Folx is an e-commerce retail store that sells a comprehensive selection of products for transgender people.

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Executive Summary

Transgender people need an easier, more efficient way to shop for the products they are looking for. Currently, it is difficult to find the products because they are usually not sold in stores and are sold at few online retailers.

My solution is Folx, an e-commerce retail store that provides a comprehensive selection of the products transgender people are looking for. In addition to selling products, Folx will add value by providing free content for our customers through a multimedia blog. The content will be related to the broad theme of helping transgender people live their best lives.

The immediate impact of Folx is the customers will receive products that make them feel more self-confident and validated in their identities. The long-term impact is we will be helping transgender people live their best lives.
**Problem Statement**
Transgender people need an easier and more efficient way to find the products they are looking for.

Through the customer discovery process, I spoke with many transgender people with gender identities across the spectrum from transman (see Appendix A for comprehensive list of term definitions) to non-binary to transwoman. Through this research as well as through my own personal experiences being a transman, I found that shopping is difficult, time-consuming, and sometimes expensive for transgender people.

It is not only difficult for transgender people to find clothes that are made for their bodies, it is also challenging to find products that would help them live a life with more self-confidence and a more body-positive image. While people who are not transgender can easily walk into a department store like Kohl’s or JCPenny’s and find an outfit off the rack, transgender people cannot do this as easily for two reasons: 1) The clothes in the gendered sections “men’s” and “women’s” have a narrow range of options that only cater to a typical male and female body type, 2) transgender people risk judgement, harassment, and/or physical assault if they are perceived to be shopping in the “wrong” section.

For most transmen, the clothes in the “men’s” section are too big. And for most transwomen, the clothes in the “women’s” section are too small. This difficulty in finding apparel decreases self-confidence and increases gender dysphoria (a feeling of dissatisfaction, anxiety, and restlessness with one’s body.)

Although it is difficult for transgender people to find clothes that fit their bodies, the risk of judgement, harassment, and/or physical assault while shopping is more alarming. According to the 2015 U.S. Transgender Survey, among those who visited a retail store, restaurant, hotel, or theater and said that staff or employees thought or knew that they were transgender, 31% were denied equal treatment, verbally harassed, and/or physically attacked there. Additionally, 1 in 5 (20%) of respondents did not use one or more places of public accommodation in the past year because they thought they would be mistreated as a transgender person.

When I spoke with one transwoman specifically, she said she does not shop for apparel in stores because she is afraid she will be physically assaulted.

For the over 1.4 million transgender people in the United States, instead of shopping in physical retail stores, many transgender people choose to shop online. The online shopping options are still fewer for transgender people, but there are many online stores that have the products they are looking for. It is a matter of finding them. The popular blogging site Tumblr is used by many transgender and LGBTQ+ people. It is also where many transgender people learn about products they didn’t previously know existed that could potentially heighten their self-confidence. These products include (see Appendix B for photo examples): chest binders, specifically designed underwear, and breast forms.

While there are many challenges facing transgender people such as legal rights and barriers to accessing healthcare, shopping for products is something that transgender people are in control
of right now. And when transgender people buy and use products that are made for them, they gain more self-confidence to fight the other policy challenges that try to invalidate their existence.

**Solution Description**

My solution is to create Folx, an e-commerce retail store that caters to transgender people to help them find the products they are looking for.

Folx will use many suppliers to build a wide selection of products. In the beginning, this will primarily include apparel, but will expand to other products such as prosthetics for transgender people and books about transgender people. As one of my potential supplier’s put it, it’s like an “Amazon for trans!”

Currently, transgender people are visiting various online stores to find all of the products they are looking for. The competition for Folx is mainstream online stores like Amazon.com as well as individual e-commerce stores that would sell the same products as Folx. The value that Folx brings is that it caters to transgender people.

In addition to selling products, Folx will add value by providing free content for our customers through a multimedia blog. This blog will include written posts, podcasts, photography, as well as video. The content of the media will be related to the broad theme of helping transgender people live their best lives. This will allow us to create interesting content about topics ranging from fashion, choosing the right chest binder to interviews with our suppliers. I believe this will attract customers, but primarily keep customers coming back to Folx.

Folx is an innovative solution because there is currently no store (e-commerce or physical) like this. Many of my potential suppliers don’t sell their products on Amazon.com either. Folx can save time for our customers because they won’t have to spend as much time searching for online stores that sell the product they are looking for, and it saves them money because they will not have to pay for additional shipping costs when shopping at more than one website.

**Impact**

The impact of Folx is not only it provides products for transgender people in one comprehensive e-commerce retail store, nor is it in the added value we will provide through our blog. Like any other human being, transgender people need to be validated in who they are. In our society, no matter how progressive it appears to be, we are still fighting for healthcare, the right to use public bathrooms and locker rooms that match our gender identity, and for workplace equity.

According to Transgender Law Center, 23 U.S. states have a negative gender identity policy which makes it legal for businesses to discriminate against transgender people. Gavin Grimm, a transgender high school student in the state of Virginia, is challenging the Gloucester County School Board at the Supreme Court of the United States for implementing a discriminatory bathroom policy that segregates transgender students from their peers. The policy prohibits transgender students from using communal restrooms and requires them to use “alternative private” facilities.
The larger impact of Folx is the difference we will make in the lives of our customers. By simply existing as a business for transgender people, it will send a message that they deserve to find and have products that are made with them in mind. When they purchase a product from Folx, receive it in the mail, and try it on for the first time, they will be able to look in the mirror with at least a little more self-confidence. Through our blog, they will read, hear, and/or see other transgender people just like them and know they are not alone. A podcast about a story of a transwoman from when she first used breast forms and the happiness she felt will resonate with other people like her. A video of a transman who smiles and breaks down in tears of happiness after the first time he puts on a chest binder and turns to look at his profile in the mirror will elicit a positive emotion from viewers who have had the same experience. A blog post of a non-binary person who finally finds clothing that is not tethered to any gender, expressing how long they’ve been searching for a product like it will validate others with a similar identity. Folx is not only in the retail business, it is in the business of helping transgender people live their best lives.

Theory of Change

Market
The market size of our target market is estimated at 1.4 million Americans as of 2016. Although, it is difficult to accurately calculate the number of transgender people in America because the current U.S. census doesn’t ask individuals to identify their gender identity. The number 1.4 million comes from a study conducted by the Williams Institute at the University of California, Los Angeles School of Law. This number could be estimated to grow as time progresses and more people in our society feel safe enough to come out and identify as transgender. It could also grow as Folx expands and people who are not transgender, such as family, friends, and loved ones of transgender people, come to Folx to find, for example, a T-shirt with a supportive saying on it to show their support for their loved one. Some customers who are not transgender may also shop at Folx because they are looking for product options that do not have an implicit gender attached to them.

Trends also show that more people are shopping online. According to a September 2016 Mintel Report, 86% of adults made an online purchase in the last month. Unfortunately, no industry data online mentions transgender people at all.
Analyst Tonya Roberts looked at a Mintel report, “Black Millennials – US – February 2015”. She said, “While there are some similarities among Millennials, Black Millennials are different. They enjoy experiencing other cultures, and many have integrated it as part of their day-to-day life, but they have a strong connection to Black culture. Their outgoing, outspoken, and strong social media presence – coupled with their sensitivity to stereotypes, discrimination, and things that have a negative impact on the Black community – makes them a powerful force.”

From my customer discovery, lived experiences, and observations online, I would argue that transgender millennials are similar to this analysis of Black millennials. Social media has a strong presence in our lives because online is where many of us first learned the term transgender and began to explore our gender identity. We are getting louder and louder online, especially with the new presidential administration. Also, media representation of transgender people is very poor, so whenever a hint of transgender representation is present, we are often looking for what the media did wrong. For this reason, it would be difficult for someone who is not transgender to operate a competitive business with Folx. It is much easier for me to gain access to the target market and make connections with my market because we share a common identity. Of course, I cannot identify with all transgender identities, so that is why I will gain insight and expertise from people with other gender identities on the transgender spectrum.

Risk/Reward
This solution hasn’t been done before because there haven’t been enough currently operating businesses to be suppliers for a comprehensive e-commerce store like Folx. The potential suppliers of Folx are mostly small, trans-owned businesses who are still growing. This is also a risk for Folx. I’ve reached out to eight businesses to see if they would be interested in selling on a site like Folx, and four of them responded with interest. One of the businesses that didn’t respond was called GC2B. GC2B sells chest binders. Luckily, I was able to talk to the operators of the company at a conference called the Midwest Bisexual Lesbian Gay Transgender Ally College Conference on February 18, 2017. They said they were not interested at this time because they were already struggling to keep up with the demand for their products and often selling-out of items. GC2B said to contact them in the future because they would then be in a better position to be a supplier.

If this popular business in the trans community is struggling to keep up with demand, the risk is that other suppliers will have similar issues. But I believe as these small, trans-owned businesses grow, Folx will be able to grow at a steady rate as suppliers who are prepared to meet demand work with us. For example, one interested supplier, Point 5cc, has been in business since 2011. The company also recently created a non-profit called Point of Pride. The founder, Aydian Dowling, is also well-known in the transgender community with over 40,000 YouTube subscribers. Three other businesses have also expressed interest in being a supplier for Folx.

Finances
The path to financial sustainability will be similar to that of the popular online shoe company, Zappos. Folx will launch using a dropshipping method with our suppliers. We will receive a wholesale price from our suppliers, and we will cover the cost of shipping the products. We will have low overhead expenses. So by utilizing dropshipping, we will be able to have a financially
sustainable business. As we grow, it may appear that it is more efficient for us to hold inventory rather than dropship. This will be determined through the continuous evaluation of efficiency with our suppliers as well as the financial health of Folx.

Folx will price the products it sells at similar prices to the individual supplier’s website.

Table displays example of gross profit for likely individual products sold using products from Point 5cc, shipping costs are estimated at an average of $5. Cost of goods sold includes the wholesale price (50% of retail) plus the shipping cost.

<table>
<thead>
<tr>
<th>Product</th>
<th>Price</th>
<th>COGS</th>
<th>Gross Profit</th>
</tr>
</thead>
<tbody>
<tr>
<td>T-shirt</td>
<td>$25.00</td>
<td>17.50</td>
<td>7.50</td>
</tr>
<tr>
<td>Snapback</td>
<td>$25.00</td>
<td>17.50</td>
<td>7.50</td>
</tr>
<tr>
<td>Joggers</td>
<td>$32.00</td>
<td>21.00</td>
<td>11.00</td>
</tr>
<tr>
<td>Hoodie</td>
<td>$30.00</td>
<td>20.00</td>
<td>10.00</td>
</tr>
</tbody>
</table>

Our beginning operating expenses will be an annual domain (folx.co) price of $30, a monthly fee of $30 from using Shopify to operate Folx. Some of our variable expenses include social media marketing ads, promotional materials such as stickers, business cards, and buttons, and travel to pride festivals and LGBTQ conferences to promote Folx. My objective is to scale the business first and foremost.

The Face Behind Folx
Folx is founded solely by myself, Sebastian Nemec. I am the right person to launch this venture for 3 reasons: 1) I am the customer, 2) I have learned/am learning the skills needed to launch a successful business, 3) this is my passion.

I am a transgender man who has gone through the pains that many transgender people have/are going through when shopping for products. I can empathize with our customers, and I have a strong presence in transgender and LGBTQ communities. I am a leader in my university’s Queer and Allied Student Union as well as a community organizer with a local organization called Trans+.

I’m also studying cultural entrepreneurship and journalism. Between these two fields, I’ve acquired important business skills and storytelling skills. I’m also a public affairs noncommissioned officer in the Minnesota Army National Guard. Through my five years of service and one deployment, I’ve learned how to better tell stories and convey messages through various media and social media. Outside of school, I also dedicate much of my time to reading about, learning, and practicing other skills such as marketing that can further my business venture.

Creating positive change is my passion. My goal in life is to continuously help transgender and LGBTQ+ people live their best lives. And I want to do this through entrepreneurship because that is where I feel I can make the biggest impact. I don’t see myself working under somebody else in the future. Through my leadership roles in my organizations and the military, I’ve learned that I am a leader. And I am at the best time in my life to launch a venture.
Purpose of funds
The Acara Fellowship would enable me to focus more of my time on growing my venture. It would enable me to travel to Pride festivals and LGBTQ+ conferences such as the Philadelphia Trans Health Conference, MBLGTACC, and Creating Change, to promote Folx directly to our target market.

Venture pilot plan
The venture pilot plan will test three assumptions:
- Transgender people want an easier, more efficient way to shop for products online
- Our suppliers will see an increase in their sales through our site
- Our suppliers will be able to efficiently handle a dropshipping method

To test these three assumptions, I will launch Folx through Shopify. I will collect customer feedback about their experience with the site through feedback forms. I will ask my personal connections for feedback, and I will reach out to other potential transgender customers through social media and mutual connections. As an incentive for the people I do not know as well, I will offer a $10 gift card to Folx upon completion of the feedback form. I will not ask the participants to make a purchase, but if they make a purchase that will be noted. Through the feedback forms, I will compile the information and work toward improving the customer’s experience with my website.

I plan to launch the pilot in April 2017 and run it for approximately two months. By June 2017, I plan to be ready to officially launch Folx. I am aiming for June because that is when Pride festivals begin and would like to have a presence at the festivals to promote Folx.

Table displays working timeline

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Activity</th>
<th>Objective</th>
</tr>
</thead>
<tbody>
<tr>
<td>March 2017</td>
<td>Begin creating content for website and social media</td>
<td>Have enough content prepared to post pieces weekly to blog on website and daily to post on social media</td>
</tr>
<tr>
<td>March 20, 2017</td>
<td>First contract with supplier completed</td>
<td>Have at least one supplier contracted to begin selling through Folx for the pilot in April 2017</td>
</tr>
<tr>
<td>April 2017 – April 2018</td>
<td>Continuously create content and post to website blog and social media</td>
<td>A continuous stream of content to keep customers engaged, build a following, and work toward our larger impact of helping transgender people live their best lives</td>
</tr>
<tr>
<td>August 2017</td>
<td>Secure more suppliers</td>
<td>To grow Folx</td>
</tr>
</tbody>
</table>
Table displays timeline for milestones with expenses

<table>
<thead>
<tr>
<th>Timeline</th>
<th>Milestone</th>
<th>Expense</th>
</tr>
</thead>
<tbody>
<tr>
<td>April 1, 2017 – June 1, 2017</td>
<td>Launch pilot plan</td>
<td>$960 – Shopify for one year $500 – Reach out to 50 transgender people to use Folx and give feedback. Give each person a $10 gift card to Folx, Amazon or another business as an incentive</td>
</tr>
<tr>
<td>April 2017</td>
<td>Order promotional materials (stickers, business cards, buttons, banner, etc.)</td>
<td>Estimated $500</td>
</tr>
<tr>
<td>May 2017</td>
<td>Register Business</td>
<td>Approx. $150</td>
</tr>
<tr>
<td>June 24-25, 2017</td>
<td>Attend Twin Cities Pride as a vendor booth</td>
<td>$350 – Food, lodging, travel expense $350 (+$150 is selling items) – Vendor booth expense</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Estimated $200 – vendor booth expense (prices are not yet available)</td>
</tr>
<tr>
<td>Aug. 30-Sept. 2, 2017</td>
<td>Attend Duluth/Superior Pride as a vendor booth</td>
<td>Estimated $200 – vendor booth expense (prices are not yet available)</td>
</tr>
<tr>
<td>Sept. 7-9, 2017</td>
<td>Attend the Philadelphia Trans Health Conference as a vendor booth</td>
<td>$350 – Lodging $100 – Food $700 – Airfare Estimated $300 – vendor booth expense (prices are not yet available)</td>
</tr>
<tr>
<td>Feb. 16-18, 2018</td>
<td>Midwest Bisexual Lesbian Gay Transgender Ally College Conference as a vendor booth at the University of Nebraska at Omaha</td>
<td>$300 – Lodging $100 – Food $300 – Travel or $700 for Airfare $250 – vendor booth expense</td>
</tr>
</tbody>
</table>

Estimated total milestone cost for approximately one year: $5,560

Note: cost estimate is over $5,000, however outside funding will help fund these expenses
Outside funding
In addition to obtaining funding through the Acara Challenge, I have submitted an entry to compete in e-Fest. This is a national competition for for-profit businesses that takes place April 6-8, 2017, in Minneapolis.
I also plan to compete in the University of Minnesota – Duluth’s “Shark Tank” on April 24, 2017. This is a small business pitch competition with a grand prize of $1,500.
I also have access to scholarship funds through UMD’s cultural entrepreneurship program.

Future plans
I plan to graduate from the University of Minnesota – Duluth in December 2017. After I graduate I want to work and focus full-time on my venture, Folx. I see myself as a career entrepreneur. Once I am finished with my undergraduate degree, I will have a lot more time to focus and grow Folx. Folx is not just a school project or competition project, it is what I want to build my career out of. And if Folx turns out to not be sustainable, I will work to create another business venture. Entrepreneurship is hard and exhausting, but it has been the most rewarding experience for me.
Appendices

Appendix A.
Terms:
Transgender – a term used to describe people whose gender identity differs from the gender they were assigned at birth.
Transman – a transgender person who was assigned female at birth but whose gender identity is male.
Transwoman – a transgender person who was assigned male at birth but whose gender identity is female.
Non-binary – a person who does not identify as male or female.
Gender dysphoria - Dysphoria is a feeling of dissatisfaction, anxiety, and restlessness. With gender dysphoria, the discomfort with your male or female body can be so intense that it can interfere with the way you function in normal life, for instance at school or work or during social activities.
LGBTQ+ – Lesbian, Gay, Bisexual, Transgender, Queer/Questioning identities, with the “+” denoting the many other identities not listed in the acronym.
Prosthetics – Some transmen and other masculine-identified individuals wear a product called a Packer. This creates the appearance of a bulge to help to be perceived as male.

Appendix B.
Product examples:

“Packer friendly” underwear made for transmen and masculine presenting people (image from Rodeoh)

Example products from Point 5cc (photo from point5cc.com)