



Clement F. Shearer EDA Micro-Grant Program

Client Application/Information

Business/Organization Name: Northfield Yarn


Type of Business: retail shop

Business Owners: Cynthia Gilbertson

Contact Person: Cynthia Gilbertson Title: owner

Phone: 612-702-3263 Fax: n/a

E-mail Address: cynthia@northfieldyarn.com

Yearly Sales: \$ 213,000 No. of Employees: 7 Average Wages Paid: see attac 

Employee Benefits Offered: 20% discount on most merchandise, free classes

Have you utilized the Micro-grant Program in the past? No.


Amount Requested: \$ 4995 What type of assistance is needed?
Financial assistance.

What is the expected impact of the assistance? How will you evaluate this impact?
See attached.

Have you contacted the Small Business Development Center or SCORE for these services? No.

Have you identified a consultant/organization willing and able to provide assistance? No.

If Yes, please provide the name and address of the provider and the cost of the assistance.
n/a

Client Signature  Date 02-08-18

Expansion & Improvement of Class & Event Capabilities at Northfield Yarn

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I. Summary & Background

- A. Northfield Yarn opened as a new business in September 2011. Sales grew steadily for the first four years and leveled off in 2016 and 2017. We have always offered classes and events, as they are an important part of our business model (see below). We began expanding and improving these offerings in September 2015. As a result of these efforts, we have seen an increase in the number of classes that fill and in the number of people who sign up for classes in general. We are beginning to bump up against some limitations, however, and would like to make a variety of improvements to expand capacity, improve the class experience, and improve classes on an operational level.
- B. Classes and events are an important aspect of our business because they generate excitement, keep people engaged with the shop, and increase our customer base.
 - At the most fundamental level, the more people who knit or crochet, the more people are in the market for our products.
 - After a person first learns a craft like knitting, they can lose interest if they never expand their skills. Classes keep the craft interesting and keep people thinking about their next project.
 - When classes are happening in the shop, it creates an atmosphere that inspires shoppers to get involved and take on a new project.
 - Classes and other events help build and strengthen the community around the shop. People meet each other and make friends as they create things and learn new skills together.
- C. In addition to their critical role in our business model, classes are a worthwhile area to expand because (1) our primary source of income — the sale of merchandise — has leveled off recently, leading us to conclude that additional

efforts in that area would not result in dramatic increases, and (2) our classes and events do not face competition from online retailers.

II. Employees & Wages Paid

- A. We currently employ seven part-time employees. Most are paid by the hour, and their rates range from \$9 to \$12.60/hour. The person who makes \$12.60 per hour also makes a salary of \$50/month for her social media work. Our Class Coordinator is paid on a salary basis. She is currently paid \$300/month, but I anticipate that salary increasing before the end of 2018, particularly if we make the planned improvements covered in this grant application.
- B. Our class instructors are paid as contract labor, not employees. In 2017 we paid \$5944 to class instructors. Most instructors are paid \$20 per hour of class time, although occasionally we negotiate different arrangements. If we increase the number of classes we run, that will result in more money being paid to instructors.

III. Project Overview

A. Eliminating Conflict Between Class and Retail Space

Our class table is very close to the sales counter and to the yarn winding table, and some merchandise for sale is in the corner behind the class table. When we have a full class running during business hours, the students and instructor can find it difficult to focus because of the activity going on around them.

Perhaps more significant, we find some shoppers are reluctant to squeeze past the class to shop behind the class table (or literally can't physically fit back there). As a result, we offer fewer classes during business hours than we would without this conflict. (And we are open seven days a week, so there is very little time available that is outside of business hours.). The proposed project would **rearrange the shop** so that the class table can be given its own space.

B. Expanding Capacity

Our current table seats six people comfortably. We can accommodate more people if we set up additional folding tables, but this is not possible during business hours (it also adds significantly to the set-up and clean-up time). While some classes need to stay small because of the nature of the class, we would like to be able to expand our maximum size to twelve people. We know from experience that at least some classes recently would have been larger if we had been able to accommodate more people (and there are probably

potential students we aren't aware of because they tried to register, found a class full, and did not attempt to be put on a waiting list). By **rearranging the shop**, and buying **an additional table and more chairs**, we will be able to accommodate larger classes.

C. Creating Space for Spinning and Weaving

Certain classes, such as spinning and weaving, require more space than we can currently free up most of the time. If we could offer these classes, we could begin selling spinning wheels and looms, which are relatively expensive items compared to our other inventory and would contribute significantly to our revenue from merchandise sales.

D. Improving the Class Facilities

A **large flat screen** will enable instructors to do things like play slides, show instructional videos, and project a large picture of their demonstrations. We currently have a screen and a projector, but none of it is wireless and it takes quite a bit of set-up and clean-up time (not to mention a lot of space). If there were a screen always readily available we would use it more often. It may even expand the sorts of events we were able to offer (for instance, we could host movie nights, or Skype visits with knitting designers). A **large white board** will enhance the experience for people taking classes. Currently when an instructor wants to explain something with a diagram they use a small, hand-held white board. This is not so easy for everyone to see. Especially if classes start being larger, it will be important to be able to draw diagrams that everyone can see.

E. Improvements to Operations

As our classes have expanded, we've been running into some difficulties with the operational side of things. We saw a noticeable increase in the number of people signing up for classes when we made online registration possible in September 2015. In 2017, nearly 40% of our revenue from classes came in online. But the current online shopping cart and bookings software is separate from the POS system in the shop. This creates a number of complications. For instance, whenever a class is purchased (or returned) in the shop we need to go online and manually adjust the bookings. If this step doesn't happen, the number of available spots showing online is not accurate. Also, because the online sales are separate from the sales in the shop, we aren't able to do a full analysis of those sales. Our POS system will break down the class sales and let us analyze what sort of classes are bringing in the most revenue, for

example, but with nearly 40% of the classes being purchased online, that data is of limited use. The current website shopping cart does not have similar analytic capabilities.

Our POS software has a “pro” version that includes a function for selling events. If we **upgraded our software**, we could do things like create waiting lists and generate emails to class participants. By **adding an ecommerce plug-in** and switching our shopping cart to Shopify, we would be able to link the online sales with sales in the shop and eliminate the problems caused by having separate systems.

IV. Expected Impact

- A. This project is expected to impact the business in a variety of ways, including, for example, increasing the number of people taking classes, increasing the number and variety of classes we can offer, and improving customers' ability to shop while a class is in session. But the bottom line will be an anticipated increase in revenue from classes and revenue from merchandise sales.
- B. When we turned our attention to enhancing the classes part of our business, we were able to increase revenue significantly. Comparing the period from September (the start of our busy season) through January, between last year and this year, our revenue from classes and services increased 68%. We don't expect to be able to continue growth at that rate without making the changes that are the subject of this grant application. Given the impact we were able to have last year, however, it seems reasonable to set a goal of **increasing class revenue by another 20%** after making these improvements. In addition, we expect that the additional class participation would **increase our merchandise sales by at least 2%**. If we hit those targets, the net profit from the increases would repay the entire cost of the project in 2-3 years. On the other hand, if the increase in merchandise sales hits 5%, which doesn't seem unreasonable to expect, the net profit from those sales alone would re-pay the project cost in two years, even without considering increased revenue from classes.

Project: Expanding & Improving Classes at Northfield Yarn

	Cost	Details / Purpose
POS SOFTWARE UPGRADE		
Upgrade to POSIM Evo Pro	\$ 900	800 + 50 for each additional seat; Evo Pro includes "event" capabilities, which facilitate the sales of classes & events.
Increase in support	\$ 80	POSIM charges more for its support contract when you buy the Pro version of their software.
LINKING ONLINE REGISTRATIONS		
eCommerce plug-in	\$ 1699	To unify the sales of classes online and in the shop (and allow for easier analysis of those sales).
Online shopping cart switch	\$1500	Our web guy's time in setting up Shopify and integrating it with our site (he estimated \$1500 - \$2000)
REMODELING SPACE		
Moving shelves (labor)	\$ 250	To make a space for the class table that will eliminate the current conflict with retail space.
FURNITURE & EQUIPMENT		
Table	\$ 1286	To increase our capacity so we can comfortably seat 8-12 people; includes delivery and tax.
6 Chairs	\$ 1389	Based on \$200/chair plus tax and delivery.
Large white board	\$ 108	To improve the ability for folks in classes to receive instruction; cost based on Magnetic Steel Dry Erase Board - 3' x 2' from ULINE plus tax and shipping (from uline.com)
TECHNOLOGY		
		The following figures are from a Best Buy for Business Quote for the entire package.
55" Flat Screen	\$ 700	To enhance the class experience in a number of ways, including enabling instructors to play instructional videos and slide shows, and to project a picture of their hands as they demonstrate things. Screen would also be used when no class is in session to promote upcoming classes and display a slide show of customer's finished projects.
Barco Cickshare	\$ 1000	To allow both Apple and non-Apple devices to easily connect to the screen
Furniture Mount (Add On)	\$ 50	
AV Component Install	\$ 160	
Mount for screen	\$ 130	To be able to shift the position of the screen to accommodate different uses and different sized classes and events.
Display mounting & Set-Up	\$ 250	
Sound Bar	\$ 130	Recommended for sound based on the size of our space.
HDMI Cable	\$ 30	
Delivery & Tax	\$ 328	
TOTAL=	\$ 9990	
- 50% owner contribution=	\$ 4995	
TOTAL GRANT REQUEST=	\$ 4995	

My Vision for Northfield Yarn

Northfield Yarn is a retail shop that offers supplies, community, and inspiration for knitters and others who enjoy fiber-related crafts. The environment at Northfield Yarn is welcoming to new knitters and experienced knitters alike. The shop has a comfortable seating area and a visually stimulating environment. It has a work table for larger groups or classes, as well as a play area for children for the convenience of parents.

Northfield Yarn has an approachable and fun personality that is conveyed through its colorful signage, decor, and marketing materials. When customers walk into the shop they feel comfortable, engaged, and inspired.

Northfield Yarn is committed to:

- * **Offering a broad selection of yarns.** Some projects call for 100% silk while others call for 100% acrylic. Either way, Northfield Yarn wants to stock it so that Northfield residents don't have to drive out of town to find what they need.
- * **Offering a wide range of colors.** Northfield Yarn doesn't have a favorite color -- we love them all. If you know what color you want you will find it at here. If you don't, you will find many colors to choose from.
- * **Dogma-free instruction.** Some knitters are throwers, some are pickers, and some like to mix it up. Northfield Yarn believes that there is no "right" or "wrong" way, as long as you like the results.
- * **Providing a welcoming atmosphere.** No purchase necessary to enjoy our comfortable chairs and free coffee. Knitting groups are encouraged to use our space for meetings.
- * **Nurturing Community.** The shop provides a place for people to meet and make connections through classes, knit-alongs, and other events. A membership is offered for customers who want to be part of a group that supports the shop while receiving a variety of benefits.
- * **Customer Service.** Northfield Yarn distinguishes itself from the competition by providing attentive and friendly customer service. Customers are greeted soon after entering the shop. Those who want assistance receive it promptly, while those who prefer to browse on their own are given the space to do so.
- * **Fair pricing.** As a small shop in a small town, Northfield Yarn cannot compete with the big box stores on price. But we strive to set our pricing at a rate that is fair, while adding value through customer service and a personal touch.