US Wig business Business Case: An Extensive Sample Plan

Luna Luxe Wigs LLC (Georgia LLC, founded March 15, 2024) is a premium human hair wig brand targeting Black, Latina, and medical communities. Former Ulta regional manager (grew Southeast sales 22% in 2022) and licensed cosmetologist (15 years salon experience) co-founders sell $279-$800 wigs with 64% gross margins, targeting $420,000 Year 1 revenue. June 2024.

SECTION 1: EXECUTIVE SUMMARY

12.7 million US women experience hair loss (American Hair Loss Association), with 38% purchasing wigs annually. Medical wig reimbursement gaps cost patients $450-$800 per unit (ACA mandates coverage but 42% of insurers deny claims per NAFO). Luna Luxe solves this via FDA-compliant wigs with in-network billing for Aetna/Cigna/BCBS (avg. reimbursement: $600) and textured-hair specialists. We sell direct at $279-$800 (64% gross margin) to 25-55yo women earning >$50k, capturing 0.8% of $780M Southeast premium wig market in Year 1.

Revenue comes from wigs (78% of sales), medical prosthetics (15%), and $39.99/month Luxe Locks Club subscriptions. Year 1 average order value: $442 (950 units). Gross margin: 62% (vs. industry 52%) via private-label manufacturing in Dongguan and 68% human hair wig mix (IBISWorld 2023). Fixed costs: $340,000/year. Break-even at 1,241 units ($680,000 revenue) in Q3 Year 2. Net profitability achieved Month 18.

Seeking $450,000: $300,000 convertible note (20% discount, $5M cap), $150,000 SBA 7(a) loan (7.5% interest, 10-year term). Funds allocated: inventory ($180,000/40%), marketing ($112,500/25%), operations ($90,000/20%), staffing ($67,500/15%). Enables $1.2M Year 3 revenue, 2,700 units sold, and 5.2% Southeast market share. Projected 3.2x ROI by Year 5 via acquisition (beauty sector avg. EBITDA multiple: 8.1x).

SECTION 2: COMPANY OVERVIEW

Georgia LLC with S-Corp tax election (saves 15.3% self-employment tax vs. sole proprietorship). Atlanta location chosen for top-5 US Black population (544,000 residents) and 12% lower commercial rent vs. NYC/LA (CoStar Q1 2024). 70% founder (Amara Johnson), 20% co-founder (Tasha Reed), 10% angel investor (Marcus Bell). No board seats granted to investor.

Amara Johnson (CEO): Grew Ulta's Southeast regional revenue from $18M to $21.9M (+22%) in 2022 via vendor renegotiation (reduced COGS 4.7%). Tasha Reed (COO): Built Reed Styling Studio to $385,000 annual revenue with 45% repeat client rate. Dev Patel (CFO): Scaled Glow Beauty Co. to $14.2M revenue with 28% EBITDA margin.

Date	Milestone	Status	Next Steps
Mar 2024	LLC formation, S-Corp election	Complete	N/A
Apr 2024	2,200 sq. ft. studio lease signed	Complete	Buildout completion by May 30
May 2024	Shopify Plus store launch	In progress	Integrate Klarna/Sezzle by June 15
Jun 2024	First inventory shipment (300 units)	Pending	Quality inspection by June 20
Jul 2024	Google Ads campaign launch	Pending	Target $2,500/mo spend, CPC $2.40
Sep 2024	First medical insurance billing	Pending	Submit 10 claims to BCBS by Aug 30
Dec 2024	950 units sold ($420k revenue)	Pending	Achieve 15% consultation-to-purchase rate
Mar 2025	Break-even cash flow	Pending	Reduce CAC to $95 via A/B testing

SECTION 3: MARKET ANALYSIS

TAM: $2.1B (US wig/hair extension industry, IBISWorld 2023). SAM: $780M (premium human hair wigs in Southeast US + online; 68% of TAM x 55% Southeast population share). SOM: $6.24M Year 1 (0.8% of SAM), growing to $19.5M Year 3 (2.5% SAM). Calculation: SAM x target market share. Southeast focus leverages Atlanta HQ for 2-day ground shipping to 80% of target population.

Primary customers: Black women (60% of target), household income $50K-$99K (42%), aged 35-44 (38%). Willing to spend $300-$600 on wigs (Nielsen 2023 Beauty Report). 67% discover products via TikTok/Instagram. Medical segment: 28% are cancer survivors with insurance coverage (ACS 2023), avg. out-of-pocket cost $220 after reimbursement.

Trends: 1) Medical wig sales growing at 9.2% CAGR (vs. 6.4% overall) due to ACA reimbursement expansion (KFF 2023). 2) E-commerce penetration at 38% (Statista 2023), with TikTok driving 28% of beauty discovery. 3) Demand for textured hair wigs (4C, 3C) up 17% YoY (Google Trends). 4) Insurance billing for wigs now covered by 63% of major insurers (up from 48% in 2021).

Segment	Size ($)	Growth Rate	Our Share Target	Rationale
Premium human hair (general)	$535M	5.1%	0.6%	Compete on textured hair expertise
Medical wigs	$182M	9.2%	2.1%	In-network billing advantage
Modest/religious styles	$38M	14.3%	3.5%	Hijab-compatible designs
Subscription accessories	$25M	22.0%	4.0%	$39.99/mo club retention driver

Category	Total Addressable	Serviceable Available	Serviceable Obtainable	Methodology
Human hair wigs	$1.43B	$535M	$3.21M Y1	TAM x 68% human hair mix x 55% SE population x 0.8% share
Medical wigs	$300M	$182M	$3.03M Y1	ACS cancer incidence data x 38% wig adoption x 55% SE population
Synthetic wigs	$370M	$63M	$0	Not targeting low-margin segment (industry GM: 38%)

Extensions	$2.1B	$0	$0	Excluded from SAM (not core focus)

SECTION 4: COMPETITIVE ANALYSIS

Market leaders: HairUWear ($420M revenue, 20% market share) dominates mass retail but has <5% textured hair styles. Indique Hair ($85M revenue) targets multicultural market online but uses unverified hair sources (BBB complaint rate: 3.2/5). Frédéric Fekkai ($120M) focuses on luxury synthetic wigs ($1,200+), ignoring medical segment. Amazon 3rd-party sellers capture 22% volume but have 31% return rates (Invesp 2023) due to quality issues.

Competitive advantages: 1) Medical billing infrastructure (saves customers $220 avg.) with 92% claim approval rate (vs. industry 58%). 2) 8 textured hair options (vs. competitors' 1-3) validated by 4.7/5 customer rating. 3) 3-stage quality control (China factory, Atlanta intake, pre-shipment) reducing returns to 8.3% (vs. industry 14.7%). 4) Virtual 3D scalp scanning increasing fit satisfaction by 33% (pilot data).

Competitor	Revenue Est.	Pricing	Key Strength	Key Weakness	Our Differentiation
HairUWear	$420M	$199-$499	Retail distribution	Limited textured hair (4 styles)	12 textured styles, medical billing
Indique Hair	$85M	$249-$599	Online multicultural focus	31% return rate	8.3% returns, 3D fit scanning
Frédéric Fekkai	$120M	$800-$1,400	Luxury brand	No medical line	Insurance billing integration
Amazon Sellers	N/A	$89-$299	Price	Inconsistent quality	Verified Remy hair, 1-year warranty
Local Boutiques	$50K-$500K	$350-$700	Personal service	No e-commerce	Hybrid model (online + pop-ups)

Strengths	Weaknesses	Opportunities	Threats
Medical billing infrastructure (92% approval rate)	Limited brand awareness (0% unaided recall)	ACA expanding wig coverage to 12 states by 2025	Amazon launching private-label wigs (Q4 2024)
8 textured hair options (vs. avg. 2.4)	Dependent on China manufacturing	TikTok Shop integration (30% lower CAC)	Forced labor allegations in hair supply chain
3D virtual fit tech (33% satisfaction lift)	No physical retail presence	Insurance reimbursement rates up 11% (2023)	Ulta adding premium wig section

64% gross margin (vs. 52% industry)	Small sales team (1 FTE)	Modest fashion market growth (14.3% CAGR)	Economic downturn reducing discretionary spend

SECTION 5: PRODUCTS & SERVICES

Core product: 13x4 full lace wigs made from single-donor Remy human hair (India/Malaysia), processed in Dongguan factory. Features: HD lace, 180% density, 12 colors, 8 textures (3A-4C), polyurethane medical caps. Each wig undergoes 3 QC stages: factory inspection (China), Atlanta intake scan (defect rate: 2.1%), pre-shipment check. Includes 1-year warranty and virtual consultation ($150 fee credited to purchase).

Pricing based on cost-plus (65% markup on COGS) and competitive positioning. Full lace wigs: $399 (14" density 150%) to $699 (22" density 180%). Medical wigs: $450-$800 (reimbursed at $600 avg.). Bundles (wig + $49 care kit) increase AOV by 12.7%. Financing via Klarna (0% interest 6 months) lifts conversion 18%. Gross margin: 64% (COGS: $255/unit vs. $709 AOV).

Tier	Price	Features	Target Customer	Expected % Revenue	Gross Margin
Full lace (standard)	$399-$549	13x4 lace, 150-180% density	General consumers (70%)	55%	63%
Medical grade	$450-$800	PU base, insurance billing	Cancer/alopecia (15%)	25%	68%
Custom design	$699-$899	3D scan, bespoke fit	Premium clients (10%)	15%	71%
Luxe Locks Club	$39.99/mo	Quarterly accessory bundles	Subscribers (5%)	5%	78%

Metric	Value	Calculation/Notes
Price per unit	$444	Weighted avg. across product mix
COGS per unit	$160	Raw hair ($82) + labor ($48) + cap ($22) + shipping ($8)
Gross Profit per unit	$284	$444 - $160
Gross Margin %	64%	$284 / $444
CAC	$110	Marketing spend / new customers (Year 1)

LTV	$820	($444 AOV x 1.8 orders/year x 25% margin) / 12% churn
LTV:CAC ratio	7.45	$820 / $110 (beauty DTC benchmark: 3.0)
Payback Period	4.7 months	CAC / (AOV x gross margin x repeat rate)

SECTION 6: MARKETING & SALES

Go-to-market via performance marketing (70% of budget) targeting high-intent keywords: "medical wigs cancer insurance" ($4.80 CPC), "4C human hair wigs" ($3.20 CPC). TikTok drives 45% of traffic via micro-influencers (10K-100K followers) at $150/post (avg. 8.2% engagement rate). SEO targets 12 keywords with 1,200+ monthly searches (e.g., "best wigs for alopecia" - 2,400 searches). Email marketing (Klaviyo) targets 35% open rate with abandoned cart flows (18% conversion).

Sales cycle: 1) TikTok/Instagram ad -> landing page (2.1% CTR). 2) Free virtual consultation booking (32% conversion). 3) Zoom consultation with stylist (15% purchase rate). Avg. sales cycle: 11 days. Conversion funnel: 1,000 ad clicks -> 21 leads -> 6.7 sales/month at $110 CAC. Retention via "Luna Circle" loyalty program (15% discount on 3rd purchase) and 30-day post-purchase check-in call (reduces churn to 2.8% monthly).

Retention strategy: Loyalty program increases repeat purchase rate to 35% (vs. 22% industry). Email nurture sequence drives 28% of repeat sales. Quarterly maintenance webinars boost accessory sales by $18.75/order. Target churn: 2.8% monthly (vs. beauty DTC avg. 4.1%). Expansion revenue: $52.30/order from care kits and club subscriptions.

Channel	Monthly Budget	Expected CAC	Expected Leads/Month	Conversion Rate	Expected Customers/Month	ROI
Google Ads	$2,500	$92	27	14.8%	4	2.1x
Instagram	$1,200	$105	14	11.9%	1.7	1.8x
TikTok	$800	$88	13	15.4%	2	2.5x
Influencers	$1,500	$120	12.5	12.0%	1.5	1.6x
Email	$500	$28	18	33.3%	6	4.3x
Total	$6,500	$110	84.5	15.0%	15.2	2.7x

Month	Google Ads	Social Media	Content/SEO	Events	Other	Total	Expected Leads	Expected Customers
1-3	$2,500	$2,000	$500	$0	$500	$5,500	72	10.8
4-6	$2,500	$2,500	$750	$500	$500	$6,750	98	14.7
7-9	$2,500	$3,000	$1,000	$1,000	$500	$8,000	124	18.6
10-12	$2,500	$3,500	$1,250	$1,500	$500	$9,250	152	22.8

SECTION 7: OPERATIONS

Daily operations: E-commerce orders processed same day via Shopify (97% 24-hour dispatch rate). USPS Priority shipping (2-3 days, $6.99 flat rate). In-studio appointments (4 slots/hour) with 45-minute consultations. Customer service via Zendesk (2 FTEs, 92% <24-hour response). Inventory managed via TradeGecko with 30-day reorder triggers. Capacity: 85 wigs/week production (China), 120 consultations/week (Atlanta studio).

Key suppliers: Hair Source International (human hair, $82/unit, 12-month contract, 30-day payment terms). CapCraft LLC (caps, $22/unit, 6-month minimum order). EcoBox Solutions (packaging, $1.20/unit). Backup suppliers identified in Vietnam (hair) and Mexico (caps). Technology stack: Shopify Plus ($299/month) for e-commerce, HubSpot CRM (free tier), QuickBooks Online ($75/month).

Vendor/Supplier	Service	Monthly Cost	Contract Terms	Backup Option
Hair Source International	Human hair raw material	$12,000	12 months, 5% discount at 500 units	Vietnam Hair Co. (audited)
CapCraft LLC	Wig cap components	$3,667	6 months, MOQ 300 units	Mexico Wig Parts (pre-qualified)
EcoBox Solutions	Sustainable packaging	$1,000	Month-to-month	GreenPack USA
Stripe	Payment processing	$385	Month-to-month	PayPal
USPS	Shipping	$1,833	Volume discount at $20k spend	FedEx

Tool	Purpose	Monthly Cost	Users	Alternatives Considered
Shopify Plus	E-commerce platform	$299	3	BigCommerce ($299, less beauty integrations)
HubSpot	CRM	$0	5	Mailchimp ($20, weaker sales pipeline)
QuickBooks Online	Accounting	$75	2	Xero ($30, less US tax support)
TradeGecko	Inventory management	$99	2	Cin7 ($300, overkill for scale)
Acuity Scheduling	Appointment booking	$25	4	Calendly ($10, no payment integration)

SECTION 8: MANAGEMENT TEAM

Flat structure with CEO owning P&L. Salaries benchmarked to Atlanta market: CEO $95,000 (75th percentile), COO $82,000, Lead Stylist $48,000. Bonuses tied to EBITDA (15% of salary at 100% target). No equity grants beyond founders. 2 FTE customer service reps at $38,000 + benefits (20% of salary).

Advisory board: Dr. Elena Martinez (dermatologist, hair loss specialist) provides medical guidance (5 hrs/month, $150/hr). Marcus Bell (angel investor) advises on fundraising (board observer). No compensation for advisors beyond expense reimbursement.

Month	Role	S	Priority	Source	Onboarding Time	
1	Lead Stylist	$4,000	High	Beauty schools	30 days	
2	Marketing Manager	$4,500	High	LinkedIn	45 days	
4	Customer Service Rep		$3,167	Medium	Indeed	21 days
6	Part-time Stylist	$1,600	Medium	Salon referrals	14 days	
9	CFO (0.5 FTE)	$5,000	High	Network	60 days	

SECTION 9: FINANCIAL PLAN

Key assumptions: 15.2 customers/month Year 1 (growing to 22.8 by Month 12). AOV: $444 (78% wigs, 15% medical, 7% bundles). Monthly churn: 2.8%. COGS: 36% of revenue. Marketing: 15.4% of revenue. Payroll: 32.5% of revenue. Fixed costs: $28,333/month. Variable costs: 47.2% of revenue. Inventory turnover: 4.2x/year.

Revenue model: 78% from one-time wig sales (avg. $442), 15% medical wigs ($600 avg. after reimbursement), 7% bundles ($49 care kits). Growth drivers: 1) Increasing consultation conversion from 15% to 18% via A/B testing. 2) Raising AOV 3.2% via bundle promotions. 3) Medical segment growth to 22% of revenue by Year 2.

Cost structure: Fixed costs ($340,000/year) include rent ($38,400), payroll ($195,000), software ($15,000). Variable costs (47.2% of revenue) include COGS (36%), payment processing (2.9%), shipping (3.1%), marketing (15.4%). Payroll scales at 0.5 FTE per $250k revenue. Break-even at $56,667/month revenue.

Funding: $450,000 provides 14 months runway. $180,000 (40%) for inventory (450 units at $400 avg. cost), $112,500 (25%) marketing (Year 1 spend), $90,000 (20%) operations (rent, software), $67,500 (15%) staffing. Milestones: $680k revenue (Q3 Year 2), 2,700 units sold (Year 3), 5.2% market share.

Category		Item	Cost	Notes
Legal/Formation		LLC filing, S-Corp election	$1,200	Georgia SOS fees
Licenses/Permits		Business license, sales tax permit	$593	Atlanta city fees
Equipment		Styling chairs, lighting, scanners	$18,000	3D scalp scanner: $12,000
Technology Setup		Shopify theme, Klarna integration	$8,500	Web developer fees
Initial Inventory		300 wigs (50 medical, 250 standard)	$120,000	$400 avg. cost/unit

Marketing Launch		Google Ads, influencer contracts	$50,000	3-month runway
Working Capital		6 months operating expenses	$90,000	$15,000/month x 6
Insurance		General liability, product liability	$12,000	Annual premium
Professional Fees		Accountant, legal review	$10,000	Startup compliance
Website Development		E-commerce site build	$16,500	Includes mobile optimization
Office/Facility		Studio buildout, ADA compliance	$60,000	Leasehold improvements
Branding/Design		Logo, packaging design	$7,500	Freelance designer
Training		Staff onboarding	$3,000	Medical billing certification
Contingency (10%)		Unplanned expenses		$45,000 10% of total
Total			$450,000	

Category		Ty	M C	Annual Cost		Notes

Rent		Fix$3,200$38,400			2,200 sq. ft. Atlanta studio
Salaries		Fix$16,250$195,000			1 FTE CEO, 1 COO, 1 stylist
Benefits		Fix$3,250$39,000			20% of payroll
Insurance		Fix$1,500$18,000			Liability + product coverage
Software		Fix$1,250$15,000			Shopify, QuickBooks, TradeGecko
Utilities		Fix$400$4,800			Electricity, internet, water
Marketing		Va$6,458$77,500			15.4% of revenue
COGS		Va$15,120$181,440			36% of revenue ($420k)
Payment Processing		Va$1,225$14,700			2.9% of revenue
Shipping		Va$1,302$15,624			$6.99 flat rate x 186 orders
Professional Services		Va$833$10,000			Accounting, legal

Supplies	Variable	$500	$6,000	Sanitization, styling products
Fixed Total		$26,050	$312,600	
Variable Total		$24,105		$289,264
Combined Total		$50,155	$601,864	

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12	Year 1 Total
Revenue	$25,000	$28,000	$32,000	$36,000	$40,000	$44,000	$48,000	$52,000	$56,000	$60,000	$64,000	$68,000	$540,000
COGS	$9,000	$10,080	$11,520	$12,960	$14,400	$15,840	$17,280	$18,720	$20,160	$21,600	$23,040	$24,480	$194,400
Gross Profit	$16,000	$17,920	$20,480	$23,040	$25,600	$28,160	$30,720	$33,280	$35,840	$38,400	$40,960	$43,520	$345,600
Marketing	$3,850	$4,312	$4,928	$5,544	$6,160	$6,776	$7,392	$8,008	$8,624	$9,240	$9,856	$10,472	$83,160
Salaries	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$16,250	$195,000
Rent	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$3,200	$38,400
Software	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$1,250	$15,000
Insurance	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$18,000
Other OpEx	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$4,750	$57,000
Total OpEx	$30,800	$31,262	$31,878	$32,494	$33,110	$33,726	$34,342	$34,958	$35,574	$36,190	$36,806	$37,422	$406,560
EBITDA	-$14,800	-$13,342	-$11,398	-$9,454	-$7,510	-$5,566	-$3,622	-$1,678	$266	$2,210	$4,154	$6,098	-$60,960
Depreciation	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$1,500	$18,000
EBIT	-$16,300	-$14,842	-$12,898	-$10,954	-$9,010	-$7,066	-$5,122	-$3,178	-$1,234	$710	$2,654	$4,598	-$78,960
Interest	$938	$925	$911	$898	$884	$870	$857	$843	$829	$815	$801	$787	$10,625
Taxes	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0	$0
Net Income	-$17,238	-$15,767	-$13,809	-$11,852	-$9,894	-$7,936	-$5,979	-$4,021	-$2,063	-$105	$1,853	$3,811	-$89,585

Line Item	M1	M2	M3	M4	M5	M6	M7	M8	M9	M10	M11	M12
Beginning Cash	$450,000	$432,762	$416,995	$403,186	$391,334	$381,440	$373,504	$367,525	$363,504	$361,441	$361,336	$363,189
Cash In	$25,000	$28,000	$32,000	$36,000	$40,000	$44,000	$48,000	$52,000	$56,000	$60,000	$64,000	$68,000

Total Cash In	$25,000	$28,000	$32,000	$36,000	$40,000	$44,000	$48,000	$52,000	$56,000	$60,000	$64,000	$68,000
Cash Out	$42,238	$43,767	$45,809	$47,852	$49,894	$51,936	$53,979	$56,021	$58,063	$60,105	$62,147	$64,189
Total Cash Out	$42,238	$43,767	$45,809	$47,852	$49,894	$51,936	$53,979	$56,021	$58,063	$60,105	$62,147	$64,189
Net Cash Flow	-$17,238	-$15,767	-$13,809	-$11,852	-$9,894	-$7,936	-$5,979	-$4,021	-$2,063	-$105	$1,853	$3,811
Ending Cash	$432,762	$416,995	$403,186	$391,334	$381,440	$373,504	$367,525	$363,504	$361,441	$361,336	$363,189	$366,999

Metric	Y1	Y2 Q1	Y2 Q2	Y2 Q3	Y2 Q4	Y3 Q1	Y3 Q2	Y3 Q3	Y3 Q4	Y3 Total
Revenue	$540,000	$195,000	$214,500	$235,950	$259,545	$285,500	$314,050	$345,455	$379,999	$1,325,004
COGS	$194,400	$70,200	$77,220	$84,942	$93,436	$102,780	$113,058	$124,364	$136,799	$477,002
Gross Profit	$345,600	$124,800	$137,280	$151,008	$166,109	$182,720	$200,992	$221,091	$243,200	$848,002
OpEx	$406,560	$155,000	$159,650	$164,439	$169,373	$174,554	$179,791	$185,185	$190,740	$730,270
EBITDA	-$60,960	-$30,200	-$22,370	-$13,431	-$3,264	$8,166	$21,201	$35,906	$52,460	$117,732
Net Income	-$89,585	-$44,500	-$32,800	-$19,700	-$4,780	$11,980	$31,150	$52,650	$77,050	$150,000
Ending Cash	$366,999	$298,199	$241,349	$195,068	$185,504	$210,454	$266,604	$353,254	$475,304	

Metric	Value	Calculation
Monthly Fixed Costs	$26,050	Rent $3,200 + Salaries $16,250 + Benefits $3,250 + Insurance $1,500 + Software $1,250 + Utilities $400 + Other $200
Variable Cost per Unit	$168	COGS $160 + Shipping $6.99 + Payment processing $1.01
Price per Unit	$444	Weighted average
Contribution Margin per Unit	$276	$444 - $168

Contribution Margin %	62.2%	$276 / $444
Break-Even Units per Month	94	$26,050 / $276
Break-Even Revenue per Month	$41,736	94 units x $444
Expected Break-Even Month	Month 10	Per cash flow projection
Safety Margin	32.1%	(Actual sales - BE sales) / Actual sales = ($60,000 - $41,736) / $60,000

Metric	Y1	Y2	Y3	Industry Benchmark
Gross Margin %	64.0%	64.2%	64.0%	52.0%
Operating Margin %	-15.1%	-1.8%	11.3%	3.2%
Net Profit Margin %	-16.6%	-3.0%	11.3%	2.1%
Current Ratio	1.8	2.1	2.5	1.5
Quick Ratio	1.3	1.6	2.0	1.0
CAC Payback Period	5.1 months	4.3 months	3.8 months	8.2 months
LTV:CAC Ratio	7.45	8.1	8.9	3.0
Monthly Burn Rate	$15,000	$0	N/A	N/A
Runway (months)	14	18	24	N/A

SECTION 10: RISK ANALYSIS

Top risks: 1) Supply chain disruption (probability: 4/5, impact: $50k/month loss). China factory shutdowns occurred 3x in 2023 (SCMP). 2) Insurance claim denials (probability: 3/5, impact: $220/customer loss). BCBS denial rate: 18% for wig codes (2023 audit). 3) Amazon private label entry (probability: 3/5, impact: 15% volume loss). Amazon tested wig sales in 2023 (The Information).

Mitigation: 1) Diversify to Vietnam supplier by Q2 2025; maintain 6-month inventory buffer ($90k value). 2) Hire certified billing specialist by Month 6; use pre-authorization checks (reduces denials to 8%). 3) File design patents for cap construction by Month 4; lock in 12-month supplier contracts.

Risk	Probability	Impact	Risk Score	Mitigation Strategy	Contingency Plan	Owner
China factory shutdown	4	5	20	Diversify to Vietnam by Q2 2025; 6-month inventory buffer	Shift to Mexico caps (30-day lead time)	COO
Insurance claim denials	3	4	12	Hire billing specialist; pre-authorization checks	Offer 20% discount for self-pay	CEO
Amazon private label entry	3	4	12	File design patents; supplier contracts	Launch exclusive styles with influencers	CEO
High return rate	2	3	6	Virtual 3D try-on tool (launch Month 3)	$25 restocking fee	COO
Key person loss	2	5	10	Key man insurance ($500k policy)	Cross-train COO on billing	CFO
Economic downturn	3	3	9	Expand medical segment (recession-resilient)	Reduce marketing spend by 25%	CEO
Forced labor allegations	2	5	10	Annual supplier audits; traceable donors	Switch to US-sourced hair (3x cost)	COO
SaaS platform failure	1	4	4	Backup on Shopify Cloud; daily exports	Manual order processing for 72h	CFO

SECTION 11: IMPLEMENTATION TIMELINE

Critical path: Month 1-3 (studio buildout, inventory procurement), Month 4-6 (marketing launch, insurance billing setup). Dependencies: FDA 510(k) clearance required before medical billing (Month 5). Staff hiring must precede store launch (Month 3). Key risk: 30-day shipping delays from China (buffered by $90k inventory).

Month	Milestone	Deliverables	Resources Needed	Success Metric	Owner
1	Studio buildout complete	ADA-compliant space, 3 consultation rooms	$60k budget, contractor	Inspection passed by May 30	COO
2	First inventory shipment	300 wigs (50 medical, 250 standard)	$120k, freight agent	On-time delivery, <2% defect rate	COO
3	E-commerce launch	Shopify store, Klarna integration	$25k, developer	50 orders in first week	CFO
4	Google Ads campaign	12 ad groups, 50 keywords	$2,500/mo budget	CAC < $120, 15% conversion	Marketing Mgr
5	Insurance billing setup	BCBS/Aetna/Cigna in-network	Billing specialist hire	90% claim approval rate	CEO
6	First medical sale	10 reimbursed wigs	Medical advisory board	$600 avg. reimbursement	CEO
7	Influencer campaign	15 micro-influencers, 30 posts	$1,500/mo budget	8% engagement rate, 25% promo code use	Marketing Mgr
8	Break-even cash flow	Positive net income	Cost control measures	$41,736 monthly revenue	CFO
9	Virtual try-on tool	3D scalp scanning integration	$8k developer fee	Reduce returns to 7%	CFO
10	First pop-up salon	Atlanta event, 50 consultations	$5k event budget	20% conversion rate	COO
11	Year 1 revenue target	$540,000 revenue	Sales team scaling	950 units sold	CEO
12	Y2 budget approval	$780k revenue plan	Investor presentation	Board sign-off by Dec 15	CFO

SECTION 12: APPENDIX

Supporting documents: 1) Supplier audit reports (Hair Source International ISO 9001 certificate), 2) Medical billing rate analysis (BCBS reimbursement data), 3) Customer survey results (n=250, 4.7/5 fit satisfaction), 4) Competitor pricing matrix. All financial assumptions documented in QuickBooks file with source data from IBISWorld, Statista, and ACS. Full market research available upon request.