



Photos by MARY SCHROEDER/Detroit Free Press

From left, Gabriella Guerra, 10, of Ypsilanti, Gwenyth Andrusiak, 10, of Willis and Phoebe Routledge, 10, of Ypsilanti visit RealKidz Inc.

REALKIDZ INC.

Setbacks in January are no match for her dreams

Guerra: 'I know I can do it'

By KATHERINE YUNG
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January started out painfully for Merrill Guerra and her startup business RealKidz Inc.

Just two months before the company's launch, Guerra parted ways with her only employee, who served as RealKidz's chief financial officer and chief operating officer.

The two disagreed over his role at the company.

She then found out that an angel investor group in Minneapolis decided not to put any money into her company, which makes and sells clothing for plus-size girls ages 5-12.

But the setbacks didn't deter Guerra.

The money for her former CFO's salary now goes to paying a part-time designer and a part-time chief financial officer. And she's getting ready to present her company to another group of angel investors, this time in Chicago. She also is submitting her business plan to others in Michigan and Ohio.

"I'm a little stressed," she said, sitting in RealKidz's 1,300-square-foot office and showroom in Depot Town in downtown Ypsilanti. "There's always the funding thing in the back of my mind."

Such is the life of a first-time entrepreneur.

In late February or early March, Guerra plans to officially open RealKidz Inc.



RealKidzF Inc. founder Merrill Guerra says she's no fashion maven. But her mantra is "Keep moving forward. Do what needs to be done."

Her clothes are to be sold through a Web site, www.realkidzclothing.com, a catalog and a network of independent sales representatives.

An idea is born

Like many entrepreneurs, Guerra got the idea for her company from personal experience.

Four years ago, her daughter, Gabriella, then 6, couldn't find clothes that fit.

"Shopping is not a fun experience," said Guerra, RealKidz's 37-year-old chief executive.

She talked to her friends and discovered that Gabriella's problem wasn't unique.

At the time, Guerra worked as a professional office and home organizer, but she sensed an opportunity. Even the name for the company, RealKidz, popped into her head.

But the idea went nowhere until Guerra enrolled in the part-time MBA program at University of Michigan's Ross School of Business.

During one class, she worked with other students to develop a business plan and investor presentation for RealKidz.

Through research, she discovered that 5.5 million young girls need plus-size clothing, a potential market worth \$3.2 billion.

The first steps

About this series



Katherine Yung
Free Press reporter



As thousands of Michiganders launch their own businesses, Free Press reporter

Katherine Yung will follow the journey of two of them.

Throughout the year, she will provide readers with an intimate look as two of the state's newest entrepreneurs try to make their dreams come true.

Last April, Guerra took the plunge and rented the office in Depot Town. A printing company had occupied the place for decades.

It lacked modern office amenities, but the rent was only \$1,275 a month. And the spacious office, whose large back windows overlook Ypsilanti's Farmers Market, came with a basement.

Guerra's husband, Juan, an auto engineer, painted the walls a bright lime green. A row of pink shelves, a large wooden table and chairs, and pink and purple curtains complete the look.

For Guerra, the last few months have been an education in what it takes to design and make clothes.

She attended her first fab-



Fabric swatches of various patterns and colors surround a design drawing Jan. 6 for a RealKidz blouse that features an empire waist.

ric show in New York and spent a lot of time establishing relationships with a designer in Grand Rapids, two niche clothing manufacturers in Illinois and Colorado and a pattern maker in Chicago.

Guerra decided to use small U.S. garment producers for her clothes, avoiding the headaches and expense of finding a reliable manufacturer in China. And the U.S.-made strategy works because RealKidz is not trying to sell its clothes at rock-bottom prices.

Guerra dresses chic, but she will be the first to admit that she's not a fashion maven. She doesn't read Vogue, and the only thing she's sewn is a tank top.

When her daughter buys clothes, Guerra takes them to a tailor for adjustments.

In recent months, though, she's learned many details.

"Learning all this has been crazy," Guerra said.

In August during Ypsilanti's Heritage Festival, RealKidz showed off its clothing designs to mothers and their daughters, getting their opinions and their measurements. That led the company to scrap plans to make dresses.

By the middle of December, Guerra was waiting for production samples of the clothes, which finally arrived Jan. 3. The pattern maker now is making final adjustments.

These and other changes have delayed production.

But sometime in February, a UPS driver will deliver the finished clothes to RealKidz's now mostly empty showroom.

"I honestly don't know what a thousand pieces of clothing is going to look like," Guerra said.

Much lies ahead

Like most startup companies, RealKidz needs more money.

So far, it has spent \$80,000 of the \$129,000 Guerra raised from her family, friends and grants.

Three local angel investors have agreed to invest \$75,000, but only if the company obtains \$140,000 from other sources.

But if Guerra worries about failing, it doesn't show.

During the last few months, she's operated by the mantra, "Keep moving forward. Do what needs to be done."

That's tougher than it sounds when you're juggling a startup company, raising two children and finishing classes for your MBA.

"I know I can do it," she said. "If I fail, I guess it will be a heck of a learning experience."

That's true. But RealKidz gets only one shot.

The next few months will determine whether it's on its way to becoming the next hot startup or just another failed business venture.

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