victoria's Secret toiletries on yet another island. The lady buying from the Modesto mall must be doing well, because employees there say she buys once a month or so. We would venture to say people selling knockoffs over there are doing a fairly study business, based on what we're hearing. But they really aren't our competition because they aren't selling originals.

The Modesto woman's strength is she's buying \$5,000-worth of product at a time and probably earning an 80 percent profit. She has found her niche and we've found ours. The knockoff people's strengths are in the availability of their products, which are

manufactured locally or purchased in bulk in nearby Asian countries. They also are able to offer their stuff at a cheaper price than we can.

The Modesto mall lady and our own research are teaching us we need to buy much bigger quantities and there is much demand. In addition, initial reports regarding our first shipment indicate we'll need to ship more of the same products immediately. The reason we're different from her lies in our location, which is far away from hers. Lilybeth does have a cousin who, along with his wife, works in upper management at a Manila mall. We haven't ruled out opening operations there. Lilybeth also has a close family friend in Manila who might become one of our distributors.

## 10. Historic Narrative

- Lilybeth came up with the idea for **Lila Janet Trading Co.** after talking with friends and family in the Philippines on the phone and through social media. One of her cousins mentioned Victoria's Secret fragrant mists were popular and hard to get in that part of the world.
- Lilybeth has always wanted to start her own business and regularly searches deep discounts at local retail locations. Particular focus is on the Vintage Faire Mall in Modesto, home to numerous fashion retailers, as well as trading warehouses in Southern California. Through couponing and special offers at Victoria's Secret, her cousin agreed people would be willing to pay about \$10 for these products because they're so hard to get. Lilybeth's cousin said she'd like to sell these products for Lilybeth. Lilybeth shared her idea with Frank and it took some convincing, but Frank soon hopped on board. Lilybeth pitched the idea to other friends and family in the Philippines and 90 percent of them are excited about the opportunity to sell these products. Lilybeth loves to shop for bargains and she's very good at it. Frank loves the idea of providing employment for friendly, hard-working people who otherwise have very few opportunities
- We sent our first shipment out a few months ago and our second several weeks ago. We spent about \$1,200 on product for our first shipment, which includes about 250 pieces priced at about \$5 a piece. Each piece is being sold at 100 percent profit and we expect to make \$1,700 to \$2,000 on the first shipment. Our distributors already have the first shipment and so far our products are selling well. We also set up a table at the Patterson Apricot Fiesta in late May and

practically sold out our first Southern California pallet in several hours. We have booth space reserved for the July 5 DeAnza College Flea Market in Cupertino and are ready to purchase product to sell there.

- We estimate our Filipino market share at 80 percent at this point. The street fair percentage is also at least 80 percent. Our friends and family in Mindanao, the island on which Ozamiz City is located, know of few people selling American designer products.
- It costs \$70 to ship each shipment to the Philippines. We figure at least \$100 for fuel and meals for each flea market. We expect at least a \$500 day at DeAnza College and a similar profit margin on our next export box. Future shipments will get increasingly larger. We want to ship by the pallet and ultimately by the shipping container. This would increase our profit margin without reducing our volume.
- We would like to buy about \$1,000-worth of the Victoria's Secret toiletries sometime in the next several months. We buy the product at least 50 percent off and use coupons to achieve additional discount. We are in regular contact with our foreign distributors via telephone and social media. They are our eyes and ears in the Philippines and they help us determine what our customers want. Our latest intelligence indicates Victoria's Secret fragrance mists are high in demand. Women and teenage girls like it and men are buying it for their wives or girlfriends.
- Administratively, all our employees are abroad in the Philippines at this time. We want to hire a local person to sell our product at the Crows Landing Flea Market and plan on opening a store front/storage facility in Hughson. Buying product by increasing higher volumes and having the ability to transports it via our City of Hughson surplus truck will require local help to sort, box, palletize and ship the product while offering the overstock for sale in the storefront.

## **11. Competitive analysis**

- *Competitive Quality 1: Lilybeth loves to shop and is an expert at finding deals on top of deals with coupons that save us even more money. Lilybeth spends much of her spare time looking over product online. We buy the Southern California pallets for pennies on the dollar and our resale license lets us purchase them tax free. Our distributors are mostly family and our first local employee will be a Hughson resident. Our overseas distributors wouldn't want to do*

*dishonest things to their own family. They're also highly motivated and can't wait to start getting products to sell.*

- *Competitive Quality 2: We ship with LBC, which only charges \$70 for a box that holds hundreds of pieces. Our merchandising is so much cheaper than it would be if we were trying to sell our products exclusively in America. It only costs \$30 for booth space at the DeAnza College Flea Market and a friend of ours is letting us borrow his booth initially. Eventually we'll purchase a canopy and table for at just \$200.*
- *Competitive Quality 3: The location of our distributors is perfect and employees at Victoria's Secret and the factory outlets and the websites at which we shop are all helpful and encouraging. Obtaining the city truck will enable us to haul at least one pallet and we could borrow our friend's cargo trailer for awhile before buying our own. The ability to purchase and haul bigger bulk allows much higher profits.*

## **12. Swot Analysis**

### ○ *Strengths* of the company

Lilybeth's accounting degree, her shopping savvy and Frank's communications skills are plenty proof that we have the skills and education to make our dream come true. Also as a newspaper editor, Frank can research very well and of course write an edit wherever needed. Lilybeth is an accountant with Stanislaus County and she's been computing our expenditures and profits. One of our distributors is also an accountant.

### ○ *Weaknesses* of the company

I've spoken with international trade specialists from Washington, D.C. and Fresno and they've indicated there still might be some steps we need to take, especially as we expand to shipping bigger and bigger containers. We'll also need to vet our local employee very well because they'll be handling a lot of cash and expensive product. Another potential problem lies in the possibility of one or more of our distributors keeping the money they get from customers. We plan to start insuring our shipments with the export/import bank, however.

### ○ *Opportunities* of the company

Most of the potential has been listed previously. Frank and Lilybeth will ultimately need more full time helpers to do heavy lifting and sorting. Of course more people will likely want to become distributors once the word gets out in the Philippines.

- *Threats* of the company

The only threat we see is possible confiscation of products through employee theft or customs. Our EIN can remedy potential problems at customs and other necessary formalities at the county and state level.

### **13. Business Strategy and Implementation**

The first and second shipments are already overseas. A pallet of Macy's clothing purchased in Southern California several weeks ago is mostly sold locally, with the rest slated for the upcoming flea market. The international trade specialist from Washington said we need to contact the county business office and the California Secretary of State. The secretary of state's office can trace our business name, make sure no one else has it and put our name on file so people importing from other countries can access our name and number. That means there's potential for us to get business from countries other than the Philippines. After that, there's no stopping us, especially if we can get the surplus truck and Business Incentive Program grant funding.

### **14. Advertising**

Our products are already being advertised on various facebook pages. Our distributors will wear the clothing and accessories we sell. Signage at our street fair booth and at Lilybeth's mother's house is also under consideration. We will consider print or other media once the boutique opens in Ozamiz City. Our distributors and their customers will also advertise for us via word of mouth and Lila Janet Trading Co tee shirts.

### **15. Sales Plan**

The plans listed above mostly answer this question. I also want to note that the federal and international trade specialists both want to guide us along to help us become a successful exporting venture. As the specialist from D.C. put it, "Any exporting from the United States is good for the United States." Guarantees are not a high priority in the Philippines, but we will offer bulk rates to customers who wish to buy a lot of our product.

### **16. Strategic Alliances**

We already have strategic alliances with the Alliance through Al Seaton's expert advice and guidance; we have a strategic alliance with Fresno U.S. Export Assistance Center and the United States

Export Assistance Center in Washington, D.C. We will offer more product lines as we learn more about what people who patronize flea markets and people in the Philippines and elsewhere want. We will meet, encourage and confer with our distributors extensively in Manila and Ozamiz City in December and via telephone and social media in the mean time. We have plenty of access to free training through the Fresno export assistance center and Ray Robertson, international trade specialist director in Washington, told us to call him any time. We are also networking with other flea market vendors and the folks who run the warehouses at which we buy our product. Our newest contact is at the Flipgoods wholesale warehouse in Modesto.

- ***Management Team***

<b>Name and Position</b>	<b>Background</b>	<b>Skills</b>
<b>Lilybeth George</b>	<b>Accountant at Stanislaus County Health Services Agency</b>	<b>Accounting and bookkeeping, researching deals online and in stores. Speaks both Tagalog and her island dialect, thus can communicate with just about anyone in the Philippines. She's the one who recruits and converses with our distributors.</b>
<b>Frank George</b>	<b>BA, writer, editor, research expert.</b>	<b>Excellent research and communication skills. Frank's the one who communicates with all the government agencies and</b>

		<p><b>makes sure all licenses; see money and so for are obtained.</b></p>
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- ***Management Team Gaps***

**We are not yet street fair and “export experts,” but we will be networking with other vendors as well as warehouse sales staff and attending seminars and webinars. We also plan on visiting the Fresno export assistance center for additional information and assistance. Neither of us are lawyers, but we already have a lot of people who want to make sure we succeed.**

- **Other Management Team Considerations**

**We have relationships with the co-owner of a large bulk product warehouse in City of Commerce. We’ve also conferred with a vendor at the Modesto auction and another man who buys and sells clothing by the pallet and the truckload.**