



chic. green. enabling change.

Rooted exists to help realize the full potential of both producer and consumer working together as stewards of this Earth and each other.

mission

Our mission is to offer environmentally friendly and fashionably relevant clothing using organic and fair trade cotton grown by Rooted's Peruvian partner-farmers.

strategy statement

Rooted will serve to connect the rural poor in Peru to organizations aimed at training and equipping organic cotton farmers. The goals of organic farming are to reduce pesticides and fertilizers through alternate anti-disease measures, natural fertilizers, and insect deterrents. Studies reveal that farmers who switch to organic farming are able to increase their income (Sustainable Cotton Organization). Depending on their initial situation, after time, they could either reduce production costs or increase yields. In addition, they benefit from higher prices for organic products. The adoption of organic farming has positive effects on ecology: organic agriculture leads to an increase in animal and plant species, can help to improve soil fertility, and uses less water than conventional agriculture. Organic farming has therefore led to considerable success, and has the potential to reduce poverty.

However, successful adoption of organic production is not easy to carry through. Costs of producing organic cotton versus a conventional approach are projected fifty percent higher, and the process requires already productive land to lie fallow or at least not reach certification standards for about three years. Most importantly, farmers need advice on organic cultivation technologies, but they also need access to market information and marketing know-how. Finally, they often depend on financial support during the phase of transition or require start-up capital.

In response to these obstacles, Rooted will connect with Prisma (www.prisma.org.pe), a Peruvian micro-lending agency, to allow the farmers and their families to purchase additional plots of land for subsistence crops or for start-up businesses. In addition, agronomists with Practical Action (www.practicalaction.org) will walk alongside the farmers and their community training in agronomics and cleaner farming practices. Once the organic fields are productive, Rooted will offer a fair-trade price for the cotton harvested so the farmers will not only readily pay off the loans, but improve the standards of living at the family and community level. Rooted's partnership with our farmers will ensure a sustainable market for their crop. Rooted's presence will also serve to aid and subsidize farmers in case of severe weather or plant disease outbreaks that interfere with their ability to produce and provide for their families.

Simultaneously, Rooted will roll out an organic cotton fashion line, primarily available on-line. A growing number of conscientious consumers are responding to both environmental and labor treatment concerns and are establishing a solid market for organic apparel (five percent of the market is held by ethical consumerism according to the OMD marketing group). Rooted will initially use a third-party cotton source, but will ultimately be able to base most or all of its production from Rooted farmer's crops. Rooted will also partner with Oro Blanco, a Peruvian cotton processor that gives back to the farmers by offering shares in the company and is recognized as fair trade. In addition, ten percent of profits will be directly applied to supporting future loans and in-country work initiatives. The remaining will cover overhead and production costs of the Rooted clothing company.

The clothing line will provide the opportunities for consumers to know and feel confident that the inputs of human labor and the impact on the environment are fair and overseen by Rooted and Rooted's



partner organizations. Our US staff and advocates will work alongside organizations and movements such as Sustainable Cotton Organization (www.sustainablecotton.org) to continue to educate consumers, and join the network of people working for cleaner cotton and fair labor products.

What makes Rooted different than most clothing companies or aid organizations is that it includes a partnership, a reciprocal relationships between producer and consumer, marrying what is best and desired by both parties, realized through cost-effective, and low overhead means such as Internet marketing.

The impact or transformation that Rooted is committed to is giving poor farmers the dignity of a living-wage, applying a long-term value and commitment to a cleaner and greener Earth, and offering the US consumer to act and join in these same commitments.(See Appendix B for Rooted's Model).

financial statement

Some of the major expenses associated with Rooted are attributed to the costs of production and distribution of the product, salaries for the management team, rent, utilities, advertisements, and the annual trips to connect with the farmers and processors in Peru as well as the manufacturers in China. Revenues will strictly come from the product sales.

When looking at Rooted's projected financial chart for the next three years, it is important to note the main sources of increase. We estimate that as Rooted becomes established in the market, there will be a production and sales increase of thirty percent per year. Employee salaries include a 30 percent increase to account for benefits and a yearly increase of three percent to keep up with the rate of inflation. The business development fund will be used on any unexpected expenses or investments into the company.

In order to launch Rooted, \$70,000.00 is required for start-up capital. This sum will be generated both with out-of-pocket funds from the Rooted's founders (approximately \$30,000) and \$40,000 in loans.(See page 5 for full financial statement.)

social impact

Rooted will primary measure our success of our mission by gross revenue (because the amount we return and are able to "partner" with our Peruvian farmers lies in a percent of profit).

Rooted views our keys to success in this business and for those we serve as:

- Our relationship with Practical Action and Oro Blanco.
- Screening and selecting farmers or communities dedicated to our long-term vision
- Marketing to right consumer demographic, strengthened through US company partnerships and effective website.
- Joining in the existing network of consumer activists, designers, environmentalists, farmers, social and economic justice groups to collaborate and educate the consumer

Rooted is responsible to our investors, donors and external audiences and will report our successes and progress in the following ways:

- An annual report/disclosure
- Automatic receipting and newsletters including updates and stories from the fields
- E-notifications about new products
- Appeal letters and communication for arising needs and projects

market research

Our target customers are twenty to thirty-five-year-old upper and middle class women in the United States. The Rooted woman is a young professional who strives to be socially responsible. She is always "put together" and Rooted gives her weekend looks that are fun and modern enough to take out during the day or night.

competitors

Ultimately, we are competing with lower cost clothing that is 1) not organic 2) not fair trade. In this market, we are not going to be competitive at all due to the premiums we will pay and that will be reflected in our price. Therefore, we must establish ourselves in a narrower market niche.

There are already organic cotton clothing lines that have successfully established themselves into the market. Companies like Loomstate, EDUN, and Toms will be competition however, they are actually greater allies in solidifying and promoting the market we will join. It also can be said that these companies are living proof that there is a growing market for our product.

consumer factors

Rooted focuses on the promotion of environmentally friendly farming, manufacturing and distribution, fair trade, and high quality goods. The subsequent total costs of production to maintain this quality are high, which makes the price charged significantly more expensive than the conventional garment. As a result, Rooted will focus on the more affluent consumer.

Our consumer is a highly targeted population making it essential to stand out amongst the competition. Our methods of advertising and marketing will articulate the key distinction Rooted offers: we support a cycle that returns a portion of profits back to the source of the cotton—Peruvian families. This type of marketing relies on emotional triggers that will “unite” the US shopper with the poor rural farmer.

price factors

One hundred percent organically grown garments can cost anywhere between twenty and fifty percent more than conventional, so will need to be priced accordingly (Sustainable Cotton Organization).

The unit cost should also take into account spikes in costs of the product because organic cotton is especially susceptible to climate and pest problems that will periodically affect supply.

Rooted is designing for a specific market niche, a consumer who typically is prepared to pay for high-end products, so the price can be raised to cover these costs—as long as the consumers willingness to pay follows through as projected.(See appendix C for price projections.)

advertising

Because Rooted will be primarily online based in the first year or two we will focus on online advertisements. In addition to our website there will be an option to become a subscriber to our e-updates about new products. A goal is to get Rooted established on “The Green Loop” website (www.thegreenloop.com) which is a comprehensive list of links to organic fashion lines. Local magazine ads will also be utilized for promoting Rooted. Three to five years from now, producing a catalog in print to mail to customers or subscribers would be a key source of advertisement. We are also considering the possibilities of producing short films about the environmental and social issues Rooted will address as well as personal interviews or updates of Peruvian farmers.

production and distribution

Rooted will produce its first clothing line for Spring/Summer 2009. It consists of seven pieces; a tee shirt, skirt, dress, jeans, button-up shirt, shorts and sweater. Costs have been determined for fabric, thread, trims and closures (See Appendix C for details).Rooted’s design staff in Seattle, WA USA will create spec packs for each garment instructing the apparel manufacturing company exactly how to construct each piece.

The production process will begin in Peru, where Rooted will purchase organic cotton from Oro Blanco (www.oro blanco.com.pe), a Peruvian organic cotton processing and buying house. They also support farms to become certified organic cultivators and will harvest, gin, and ship the processed organic

cotton fibers. Once Rooted's partner farms have reached normal production capabilities, Rooted will purchase raw organic cotton from our partner farmers and continue use of Oro Blanco's processing services.

We have chosen Mikkaworks (www.mikkaworks.com), a Danish invested clothing manufacturing company in Qingdao, China to produce specified organic cotton textiles and assemble garments for each season. Mikkaworks adheres to high environmental standards and specializes in organic fabrics and organic blends. Employees at Mikkaworks are fluent in both Chinese and English, so this reduces a potential language barrier issue. Clear, detailed spec packs for each garment will also promote effective communication between the office in Seattle and the manufacturing company in China.

The finished clothing will then be shipped to the Amazon warehouse in the US, and stored there until needed to fulfill orders placed through Rooted's e-store website.(See Appendix B).

Rooted's management team is comprised of six key people. The primary job of each position will be: president will oversee all operations, the administration assistant will be in charge of shipping and production, the two designers will produce each season's fashion line, marketing and communications manager will publish advertisements, and the financial manager will be bookkeeper. All under positions will be internship and volunteer positions for business and fashion design majors that would target SPU and other Seattle area college students. Some of these positions would include a design team (6-10 people), advertising team (6-10 people), and business administration (6-10 people).(See appendix A for organization chart and job descriptions).

finance and risk analysis

Rooted is exposed to a number of quantitative risks that could potentially cause the company to fail. One is not reaching our target market. In response, Rooted plans on emphasizing advertising especially in the website design. The state of the economy and possible cotton price spikes are also important to consider. It is Rooted's belief that even in a mild to moderate recession, our targeted consumer will not be greatly affected and that our prices are set high enough to cover fluctuating production costs.

Another risk is not making enough profits to be able to donate to increase the conversion of farms to organic. The key here is to, again, set high enough price-points to ensure a sizeable margin that we can return to the partner-farmers. Even the process of finding farmers who are willing to join with us may pose a challenge; there is a cultural stigma against foreign interference and change especially in rural areas of Latin America. This perspective can only be remedied through working with national organizations and using our early successes as examples for neighbors and communities to follow suit.

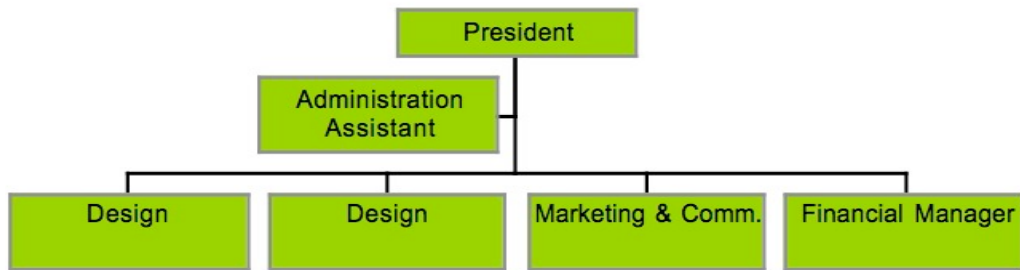
The last risk is forming a dependency on the manufacturer and distributor companies. This can be easily alleviated by exploring backup companies that may prove to be more competitive, and by ensuring the companies are using both socially responsible practices and providing Rooted with the best materials for the most reasonable cost (the purpose of our annual trips and inspections).

Rooted must take into account quantitative risks as well. We project positive revenues starting in the third year and about a twenty percent increase for the first several years of business. These plans stem out of a confidence in the strength of this market and the demand for our quality product. However, if the business were to fail or not recover costs in the first years, Rooted may have to explore less expensive processing and production processes to reduce costs. If we were still not profitable in our third year, Rooted would have to be liquidated at a loss.

(Please See Separate Financial Statement Document: “ROOTED Financial Statement (PG 5 of BP)”

Appendix A

Rooted Clothing Co. Organization Chart



President

Salary: \$27,000

Job Description: The president oversees the company and fills the roll of general manager.

Qualifications: At least a BA in Business or related field. 3-4 years of experience in the field.

Desired Qualities: Some knowledge of the Spanish language, strong communication and leadership skills.

Finance Manager

Salary: \$25,000

Job Description: Oversees and manages the price of the clothing, bookkeeper, financial advisor.

Qualifications: At least a BA in Economics, Finance, or related major. 3-4 years of experience.

Desired Qualities: Detail oriented, organized.

Administration Assistant

Salary: \$20,000

Job Description: General office management such as answering phones, maintains/updates records, also in charge of production and shipping details.

Qualifications: BA in communications or related field. 1-3 years prior experience.

Desired Qualities: Detail oriented, organized, strong communication skills, self-starting.

Head Designers (2)

Salary: \$25,000

Job Description: Co-creates seasonal fashion lines, oversees fashion design interns.

Qualifications: BA in Fashion merchandizing or related field. 2-4 years prior experience

Desired Qualities: Able to meet deadlines, creative.

Marketing and Communications Manager

Salary: \$25,000

Job Description: Manages and designs print advertisements, maintains website.

Qualifications: BA in marketing, communications, or related field. 3-4 years prior experience.

Desired Qualities: Detail oriented, organized, graphic design skills.

Interns (6-8)

Salary: None

Job Description: Depends on what branch of the business they would like to intern under.

Qualifications: Currently enrolled in college, applicable to desired major.

Desired Qualities: Dependable, quick learner, committed.

Appendix B

Diagram to Explain Rooted Model:

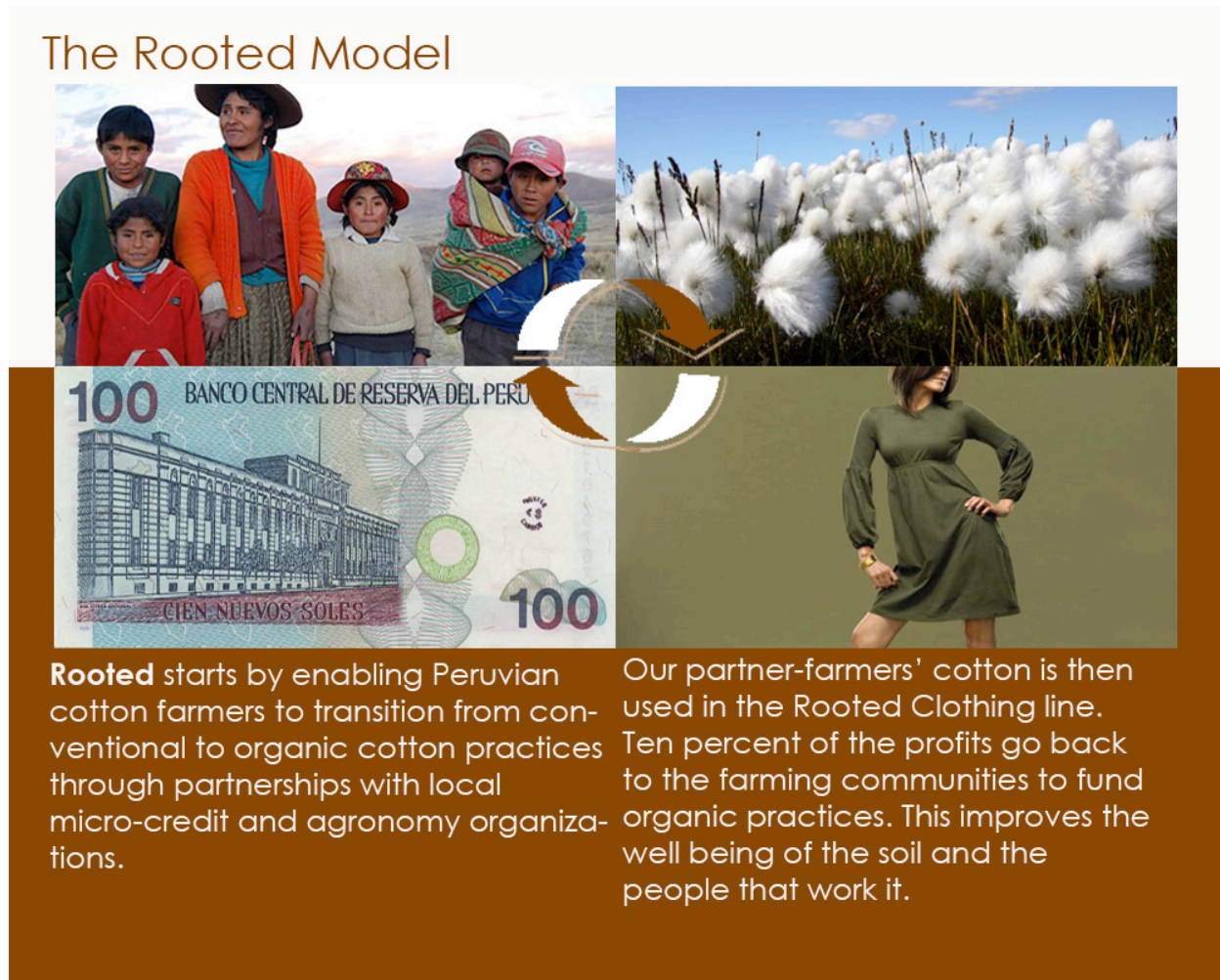
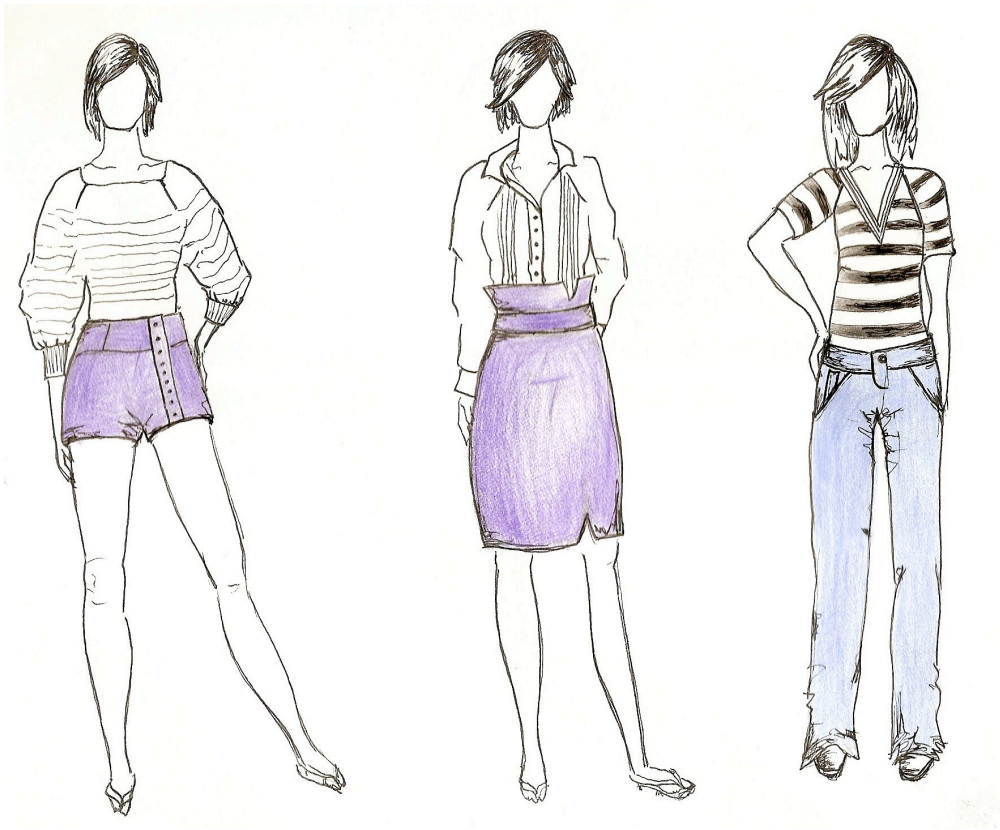


Diagram of Amazon's Distribution Service:



Appendix C

Rooted Clothing Line Details:



Spring 2009

Expected Sales	Item	Material Cost	Total Production Cost	Price of Each	Retail Cost	Sales
100	Button-up	\$ 4,125.00	\$ 5,362.50	\$ 35.75	\$ 85.00	\$ 8,500.00
100	Short	\$ 2,400.00	\$ 3,120.00	\$ 31.20	\$ 70.00	\$ 7,000.00
100	Sweater	\$ 2,400.00	\$ 3,120.00	\$ 31.20	\$ 95.00	\$ 9,500.00
200	Jeans	\$ 9,200.00	\$ 11,960.00	\$ 59.80	\$ 170.00	\$34,000.00
100	Skirt	\$ 4,800.00	\$ 6,240.00	\$ 62.40	\$ 130.00	\$13,000.00
250	Tees	\$ 5,000.00	\$ 6,500.00	\$ 26.00	\$ 55.00	\$13,750.00

Total Material Cost
\$ 27,925.00

Total Cost of Production
\$ 36,302.50

Total Sales
\$85,750.00

Total Profit
\$49,447.50