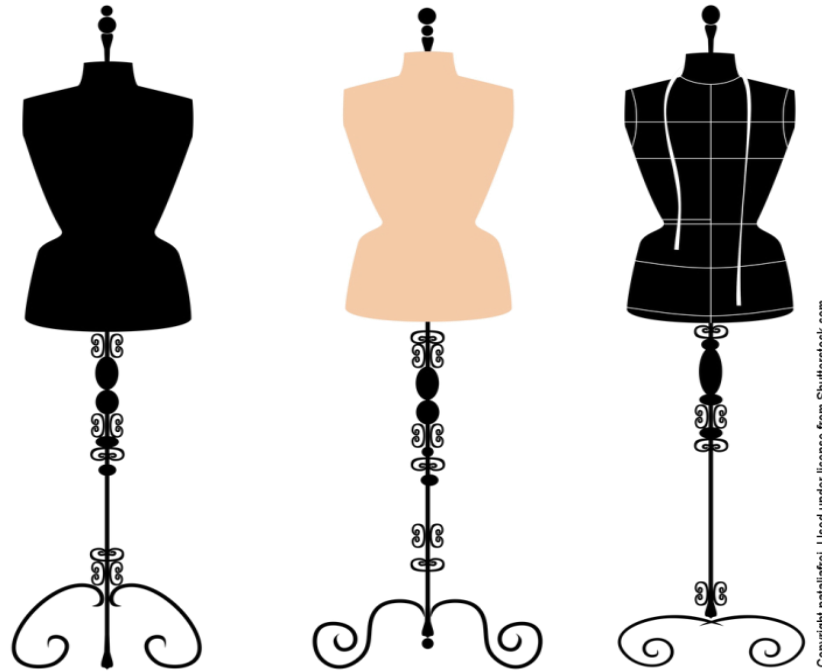


Ropajes - Sewing & Fashion Design Courses

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ABSTRACT

Vilma Martínez is an entrepreneur from Puerto Rico that started a sewing school that kept growing and expanding into related courses and businesses. Those businesses reach several industries such as education, fashion, and entertainment. Besides having to deal with the management of the marketing, operations, human resources, and other functions, she also had to face problems that are particular to family businesses and to new businesses. Even though the economic environment in PR and the industry environment were very difficult, there were also social and demographic factors that helped her sewing school segment to experience significant growth. The growth of the sewing school was also due to the advertising, pricing, and other marketing activities implemented and that kept evolving over time from constant experimentation. Many strategic issues are presented, including relocation, larger facilities, accreditation, and the hiring of non-family employees.

KEYWORDS: entrepreneurship, business management, strategic management, marketing, industry analysis, family business

RESUMEN

Vilma Martínez es una empresaria que comenzó una escuela de costura que expandió sus cursos y diversificó a negocios relacionados en Puerto Rico. Sus negocios envuelven industrias tales como educación, moda, y entretenimiento. Además de tener que manejar funciones como mercadeo, operaciones, y recursos humanos, también tuvo que enfrentar problemas que son particulares a negocios de familia y al emprendimiento de negocios nuevos. Aunque el ambiente económico de PR e industria fueron difíciles, a su escuela le ayudaron a crecer ciertos factores sociales y demográficos. El crecimiento de su escuela de costura también se debió a anuncios, precios, y otras actividades de mercadeo implementadas basadas de su experimentación constante. Se presentan varios problemas estratégicos tales como: relocalización, local más espacioso, acreditación, y contratación de empleados fuera de su familia.

PALABRAS CLAVES: emprendimiento, manejo de negocios, gerencia estratégica, análisis de industria, negocio de familia.

After seven years of struggles and hard work Vilma Martínez Sewing School Business is beginning to show signs of success in their school. This has been with the help of Vilma’s husband and her three daughters. Now she is pondering how to make the business prosper under the current difficult competitive and economic conditions. Among the many important decisions to be made, she is now thinking of whether to relocate the school to larger and better facilities or whether to seek accreditation that allows students to receive government financial assistance.

The business is located on a second floor in the heart of the suburb of Río Piedras, Puerto Rico. Although this area was a major center of economic activity several decades ago, it has declined significantly as attractive modern malls and shopping centers with ample parking have developed around the island. Many businesses in Río Piedras have failed or disappeared and left their facilities and buildings empty and without maintenance. This has attracted homeless people and crime, which have affected those businesses. Almost all businesses in this area do not have their own parking lot, but there are some parking meters and several small private parking lots. The central and municipal governments and the business community are trying several initiatives to bolster the economic activity in the Río Piedras area. This includes a major underground train station (“Tren Urbano”) that helps bring in shoppers from other neighboring areas.

As a result of the deteriorating conditions of the commercial area of Río Piedras, rents have become more affordable over the years, especially after the financial and housing bust of late 2008. This has helped Vilma obtain an affordable rent (\$2,000/month, 3,000 Square feet) in one of the best locations in the heart of Río Piedras within walking distance of the underground train station, the town square church, and a police station. It is

also near a free municipal parking area, but that parking is expected to be closed down soon.

Historical Background and Economic Situation

A large percentage of Puerto Rican women before the 1970’s had a sewing machine and learned how to sew at no cost (from a family member, friend, or in school or vocational school). Nowadays, sewing classes are seldom free, but sewing machines are relatively inexpensive (many advanced models can be found for less than \$250). Before the 1970s buying a sewing machine was a major purchase relative to their incomes and was frequently purchased from the store in installments (a very small fraction of the population had credit

cards to finance purchases and very few stores accepted credit cards). The textile industry during those times was strong and there were many shops selling a large variety of fabrics. Río Piedras distinguished itself for having many of those shops. There were

also many factories that hired many Puerto Rican women to sew different kinds of garments. Sewing was a major source of employment for females in Puerto Rico.

During the mid to late 70’s the federal minimum wage law began to apply to PR and internationalization increased. For some time, the better pay brought by the higher minimum wages helped to improve the living conditions of those factory workers, but it eventually ended up having the opposite result as many factories of the “needle industry” closed or moved to cheaper countries. Internationalization also resulted in much cheaper imports, including clothing, up to the point that it was not worthwhile for most people to make their own clothing, or for their families, or even to sell to others.

The variety and quality of imports sold in retail stores has kept improving (as prices have continued a downward trend) and very few Puerto Rican families have continued the tradition of teaching their children basic sewing skills. At

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present, among the general population in Puerto Rico, there is a lack of generalized knowledge of sewing skills and techniques. As a result, fashion and design schools have been able to capitalize and exploit this niche market and the number of competitors has been increasing.

The worldwide economic slowdown is affecting Puerto Rico which has had limited economic progress for a few years (GDP growth has been negative every year from 2007 to 2010). The unemployment rate has usually fluctuated between 10% and 17%. A decrease in the unemployment rate seems unlikely because businesses keep leaving the U.S., including Puerto Rico, to relocate to countries with more favorable economic incentives, lower manufacturing costs, and more favorable labor laws. Purchasing power in the island is almost a third of that in the U.S. mainland (Purchasing Power Parity GDP per capita according to the latest figures available in the CIA World Factbook; 2011: \$48,100 US, 2010: \$16,300 PR). Therefore, it is expected that in Puerto Rico there will be little disposable money available for things such as sewing classes or non-necessities.

Fashion and Other Motivators

Contests related to beauty or fashion, such as Miss Puerto Rico and Miss Universe, are very popular in PR (PR has won 5 Miss Universe contests). Also, local media gives substantial exposure to new Puerto Rican fashion designers. A large segment of females in PR have such an interest in beauty and fashion that they are willing to sacrifice other expenditures (or get into debt) to improve their overall appearance. However, they have also felt the effects of the economic situation and this in turn is having a negative effect in the business of Puerto Rican fashion designers. In order to compensate for the lost income, several local fashion designers started teaching sewing and fashion design. Although competition in the fashion related education is increasing, there are segments of the population with an interest to learn sewing as a hobby, entertainment, or therapy. Or,

they want to learn to sew because the clothing sold in stores does not fit them well for their particular body shape. This is a very common situation for many Hispanic females which are more likely to have a fuller and curvier body.

Origin of the business and its business environment

Vilma Martínez was born in PR. From a very young age she learned to make dresses for her dolls. Sewing was a common family activity, especially for her grandmother. Her interest in design and fashion continued to grow over the years. As a young adult, while studying Drama at the University of Puerto Rico, her talent in the design and making of complex dresses and garments for theater plays became noticeable to others. Several years later, she went to Boston to study fashion design and after a few years, she returned to PR (Santiago, 2010).

Given the nature of the trade and the economic conditions on the island, diversification into related areas became almost a necessity. She created a corporation under which her different types of businesses operated:

- 1) garments for theater or movie productions
- 2) design and confection of dresses for weddings, proms, and special events
- 3) sewing classes and design school

Due to the scarcity of local theaters and movie productions and their shrinking budgets, Vilma was forced to change the business strategy. Currently, she prepares and rents the dresses and garments required for the production. This allows Vilma to have an increasing inventory that can be reused and offered to her clients in the future or that could be sold under better economic conditions.

The demand for wedding dresses has also been affected by economic and social forces, such as people living together or not having expensive wedding celebrations. Among brides, a smaller percent of them order a custom design dress that

will also be kept as a memory of the occasion. Moreover, besides choosing more economical dresses, the market has shifted significantly to rentals at bridal stores. Women wanting to dress more elegantly with a unique dress for a special event are the market for boutiques and fashion designers. Once again, economic forces have kept this market small and without any significant growth. Except for high school proms, it appears that there are fewer company Christmas parties, social gatherings, “quinceañeros” (equivalent to sweet sixteen celebrations), or other special celebrations. All those trends have been devastating, even for top fashion designers in Puerto Rico.

A Family Run Business

Managing those businesses is a lot of work and requires approximately 60 hours per week of work. Since the businesses have grown, Vilma is assisted by two of her daughters (Azania and Namibia) and her husband. She is also assisted by some of her students in some classes and activities. So far, there are no formal outside employees. Azania, one of her daughters, is in charge of the collections, record keeping, and accounting. She just obtained a degree in interior design and began to teach a course (Interior Design) along with the other courses taught by Vilma. Namibia, her other daughter, studied fashion design in the US and helps Vilma teach the additional sections that have been added recently due to increased demand. She is also in charge of most of the computer work, technology, and marketing for the school. Namibia is actively involved in several activities independently of her mother. She seems to be the most ambitious of the daughters and participates actively in fashion activities and contests in and outside of Puerto Rico. She is becoming one of the new crops of fashion designers in Puerto Rico, but she also aspires to be known in the US and internationally. Vilma’s husband, besides helping her with handyman work or as needed, has a small space in the facilities for his business where he offers massage services occasionally.

CADAC Courses

The Division of Fashion Design and related courses of *Ropajes* started in 2004 and was named *Centro de las Artes del Diseño y Alta Costura* (CADAC) which translates to *Center of Art Design and High Fashion*. It offers basic, intermediate, and advanced sewing courses. It also offers swimsuit design, pattern design, fashion drawing/illustration, and interior decoration. Courses generally consist of 8 to 12 (3-hour) weekly classes and prices between \$325 to \$395 (depending on the course and duration). Many of their students select a plan where they make a down payment and then pay a fee (for example \$30) for each class they attend (no payment for classes not attended). The total cost of the course this way is higher (for example \$440, instead of \$395 cash), but it is easier to pay for the students. This payment plan must be evaluated because it will get more students to register but the student attrition (percentage of students who do not complete the course) is higher (about 1/3 eventually stop attending the course).

The marketing of *Ropajes* tends to focus in CADAC courses. Vilma participates regularly in activities promoting the Río Piedras area where she frequently offers a free (no charge) a class where people learn basic sewing skills and sew a simple item (such as a small hand bag). Another periodical major activity are the fashion shows that she organizes to show student creations. This makes *Ropajes* and CADAC known to the family and friends of the participating students and helps recruit new students. They place flyers periodically in many fabric stores and other businesses. She has been very active in public relations and has been able to obtain major exposure in the major newspaper in PR (*El Nuevo Día*) with multi-page articles about her business, herself, or her daughter. She has experimented with TV show appearances (such as major morning shows targeted for females) where she teaches how to make some items. That gives her the opportunity to mention her classes to the audience which gives her more credibility while creating brand awareness and costs substantially less than placing regular 30

second TV ads (where professional TV ad production costs are usually over \$10,000, especially if a major artist or personality must be hired to appear in the ad, and each 30 second TV ad placement has an additional cost of about \$700 or more). In order to obtain such TV exposure, producers expect something in exchange for their audience such as offering useful information and the opportunity to win one free course (adding the winning person to a course costs virtually nothing to Vilma).

They keep modernizing their web site (www.ropajes.com) and maintain their Facebook page updated. Besides advertising *Ropajes* and the CADAC courses, both internet sites help provide information about news, events, and student creations with many pictures. They also allow showing that some of their students are also winning important fashion awards or continuing their education in top US or international fashion design universities.

Thoughts about the Future

Among the many issues that Vilma is pondering is whether to relocate the school and seek accreditation, also how to plan future family involvement in the business because her daughters are young and might want to follow other paths, especially after having their own families. It is not clear whether the growth she has experienced for the sewing classes will stop or even decline in the future. This is mostly likely due to increased competition, less availability of fabrics and fabric stores in PR, lower prices for clothing due to imports and automation, and more stores having merchandise better targeted to Hispanic body measurements. The internet does not appear to be a major threat in the immediate future. Most people like to learn sewing with a real person next to them, especially beginners. However, those that already have a basic knowledge of sewing skills find it less difficult to learn more from videos and material found for free in the internet. Internet shoppers are more interested in standardized products such as books, DVDs, computers, and other electronics, than purchasing clothing that

might not fit well. Moreover, just by looking at a website picture it is nearly impossible to know how the fabric of the garment will actually look, feel, smell, pull, stretch, or wrinkle.

There are an increasing number of alternatives for those wanting to learn how to sew in PR. The best known sewing schools are Carlota Alfaro, Lisa Thon (in some official documents it is alternatively spelled as Liza Thon), and the *Escuela de Artes Plásticas* all of which are targeted to students interested in fashion design and not as a hobby. The *Escuela de Artes Plásticas* and EDP College offer accredited degrees where their students can apply for federal financial aid. Obtaining accreditation that allows conferring professional degrees generally requires that their students take additional courses (such as History, Math, etc.) and also requires substantial investment in facilities and personnel. The sewing courses offered by the continuing education program of the University of Puerto Rico are also well known and are more targeted for those wanting to learn for entertainment. UPR sewing related courses of the UPR continuing education program do not lead to a professional degree and their students (which are most from the general population) do not normally receive federal financial aid. However, the UPR is going through a severe economic crisis that will require restructurings that might result in the elimination of many of the continuing education courses.

An increasing number of locally known fashion designers supplement their income teaching sewing and fashion design. Many of them operate from their own homes with a very low cost structure that requires minimal additional fixed costs and no additional rent expenses. Since variable costs are very low in the education business, under this setup most of the revenue received from students paying to learn how to sew becomes a direct profit. Since the investment required to start teaching sewing skills is also relatively low, it also attracts competition from people with substantial sewing experience that are neither fashion designers nor well known in the business. All this results in many more alternatives for people to learn sewing, most of them at lower

prices, and most of them geared to a market more interested in sewing as a hobby than in the professional or fashion design side. The key to profits in this business requires the difficult task of attracting many students and getting them to pay fees near those charged by the better known sewing schools (over \$11/hour for courses that tend to range from 30 to 54 hours). Overall, the business of teaching sewing and sewing related courses is attractive to many because with low fixed and variable costs, the worst that can happen is operating at a break-even level, i.e. having no profits (or very little loss).

Since more than 80% of those interested in learning how to sew want to learn it as a hobby or entertainment, a much broader type of competition must be considered. This can include other types of classes or activities related to: dancing, cooking, computers, interior decoration, musical instruments (learning to play), beadwork, jewelry making, aerobics, embroidery, knitting, art, painting, ceramic, woodworking, face make-up, scuba diving, walking, sports (Golf, tennis, baseball, basketball, football, etc.), and many others. Activities (or their classes) that are perceived as very entertaining can be strong indirect competitors, especially if they are free or at a low cost.

Marketing Research

To obtain a better understanding of the population in the Puerto Rico metropolitan area regarding sewing and related topics, Vilma was able to engage the services of a professor from the School of Business Administration of the University of PR to conduct several marketing research studies focused on consumer behavior. Some of the findings from the research studies were the following:

- The most important variable when deciding which clothes to buy is price, followed by the material of the fabric, and the design or prints in the fabric. The other variable was whether it is currently in fashion. Much less important variables were the brand or

the designer. The least important of the variables was the country of origin.

- When evaluating alternative places where to take sewing classes the top three considerations were convenient hours, safety of area surrounding the location, and parking availability. The next two considerations were having modern equipment and having a low price for the course. Considerations of medium importance were: the availability of a financing or payment plan, whether the course includes the materials, whether the facilities have air conditioner, and whether the instructor has an advanced degree in fashion design. Considerations of lesser importance were: whether the courses qualify for federal financial aid, whether they help graduates obtain employment or how to set up a business, whether graduates obtained a fashion design certificate, acceptance of credit cards, has modern facilities, availability of public transportation, provides the necessary background to continue university studies, and whether the course ends with a competition or fashion show by the students showing their creations. The least important considerations were: personalized classes (1 instructor per student), courses leads to a Bachelor or Associate degree, has child care facilities, and offers courses online.
- The most important motivator to take sewing classes is entertainment. Second is to have clothes custom to their particular shape or measures. Of relatively low importance was to set up a business or make additional money. The least important motivator was the desire to become a fashion designer. The average importance rating for each motivator is shown on Table 1 (scale from 0=Not important to 10=Very important).

Tabal 1. Motivators to take sewing classes

	average importance rating
Entertainment or hobby	6.70
To make clothes that fit my shape/measures	6.10
For business (to earn additional money)	4.60
Would like to be a fashion designer	3.30

- The top types of garments that people wanted to learn to sew were: Pants, female dresses, shirts, and skirts. This was followed by cushions, swimsuits, drapes or curtains, baby clothes, and fabric handbags.
- The most convenient day of the week to take classes was Saturday. This was followed by Tuesdays and Wednesdays. The least convenient days to take sewing classes were Sundays and Fridays.
- The website on which they spend the most time is Facebook. This was followed by the ENDI.COM, which is a local online newspaper.
- Other results: Knowledge of the English language: 73% report that their knowledge of the English language is good or very good, 6% do not know English. Almost half of the adult population drinks coffee

Tabal 2. Average interest in taking different types of classes

Dancing	6.33
Cooking	5.79
Computers	5.58
Start/Manage small business	5.42
Interior Decoration	4.81
English Language	4.52
Music or to play an instrument	4.20
Art, ceramic, sculpture	4.14
Massaging	4.06
> Sewing <	3.86
Make-up	3.76
SCUBA diving	3.45
Acting (theater plays)	3.25
Jewelry	3.24
Tennis	2.35
Golf	1.12

frequently and almost half of households have a dog. To put in context the interest in taking sewing classes, Table 2 shows the average interest in taking different types of classes (scale from 0=No Interest to 10=Very Interested).

Industry

Information or statistics about the educational side of the sewing industry is virtually non-existent. The main competitors in the industry try to keep information secret and therefore there is no reliable student or revenue growth statistics. There is also no reliable financial information or complete financial statements available for analytical purposes. Even though the best known competitors in the industry are corporations and their financial records are available to the public, when examined, most showed what appeared to be unreliable data in a very aggregate form and without any specific details or breakdowns. Moreover, several years of data were missing and no Income Statement information was provided (See Appendix B). In situations like these, many consultants evaluate or perform Break-Even analyses based on estimates of revenues, variable costs, and fixed costs. Corporations with annual gross revenues of less than 3 million dollars are not required to submit an audited balance sheet to the Puerto Rico State Department. The only audited financial information in Appendix B was for *Centro Moda -Liza Thon*, but that does not necessarily mean that their annual revenues were over \$3 million dollars (USD).

Most of the sewing or fashion design schools offer at least two course terms per year with about 100 students per term (estimated since enrollment figures are not published and are kept secret). However, independent instructors have substantially fewer students per term (for example, 10 total students per term if they offer 2 courses per term with 5 students per course). The cost of sewing or fashion design instructors is estimated to be near \$11 hour (in other words, an instructor hired for a 30 hour course would be paid \$330 for the course). Based on informal research of

commercial leases in the metro area (mostly from newspaper and internet listings) the rent cost is generally around \$20 per square foot (annual). However, there is a significant variability (for example, Vilma Martínez's rent per square foot was \$8.00) and rents are expected to continue to decrease over the next few years (mainly due to recessionary economic condition in PR). As an example, a 2,400 square foot school is likely to pay near \$4,000 monthly rent (2,400 Sq.Ft. x \$20 Sq.Ft. / 12 months) or much lower, if there are inadequate parking facilities and it is not in a prime location.

The electricity cost can be another significant monthly cost for many businesses in PR. The key driver of the electricity expense in a sewing or fashion school is usually the air conditioning. Monthly electricity expense for a typical school is about \$700. It can be significantly more if classrooms are large and the air conditioning unit is on during all work hours for 6 days a week. Electricity expense can be substantially less if the air conditioning unit is only turned on during class times. Many independent instructors use fans (not a/c) in the area they use in their home to teach and, therefore, the electricity expense attributable to their classes is very low (the classes increase their home electricity costs by less than \$20 per month).

Advertising costs for most sewing and fashion design schools are usually low because they attract students through word of mouth, reputation, location, participation in sponsored activities, free publicity from fashion-related TV shows, and from low cost (or free) internet websites. Another form of advertising used frequently is flyers (which are also relatively inexpensive to produce and distribute).

Appendix D contains comparative tables of sample course pricing and offering for key industry competitors.

Carlota Alfaro College, Inc. – A very prestigious organization in PR to learn about sewing and fashion design. The school's founder, Carlota Alfaro, is the best known fashion designer in PR,

but she also has significant international exposure. She is best known for her five step pattern and for her mermaid cut dresses. She tends to attract students with strong interest in a fashion career. Many of the best known fashion designers in PR have been her students (Carlos Alberto, David Antonio, Fernando Calletano, Raúl Cedeño, René Cruz, Macho De Jesús, Lilliam Díaz, Eddie Guerrero, Lillian Landrón, Angel López, Edgardo Molini, Olga Prosper, Isa Quiñonez, Carlos Reyes, Sonia Rivera, Harry Robles, Edwin Rosario, Lisa Thon, Jorge Zepenfield, Verona). Besides offering short courses (about 54 hours each for about \$660 plus a registration fee of \$60, plus the cost of the reading materials), they also offer complete vocational programs related to sewing and fashion design (such as 5 courses of 54 hours each) that are accredited by *Consejo General de Educación de PR*. Students pay out of their own pocket since there is no federal financial aid for the programs or courses they offer. The only required initial upfront cost for a course is the \$60 registration fee and then pay for each class attended (the total of individual class payments is higher than if the course is paid completely upfront). Student attrition is common, that is, the course might start with 12 students and finish with 8. Courses are available in the fall, spring, and summer sessions. They offer courses about sewing, fashion design, pattern design, swimwear design, wedding dresses, fashion drawing/illustration, tailoring, textiles, marketing, computers, home creations (cushions, drapes, etc.), complements/accessories (hair ornaments, hats, earrings, chockers, ties, etc.), manual creations (embroidery, knitting), make-up, photography, modeling, and several others. The minimum number of students per course is 8 and the maximum is 15. Each class is typically 3 hours once a week during mornings, afternoons, or nights (Sundays are closed). During the summer they also offer a summer camp for teenagers and children. The teaching facilities are in an air conditioned building without parking in one of the decaying areas of Santurce (another suburb of San Juan). Although Carlota Alfaro still teaches some courses, most courses are now taught by her assistant instructors. Instructors are usually paid a fixed amount per course. Word of mouth

marketing is very positive and strong, but she also has a website, Facebook, and participates in many fashion-related activities. The classrooms are equipped with the sewing machines, equipment, and mannequins, but students must bring their textiles and supplies.

Centro Moda - Escuela de Diseño Liza Thon, Inc.- Lisa Thon is a top fashion designer in PR that also has international exposure. Her school also has a top reputation in fashion design and many of her students have continued their careers and have become well known fashion designers in PR. One of the distinguishing aspects of her school is the international student field trip to New York where students are exposed to key places and institutions in the world of high fashion. Courses offered include: sewing, Illustration, design, patterns, textiles, embroidery, history of fashion, drawing, planning and execution of fashion shows, and others. The maximum number of students per course is 12. They offer a set of courses leading to a fashion design certificate (each course has a registration fee of approximately \$200, plus about \$225 per month). For those not interested in the complete fashion design program, they also offer independent short courses that are generally 6 weekly 3-hour classes for about \$250. They have a website and a Facebook page plus a very positive word of mouth due to their excellent work and to the active participation in many major fashion-related activities. Classrooms are equipped with all the necessary equipment within a building located in Rio Piedras on Muñoz Rivera Avenue, which is one of the main avenues on the metropolitan area. Although the building does not have parking facilities, the neighborhood and streets surrounding it are relatively safe. Since classes are generally offered Wednesdays and Saturdays, the unused space during other days of the week is used for production.

Miranda Textiles – This fabric retail store (about 3,000 square feet) diversified offering sewing courses. The store is in an air conditioned first floor with no parking but with very easy access to shoppers in the street Paseo De Diego (one of the streets with the heaviest pedestrian traffic in Río

Piedras). It is literally less than 5 minutes walking distance from the Vilma Martínez school. Besides offering sewing courses, they also offer some arts and crafts courses. The courses are a source of revenue to the owner and also have the additional benefit of helping to sell more store merchandise. Low cost signs offering the courses posted outside of the store have been effective with their customers and with the many passersby exposed to them. Their target customer is much more interested in entertainment than is a professional career in fashion design. The course instructors are subcontracted and changed if the store owner does not receive positive feedback from the students. Sewing instructors are lesser known fashion designers and several of them have studied with Carlota Alfaro. Sewing courses require a registration fee of \$20 and each of the classes have a cost of \$25 (generally 12 classes of 3 hours each). The classes are given near the back of the store in full view of store customers. This raises the curiosity of some shoppers in the store and many of them request information about the classes.

Independent Instructors – There are many formal and informal instructors with experience in the industry. Some of them are lesser known fashion designers or former students of Carlota Alfaro. They tend to teach sewing from their own homes and this allows them to have a lower cost structure and prices. However, there are instructors wanting to have a more formal business who try to charge prices close to that of the better known competitors. The turnover among independent instructors is substantial and few of them last in the industry for many years. Some of them leave the industry to pursue full time jobs or businesses with a larger and steadier source of income.

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NOTE: The case was developed based on an extensive number of personal and focus group interviews.

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Questions

What would you recommend for *Ropajes* to prosper and have a better future?

1. Do you expect that the market of people paying for sewing classes will decrease, increase, or stay about the same in the future? Why?
2. Which segment would be easier for Vilma to target: young females (which are more interested in fashion) or adult females (which are more interested in the practical and entertainment aspects)? Should she pursue both of those markets or focus in only one of them?
3. Should the school be moved? Why?
4. Should the school seek accreditation? Why?
5. What pricing or financing arrangement would you suggest for Vilma's sewing courses? Why?
6. What promotion or marketing would you recommend for Vilma's sewing courses?

7. Should Vilma expect that her daughters will stay with her family business or plan for an eventual split?
8. Should Vilma limit the growth of her sewing school up to the courses that she (and daughters) can teach? Or, should she continue seeking growth for the sewing school and deal with future issues such as hiring non-family employees?
9. Should Vilma diversify (or seek growth) with other related businesses? If yes, which kinds of businesses? How about opening her own boutique or a fabric store?

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Appendix A.

Outline of Fashion Design Process shown in *www.ropajes.com*

1. Selection of textile and materials



2. Design creation for their collection



3. Preparation for the patterns of their collection



4. Textile cutting



5. Sewing the pieces



6. Fashion Show of their collection



Appendix B.

Financial Data

Fashion Center – Liza Thon Fashion School

	2007	2008	2009	2010	2011
Assets	\$169,436			\$180,480	\$189,323
Equity	\$166,526			\$175,055	\$186,498

Carlota Alfaro College

	2007	2008	2009	2010	2011
Assets	\$54,169	\$89,730	\$36,266		\$28,461
Equity	\$33,188	\$30,668	\$32,019		\$22,859

Ropajes

	2007	2008	2009	2010	2011
Assets	\$13,584	\$12,762		\$12,016	\$7,139
Equity	\$11,281	\$11,449		\$12,784	\$4,293

Source: Departamento de Estado del Gobierno de PR (Puerto Rico State Department)

Appendix C.

Sample Term and Courses from CADAC (Ropajes)

Each course usually meets once per week for 8 weeks (approximately 30 hours per course)
Sewing machine, mannequin and drawing board available for each student in a workshop.

WORKSHOP	MEETS
Basic Sewing	Saturday
Basic Sewing	Night
Basic Sewing	Day
Intermediate Sewing I	Saturday
Intermediate Sewing I	Night
Intermediate Sewing I	Day
Intermediate Sewing II	Saturday
Intermediate Sewing II	Night
Intermediate Sewing II	Day
Advanced Sewing I	Saturday
Advanced Sewing I	Night
Advanced Sewing I	Day
Swimsuits I	Saturday
Swimsuits I	Night
Swimsuits I	Day
Swimsuits II	Saturday
Swimsuits II	Night
Swimsuits II	Day
Illustration and Design I	Saturday
Illustration and Design I	Night
Illustration and Design II	Saturday
Illustration and Design II	Night

Appendix D.

Comparative Tables

Figure 1. Sample Course Pricing for key players in the Sewing Industry (PR metro area 2012)

SEWING SCHOOL	Cost per Course	Hours	Cost Per hour	Notes
Carlota Alfaro College	\$720	54	\$13.33	Cost includes \$660 for course + \$60 of registration
Centro Moda - Liza Thon	\$250	18	\$13.89	For an independent short course
Miranda Textiles	\$320	36	\$8.89	Registration \$20 + \$25 * 12 classes of 3hours
Ropajes/CADAC	\$395	30	\$13.17	Cash price
<i>Independent Instructors</i>	\$300	30	\$10.00	Significant variations between instructors

Each school can have different types of course pricings that usually depend on the course, course length, and financing. Course pricing changes frequently.

Figure 2. Comparative Table of key player offerings in the Sewing Industry (PR metro area 2012)

SEWING SCHOOL	Offers Advanced Sewing Courses	Offers Bachelor's or Associate degree (Accredited)	Offers Other Courses (Not directly related to sewing or Design)
Carlota Alfaro College (www.carlotaalfarocollege.com)	Yes	Yes	Yes
Escuela de Artes Plásticas de P.R. (www.eap.edu)	Yes	Yes	Yes
Centro Moda - Escuela de Diseño Liza Thon (www.lisathon.com)	Yes	Yes	No
Miranda Textiles (www.facebook.com/mirandastextiles)	No	No	Yes
Ropajes (Wilma Martínez & Namibia Viera) (www.ropajes.com)	Yes	No	Yes
<i>Independent Instructors</i>	Yes	No	Seldom

Course prices, offers, and course descriptions were generally listed in their web sites:

<http://www.carlotaalfarocollege.com/cursos-cortos.html>

<http://www.eap.edu/descargas/cursos/EAP-Cursos-Modas.pdf>

<http://www.lisathon.com/curriculo.htm>

<https://www.facebook.com/mirandastextiles>

<http://www.ropajes.com/descripcion-talleres-de-8-semanas.html>