

THE MARKETPLACE

Step One Enterprises

EXECUTIVE SUMMARY

The Marketplace will be a to-the-trade showroom in Austin, Texas, serving the Architectural and Interior Design sectors. The Marketplace will feature a variety of luxury home design products, allowing wholesale customers to shop a variety of brands all in one place.

Austin is growing exponentially in terms of population and wealth. Architectural and Interior Design resources, particularly related to wholesale, have lagged significantly. Many similar mid-sized cities have established, successful design centers. Austin design professionals and product vendors have been asking for this type of resource for years.

The Marketplace brings a unique and timely opportunity to brands wanting to access the Austin market, providing lower-commitment options with enhanced services. The initial facility will be 10,000 square feet, hosting 20-30 showcases, with significant growth opportunity.

The Marketplace will primarily serve the Austin and San Antonio markets, with Dallas and Houston being secondary markets. The goal is to attract several brands that are not available anywhere else in Texas, making The Marketplace a “must visit” for all Texas industry professionals.

THE MARKETPLACE VISION

The Marketplace will bring quality, high end, to-the-trade products and services to the Austin market, allowing the local design community to better serve their clients and work more profitably. Utilizing a unique value-added showcase model, The Marketplace will provide Partner brands a presence in Austin at lower risk than opening a standalone showroom. The synergy between these brands and the design community will enhance Austin’s reputation as a sophisticated design destination and set the stage for the development of a comprehensive design district

LONG-TERM VISION

The Marketplace is Phase One of a long-term plan to create a design district in Austin. We envision 30-40 wholesale and retail showrooms in a concentrated area, intermingled with restaurants, galleries and office space. The design district will be a vibrant destination for the design/build industry, and also welcome and inspire consumers. The Marketplace offers a natural testing ground for future showroom tenants of the design district.

CUSTOMER CHALLENGE

With the changing nature of the interior design industry and retail/wholesale dynamics, to-the-trade design brands are reluctant to invest in large showrooms which require long leases and dedicated staff. However, the need to experience products in-person remains, meaning that online-only shopping limits a product's appeal.

On the professional side, designers, architects and builders are frustrated with a limited choice of products available locally. The resources that are available are spread throughout the city and in to the Hill Country, making shopping inefficient.

SOLUTION

The Marketplace offers brands a way to test the waters in Austin, providing display space, support staff and marketing programs, all in one package that can be as short as one year. It also allows local brands that have been anxious to improve their penetration in the design industry a chance to expand their exposure without committing to a long lease.

Professionals will welcome a single destination for multiple products, and the amenities The Marketplace will offer, including a conference room and coffee bar.

TRACTION

The model requires 20-30 Vendor Partners at capacity, depending on showcase sizes.

- 11 Vendor Partners have reserved a space and paid a 1/2 month deposit
- A marketing list of over 4000 local contacts in the design/build industry has been built and regular newsletters are being sent to build momentum
- A lease is in negotiation; drawings are complete and construction team identified
- Two Founding Investor/Advisors have been secured with an additional eight in discussion

MARKET AND COMPETITION

Austin's rapidly growing market is demanding more and higher-end home products. Currently these needs are being served by a few, scattered to-the-trade showrooms locally. A more robust selection of resources are available in Dallas and Houston, but they are hours away. The Marketplace will provide both more convenient and more unique options, with the goal of having approximately 20% of our products exclusive in Texas.

As our primary paying customers are to-the-trade products and services, our key competition is a brand deciding to open a standalone showroom rather than work with The Marketplace. Other

to-the-trade showrooms aren't considered strong competition, as the model allows brands to participate in The Marketplace marketing program and continue to sell products through other showrooms, increasing sales for those showrooms as well.

MANAGEMENT

Anita Erickson, Founder and CEO of The Marketplace, is a veteran marketing executive with experience at both Fortune 500 companies and startups. She has decades-long experience building marketing programs, especially for small businesses. Anita has founded three design-related companies personally and has deep knowledge of and relationships within the design/build industries.

Two Founding Investors are also acting as advisors, and we plan to add an additional 3-4 industry veterans to our Advisory Board.

The business team has been engaged, including attorneys, fractional CFO, bookkeeper, real estate broker and business coach.

BUSINESS PLAN

MARKET ANALYSIS


We believe Austin is ready to support a facility of the size proposed. Austin has sustained remarkable growth in terms of both population and wealth, which has attracted a higher-end design customer who demands products and services not currently available in Austin.

Austin an Affluence Magnet

Echoing other sources, such as this [Lending-Tree report from July](#), Trulia found that the Austin area has a higher percentage of million-dollar homes than any other major Texas city.

Ranking 25th in the country among 100 large metros, about 2.9 percent of the Austin area's housing stock is worth \$1 million or more, according to Trulia.

- Austin Business Journal



Places with the most million-dollar homes

Rank	Metro	Share of Million Dollar Homes	Median Value All homes	Median Value Homes Over \$1 Million
1	San Jose, Calif.	53.81%	\$1,069,000	\$1,505,000
2	San Francisco	40.03%	\$891,000	\$1,409,000
3	Los Angeles	17.23%	\$622,000	\$1,419,000
4	New York	11.81%	\$454,000	\$1,384,000
5	San Diego	10.55%	\$563,000	\$1,326,000
6	Seattle	9.90%	\$461,000	\$1,269,000
7	Boston	7.95%	\$459,000	\$1,329,000
8	Washington	5.27%	\$395,000	\$1,254,000
9	Miami	3.79%	\$267,000	\$1,454,000
10	Denver	2.65%	\$391,000	\$1,232,000
11	Austin, Texas	2.16%	\$282,000	\$1,310,000
12	Portland, Ore.	1.95%	\$378,000	\$1,237,000
13	Sacramento, Calif.	1.72%	\$386,000	\$1,239,000
14	Houston	1.52%	\$192,000	\$1,401,000
15	Nashville, Tenn.	1.52%	\$235,000	\$1,283,000
16	Phoenix	1.51%	\$242,000	\$1,368,000
17	Providence, R.I.	1.32%	\$266,000	\$1,340,000
18	Dallas	1.31%	\$213,000	\$1,395,500
19	Chicago	1.30%	\$223,000	\$1,231,000

MARKET AND COMPETITION

Austin's rapidly growing market is demanding more and higher-end home products. Currently these needs are being served by a few, scattered to-the-trade showrooms locally. Nearby competition includes Dallas, a three-and-a-half-hour drive, and Houston; two and a half hours. The Marketplace will provide both more convenient and more unique options.

Because The Marketplace does not directly sell product, it is not in competition with other local trade showrooms, and in fact can complement them. Brands that want additional visibility in the market can participate in The Marketplace and still work with another showroom to process transactions.

The strongest competition comes from brands wanting to open their own standalone showrooms. In some cases, the cost and commitment to a private showroom are offset by the brand's ability to completely control its environment. In other cases, brands may want more room than The Marketplace can offer.

A standalone showroom is not an automatic disqualifier for a Vendor Partner. Several of our current Partners have standalone showrooms in Austin and are participating in The Marketplace to drive additional traffic to their locations. Examples include TriSupply, Gabby Home and Artisan Floors.

CUSTOMER STRATEGY AND VALUE PROPOSITION

CUSTOMER STRATEGY

Vendor Partners will be carefully curated to provide a useful shopping experience for the trade customer and ensure some exclusivity for the Partners.

The following categories will be represented:

- Case goods
- Upholstery
- Fabrics
- Rugs
- Accessories
- Tile
- Flooring
- Hardware
- Art
- Kitchen/bath

To meet our goal of providing unique shopping options, while also attracting Dallas and Houston shoppers, we are targeting a 20% mix of brands that do not have a presence elsewhere in Texas.

TRACTION ON PARTNER ACQUISITION

We have been in conversation with prospective vendor partners over the past two years, thoughtfully curating a first round of tenants to ensure an appropriate product mix and quality level. **Eleven initial partners have reserved a spot, paying a deposit of one-half the first month's fees.**



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Prospective Partners Identified: 313
In Active Conversation: 33
Reservation with Deposit: 11

PARTNER VALUE PROPOSITION

The screenshot shows a website interface for 'MARKETPLACE - Design Destination'. The navigation bar includes 'Home', 'Get Involved', 'Events & Resources', 'Partners', 'About', and 'Blog'. A 'REGISTER FOR UPDATES' button is visible. The main content area features a large image of a kitchen range hood and a 'Tri-Supply' logo with social media icons. Below the logo, the category is listed as 'Building Materials, Lighting, Hardware, Outdoor and More'. A paragraph describes Tri-Supply's 60-year history and commitment to quality. General contact information for the Austin showroom is provided. The 'Trade Services' section describes their specialization in the build & design industry. The 'Trade Contact' section lists three individuals: Karla Urbina (Contract Sales Manager), Laura Wright (Appliance Specialist), and Jessie Montez (Decorative Hardware Specialist), each with a circular profile picture, name, title, email, and phone number.

MARKETPLACE
Design Destination

Home Get Involved Events & Resources Partners About Blog

REGISTER FOR UPDATES

Tri-Supply




Category: Building Materials, Lighting, Hardware, Outdoor and More

Tri-Supply has been a leader in the build & design industry for over 60 years. Our goal from the beginning has been to provide each customer the highest quality of service and satisfaction during their build & design process.

General Contact Information:
Visit us at our showroom in Austin: 5811 Trade Center Dr Building 7, Suite 100, Austin, TX 78744

Trade Services:
Tri-Supply specializes in the build & design industry. We understand what is needed for you and your client's vision through products, services, and expert guidance. You will love our selections of appliances, decorative hardware, lighting, ceiling fans, doors, windows, and outdoor furniture and kitchens.

Trade Contact:

- **Karla Urbina**
Contract Sales Manager
kurbina@trisupply.net
(512) 364 - 4928
- **Laura Wright**
Appliance Specialist
lawright@trisupply.net
(512) 916-9354
- **Jessie Montez**
Decorative Hardware Specialist
jmontez@trisupply.net

A Presence, Not a Commitment

- 1-year terms available
- Expand or contract as market changes
- Does not require dedicated showroom staff
- No extra hassles or costs for utilities, security, etc.

More Than a Display; Showcase Packages

Include:

- Support staff trained on product
- Ambitious marketing of property
- Brand-specific marketing beyond the showroom (newsletters, social, PR, etc)

PRICING COMPARISON

The Marketplace offers brands an opportunity to have a presence in the Austin market without the expense and commitment of a full showroom.

Standalone Showroom Monthly Cost		Marketplace Showcase Monthly Cost	
1500 sf showroom* • Accounting for storage/ restroom /meeting room/break room	\$3,000-4,000 depending on location	500 sf display space • Shared restroom, meeting room, break room	\$5000/month
Utilities/NNN	\$1000	Included	\$0
Full-time staff (2)	\$8000	Utilize existing outside reps and Marketplace support staff	\$0
Marketing	\$2000-5000	Traffic driven by Marketplace programs	\$0
Minimum Standalone Showroom Cost	\$14,000- 18,000/month	Total Marketplace Showroom Cost	\$5000/month
Lease Term	3-10 years	Commitment	1 year minimum

TENANT ACQUISITION TACTICS

We have been in active discussion with potential Vendor Partners for over two years. Many of these have been reaching out regularly to check on our progress and are anxious to take the next step once we sign a lease. Additionally, our contacts throughout the industry act as evangelists and have referred several prospects.

Hi Anita,

I'm thrilled to hear about your plans for The Marketplace. I've been looking around your site and the concept is wonderful, a much-needed addition in the Austin market. I'd love to learn more and have the chance to speak if you have time in the next couple of weeks. Let me know if you have availability.

*Best,
Jamie*

Hi Eric,

It was nice meeting you last week at the HBA event at Facets. I enjoyed learning about the porcelain countertops you offer & your consideration of where to open a shop to showcase your product. I cc'd Anita Erickson who is opening The Marketplace. I wanted to introduce you to Anita so she can tell you more about her venture so you can decide if this is a good fit for your business.

Thank you, Lisa

Sales Funnel:

Required Partners at Capacity: 20-30
Potential Partners Identified and on Mailing List: 313
In Active Conversation: 33
Reservations/Deposits: 11

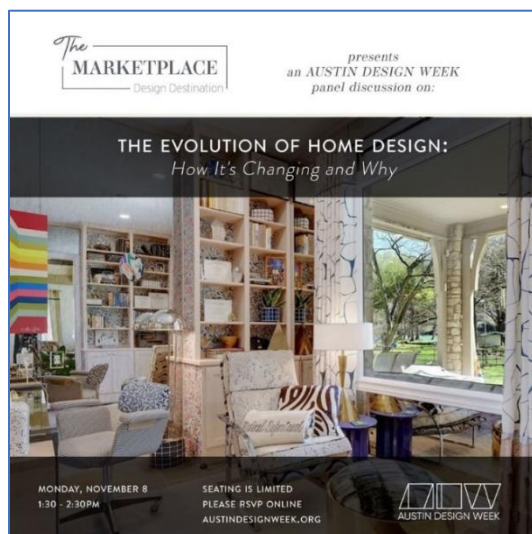
The sales target group is relatively concentrated and easy to reach so paid advertising isn't necessary. Direct outreach and referrals from interior designers and other partners have been our best leads. Sales tactics include:

- Focus groups to refine desired brands
- Direct outreach to desired tenants
- Attendance at industry trade shows such as High Point, Dallas and Las Vegas
- Outreach through design community
- Ultra-targeted PR and marketing campaign

A majority of the sales role will be handled by the CEO, while the rest of the team will support these efforts through research and initial outreach.

MARKETING PLAN

The Marketplace will be promoted and advertised aggressively under the direction of the CEO, Anita Erickson, a seasoned marketing executive. Costs for in-house execution and some outsourcing is included in the budget.



Components will include:

- Robust, SEO-optimized web presence promoting both The Marketplace and Partner brands
- Social media highlighting The Marketplace and Partner brands
- Extensive outreach to local and regional industry professionals through organizations like AIA, ASID
- Regular to-the-trade events: CEUs, industry speakers, association events, popup shops
Newsletters and editorial content targeted to the trade
- Co-op advertising in Luxe Magazine, our exclusive Media Sponsor

STAFFING

Friendly, knowledgeable staff will be key to Vendor Partner satisfaction and trade customer repeat visits. We have identified a position that is solely responsible for Partner satisfaction and promotion, and also one responsible for ensuring an enjoyable experience at The Marketplace from the moment customers enter. Recruiting will begin as soon as the lease is signed.

Showroom Manager

This role will be filled by the CEO until investors are paid back and/or profitability goals are met.

Partner Acquisition/Sales

This role will be filled by the CEO until investors are paid back and/or profitability goals are met.

Partner Liaison

The Partner Liaison will be responsible for onboarding Vendor Partners, ensuring we meet our obligations to them and monitoring overall satisfaction and retention.

Marketing

This role will focus on driving traffic to The Marketplace physical location and website plus brand-specific marketing for our Partners.

Receptionist

Greet trade customers and ensure a friendly, professional experience for all visitors.

Customer Service

On-floor support to help visitors find the right brands, answer questions, etc.

PROPERTY

The property location and build-out are critical to the success of the project. It must be located conveniently but also in an area that maintains reasonable prices. The build-out must be of a level of quality and design that is compatible with our partners' brands. Retail presence is not required, as the showroom is open only to Trade members.

LOCATION

The north-central Austin location was selected due to:

- Significant, pre-existing wholesale showroom presence
- Proximity to retail and restaurants at the Domain

- Convenient access from Mopac, 183 and I35
- Larger building availability and more reasonable rates

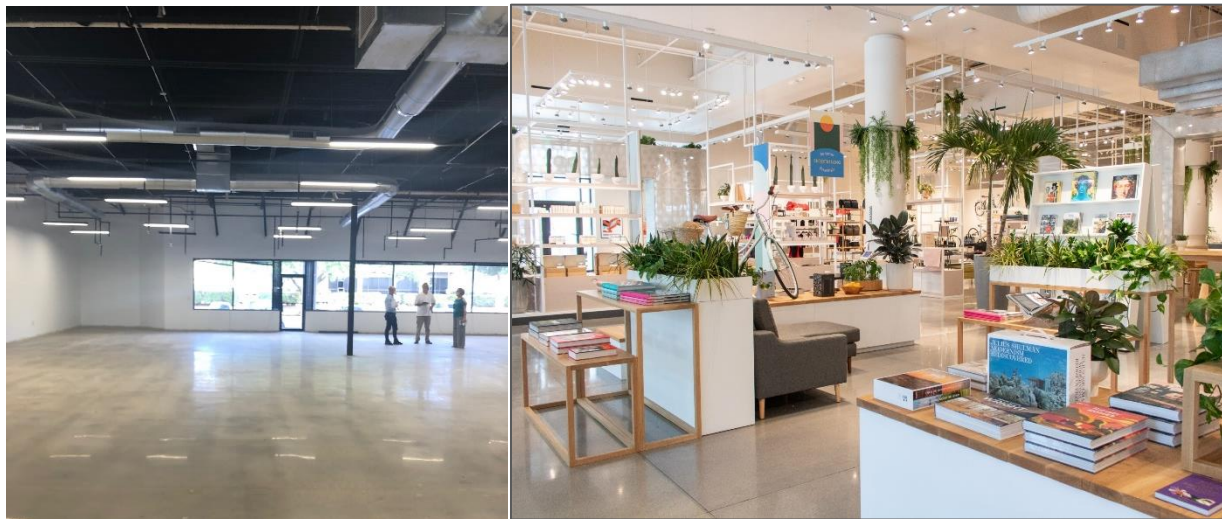
BUILDING

Targeted property consists of 10,000 square feet in a shopping center within one half to two miles of many other wholesale showrooms. Existing finishes are simple but useable for our purpose; concrete floors, exposed ceilings and good natural light. Target lease rate is \$16NNN. Lease details are being finalized and we expect to have a signed lease by the end of May.

IMPROVEMENTS

Minimal improvements are required to make the space useable; we will add a kitchenette and some improved lighting, plus make some minor improvements to the entrance. Several vendors have offered to trade product for advertising, lowering construction costs.

We will provide simple fixtures and lighting for partners, with a focus on modularity and reusability. Partners can add custom fixtures for an additional fee. Pricing is currently being confirmed for base-level fixtures.



RISK ASSESSMENT AND MITIGATION

We have identified four potential risks to our plan:

- Available Partner pool
- Price tolerance
- Market economics affecting the luxury home goods industry
- Pandemic restrictions

AVAILABLE PARTNER POOL

We believe there is substantial demand for an offering like The Marketplace. Similar-sized cities to Austin have design centers with full showrooms; The Marketplace offers the benefits of a showroom with a lower-risk entry cost.

City	Population (Metro)	Showrooms in Design Center
Detroit	3.7 million	35
Minneapolis	3.6 million	35
St. Louis	2.8 million	12
Denver	2.8 million	34

High Point Market, the largest wholesale home design market in the US, is comprised of over 2,000 showrooms, 90% of which fit the criteria for The Marketplace Partners.

Required Partners at Capacity: 20-30

Potential Partners Identified: 313

In Active Conversation: 33

Reservations/Deposits: 11

PRICE TOLERANCE

Price discussions have been positive, especially among those Partners who are also considering a showroom. (See comparison chart below in PRICING RATIONALE.)

It will be critical for us to execute on our commitments to provide marketing services and staff support in order to justify our rates. These factors have been taken into account in the budget.

MARKET ECONOMICS

The building and design industry continues to be strong, especially in Austin, which in turn leads to more demand for home products like those targeted for The Marketplace.

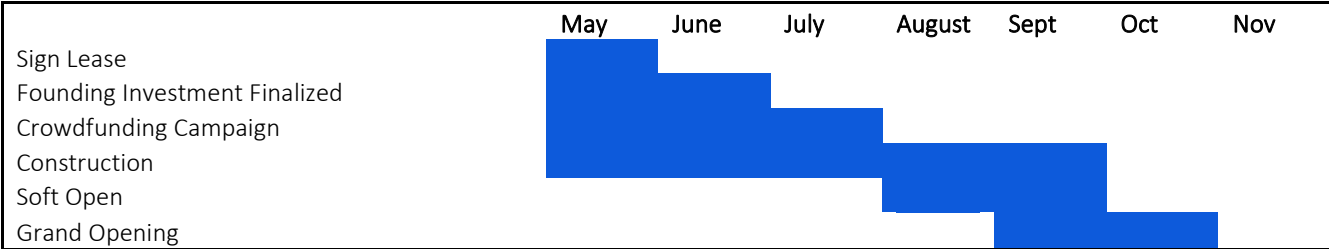
In the event that there is an industry pullback, The Marketplace will be well-positioned to provide downsized space to brands that may currently have a full showroom.

PANDEMIC RESTRICTIONS

As a to-the-trade showroom, The Marketplace will not be open to the public and can easily enforce social distancing.

TIMELINE

The property we are targeting is available for immediate move-in. Preliminary construction drawings are complete, and the design and construction team is in place. We plan to use a permit expeditor to get permits quickly from the City of Austin.



FUNDING STRATEGY

Funds Secured	
Founder investment	\$50,000
Business Loan	\$50,000
Founding Investors secured	\$50,000
	\$150,000
Funds Needed	
Additional Founding Investors (3-4)	\$100,000-150,000
Crowdfunding campaign	\$50,000-\$100,000
	\$150,000-\$250,000
Total Funding to Launch	\$300,000-\$400,000

Use of Funds

A majority of the funding needed will go towards pre-revenue costs, including construction, legal/administrative and two staff hires; see proforma below. We expect to be generating cash flow by months 4-6.

FINANCIAL PROJECTIONS

REVENUE SOURCES

Revenue for this project consists primarily of Showcase Package sales which include display space, marketing services and staff support. Package terms are a minimum of one year.

Showcase Size	Rate	Annual	PSF	Spaces Available	Total Showroom SF	Annual Revenue
100	\$ 1,250	\$ 15,000	\$ 150	16	1600	\$ 240,000
200	\$ 2,200	\$ 26,400	\$ 132	7	1400	\$ 184,800
300	\$ 3,000	\$ 36,000	\$ 120	5	1500	\$ 180,000
500	\$ 5,000	\$ 60,000	\$ 120	3	1500	\$ 180,000
				31	6000	\$ 784,800
					Average PSF	\$ 130.80

Additional Revenue Sources Included in Model

- Sponsorships by brands that do not need physical space but want access to the network (painters, home services, etc.)
- Special events, meeting room rental

Revenue Opportunities Not Included in Current Model

- Expanded marketing services to Marketplace Vendor Partners (Email/social marketing, PR)
- Marketing services to brands that don't have physical space in The Marketplace but want access to our network
- Paid membership program for designers, with additional benefits

The Marketplace Proforma Overview 6.23.22						
Startup Income						
Step One Enterprises - cash on hand	\$60,000					
Founding Investors	\$100,000					
Crowdfund	\$100,000					
Deposits from Partners	\$30,000					
Total Startup Income	\$ 290,000					
Startup Expenses						
	Startup (6 months)	Year 1	Year 2	Year 3	Year 4	Year 5
Deposit/utilites	\$ 52,700					
Construction/improvements	\$ 67,000					
Fixtures/signage/furniture	\$ 60,000					
Professional services, tech, marketing	\$ 25,700					
Staff	\$ 15,000					
Management salary	100% deferred until open					
Reserve/misc	\$ 20,000					
Total startup	\$ 240,400					
Ongoing Business Expenses						
Rent discount		83%	100%	100%	100%	100%
Rent		\$136,000	\$168,096	\$176,501	\$185,326	\$194,592
NNN		\$76,500	\$80,325	\$84,341	\$88,558	\$92,986
Utilites (water, electric, trash, internet, security)		\$24,000	\$24,000	\$24,000	\$24,000	\$24,000
Loan payment		\$ 10,053	\$ 10,053	\$ 10,053	\$ 10,053	\$ 10,053
Office expenses (supplies, cleaning, insurance)		\$12,000	\$12,000	\$12,000	\$12,000	\$12,000
Prof. Services (bookkeeping, accounting, legal)		\$9,600	\$9,600	\$9,600	\$9,600	\$9,600
Marketing hard costs/outsource		\$18,000	\$18,000	\$18,000	\$18,000	\$18,000
Staff		\$148,000	\$204,000	\$252,000	\$252,000	\$252,000
Management salary		\$60,000	\$80,000	\$80,000	\$80,000	\$80,000
Payroll taxes		\$ 16,640	\$ 22,720	\$ 26,560	\$ 26,560	\$ 26,560
Reserve/additional improvements		\$48,000	\$50,000	\$50,000	\$50,000	\$50,000
<i>Ongoing business expenses</i>		<i>\$558,793</i>	<i>\$678,794</i>	<i>\$743,055</i>	<i>\$756,097</i>	<i>\$769,792</i>
Total Expenses	\$ 240,400	\$558,793	\$678,794	\$743,055	\$756,097	\$769,792
Income						
Initial Investment total	\$ 290,000					
% occupied		75%	90%	90%	90%	90%
Rate increase			105%	120%	120%	120%
Showcase revenue	\$ -	\$588,600	\$ 741,636	\$ 847,584	\$ 847,584	\$ 847,584
Additional services/events (see tab)		\$ 36,000	\$ 80,000	\$ 100,000	\$ 120,000	\$ 120,000
Investment reserve		\$ 49,600				
Total Income	\$ 290,000	\$674,200	\$821,636	\$947,584	\$967,584	\$967,584
Cash Flow						
	\$ 49,600	\$115,407	\$142,842	\$204,529	\$211,487	\$197,792
Profit Margin		17.12%	17.39%	21.58%	21.86%	20.44%

TEAM



The Marketplace project is led by Anita Erickson, CEO of Step One Enterprises:

- Champion and respected leader in the design industry with over 2000 local design/build/real estate contacts
- Founder of three design-related companies
- Accomplished marketing executive with corporate experience at Dell, Rapp-Collins Worldwide
- First employee and Director/VP at three start-up companies (media and digital focus)
- Leader of STILE Studio, a professional development network for the design/build industry
 - www.stile-studio.com
 - Created to support, connect and inspire design/build/real estate professionals in Austin, and to promote Austin as a world-class design destination

EXTENDED TEAM

Advisors

Gaines Bagby, First Vice President, CBRE – Real Estate Advisor

Lieve Saether, Owner, Turnstyle Design – Founding Investor and Advisory Board Member

Alicia Marie, Owner, PeopleBiz – Business and Executive Coaching

Outsourced Business Team

- Brian Lang, President, Upside CFO – Financial Advisor
- Matthew King, Rock Star Financial – Bookkeeping
- RSMB Law – Business and Real Estate Attorneys

Construction/Design Team

- Keith Zeigleman – Lovejoy Construction
- Justin Kyle – JK Architect
- Andrea Kalutkiewicz – AK Interior Design
- Ginger Maney – Merchandising Specialist

CONTACT

Anita Erickson
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