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Business Plan for Opening a Marine & AutoUpholstery Business



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Executive Summary



The company name is Maks Marine & Auto Upholstery Company. It will be located in the United States. The decision to start this business was propagated by the increasing demand for water-safe equipment. Maks is intended to be a revolutionary company that will change how people perceive the market. The company I have decided to start will target common tourist destinations because the market growth expectations are large there.

The company will open a shop where the customers will have the ability to make their shopping. In addition, there is going to be a company's website, where the customers can view our catalogues and order what they want. The company will take an advantage of the popularity social media has gained over the years to market its products. We will also try and get contracts from several marine companies who would be interested in our new commodities. For example, we have developed a program that allows a person to use electronics under the water. This will give our company a significant competitive advantage, and can thus make reasonable revenues this way.

Industry Description



As we are going to operate in the industry of creating marine equipment our company will apply concepts of nano-coating, which is one of the newest in the world. This is a revolutionary process that coats electronic



gadgets and makes them waterproof. The development of the coating materials by a team of scientists of the mother company over the years has shown the potential of this technology that is possible to come up with in the industry. The company operates in the services industry where it offers industrial services to consumers. Its main area of operation will be electro coating as well as offering of new ways of improving the technology in other marine and upholstery equipment.

Business Description



The name of the company is Maks. This is a new company that aims to not only become one of the leading marine companies, but it will also apply modern technology to improve the existing marine equipment as well as create new ones. The major advantage this company has over other marine companies is that we have a team of people who are innovative and have come up with methods of improving marine equipment. We also have a new technology called nano-coating which is intended to protect electronic gadgets while underwater. The machine applies Nano coating technology which renders these gadgets waterproof. The company will take an advantage of the different social online medias to advertise. Since it is a new company, the online marketing will be good to create an awareness amongst the potential consumers.

Products and/or Services

The company seeks to provide nano-coating technologies to the consumers. This is the main product that the company intends to roll out in the market after leasing the technology from the main company in the United States. The waterproofing services will form the foundation of the company. In addition, the shop will also offer delivery services to customers that have made orders as well as conduct delivery services at a fee so as to enable the company to receive extra revenue.

In addition, the company will design and customize the marine equipment on customer request. In a world where people are turning to water exercises and sports, this business has the potential to grow.

Facilities and Assets

The main facilities and assets of the company include the leased premises that house the company. This is a long-term lease as the company intends to operate for a long period of time and also to expand.

The History of the Company

The company's history dates back to the last five years in which its scientists in the mother company have done extensive research on the waterproofing technologies. This is one of the biggest milestones in the company's history over the last five years, and it provided the innovation of nano-coating technologies.

Success Factors

The key success factor for the company is the nano-technology. This is because, most marine companies do not have it. However, our team is made up of people from very diverse cultures and careers, united to make the business a great success. In addition, it has continued to earn high revenues from the provision of these services as well as the sale of other marine equipment.

One of the key ways which helps the company to focus on this market niche is in terms of putting in place mechanisms for interactive methods of purchasing the service. This is done either at the shop or online. Consequently, it provides the basis for enhancing invisible protection against damage. This enables clients to reduce warranty failure and repair costs.

The company is initiating new products that will improve its market position. Our team of designers, scientists, engineers, marketers amongst others is focused on ensuring that the company offers unique and long lasting equipment that will get us the loyalty of our customers. One of the ways in which the company has enhanced innovation is by initiating the pre-inventory program that focuses on coating devices for retailers. The company also collaborates with manufactures in the manufacturing program. This enables them to integrate the new technology in their production process to produce devices that have the water repelling qualities.

Opportunities



There are numerous opportunities that exist for the company. The firm has a competitive advantage in the sense that it will be the only one specializing in this unique service which will be an attraction to a large number of customers. In addition, the company has the potential to grow; a factor that may result in opening up of other branches countrywide, and eventually, worldwide. The coating technology may be available and usable in coating any type of consumer electronics, for example, headphones, notebooks, laptops, tablets, among others. This will provide a wide market for the company to develop its activities.

We also intend to lease our services to other companies interested, as this will expand our market base as well as increase our revenue. This will lead to more opportunities for revenue generation, and through the extension of this service on a special rate for wholesale and in bulk, it will attract more companies in the electronic industry to get their devices have water repelling strategies. This is a likely source of more revenues for the company. Business investors interested in investing in the project may provide more avenues for national and international expansion. In addition, the ongoing research on nano-technology may lead to the development of a scratch resistant form of nano-coating. This will improve the sustainability of the project and create avenues for further growth of the company. There is a possibility of using the nano-coating technology in the health industry within especially in hearing aids and keeping them safe from damage.



Production Plan



The production plan for the company will provide how it will go about ensuring the feasibility of the business. This will include rolling out the facility in which the company will offer the industrial services. The company will be offering waterproofing technology as well as other marine equipment in the market of marine equipment.

Personnel

The company will put in place officers that will be responsible for service provision. The company will comprise of personnel from various fields of study. With the high rate of unemployment in the country, we decided to get together with some of our schoolmates from other disciplines and work towards ensuring we create the best products available in the market. The key departments will be the public relations department, charged with the responsibility of ensuring that the company gets adequate publicity; finance department, that identifies the financiers of the project; the administration department that facilitates efficient working in the environment. In addition, the company will have the IT department that will be responsible for coating the devices. This will be the department that will ensure functional deficiencies occur within the company. The company shall have 20 employees, employees will be in charge of customer care and marketing, 4 employees in the IT department out of which at least 2 will be in charge of designing equipment to suit customer requests and the rest will work in the other departments.



Action Plan

The company's management will adopt aggressive advertising in order to enhance its publicity. It will initiate promotional strategies that will ensure that the company is widely known. The promotions should focus on electronics. We base our reasoning on the premise that people today are very dependent on electronics in their day to day living. Therefore, people will be inclined to come to us to enable them to use their gadgets like phones, iPods, and pagers among others while enjoying water sporting activities.

Innovation and Marketing Strategy

Innovations required will include ICT devices that are aimed at aiding communication in the institution. The company will also require nano-machines used for waterproofing electronics and also other equipment for the assembly and invention of marine equipment.

After careful consideration, we decided to apply the Michael Porter's strategy under the product differentiation strategy. The Porter's model evaluates the competitive stand of a company or an organization. This model is used in strategic planning, since it helps managers and CEO's to understand their company as well as the industry better. The model represents complex concepts using easily accessible formats. The basic idea behind the Porter's model is based on five fundamental competitive forces. In my analysis, I used the Porter's five forces model in regard to Mako to help me fully understand the competitive



environment of the company. In addition, the model provides data that will help the management modify the company's competitive forces. This will help to boost the position of the company. The information derived from this analysis of the company can help the management of the firm decide on how to influence or exploit certain aspects of their industry.

FORCE 1: Rivalry among existing players

Competition is a key component of any business. Maks will take advantage of its unique additional service in the market. The waterproofing business will give it a competitive advantage over other marine companies in the region. The company will also take advantage of the possibility of growth in the industry among other things mentioned. The company will also have relatively cheaper prices for the commodities it will offer to attract more customers.

FORCE 2: Threat of substitutes

As a decision maker, the main importance for any organization is to analyze the likelihood of the commodity getting substituted. This can be a threat to our company, because marine equipment are not mandatory requirements and people can opt to do without them. However, with our new water proofing feature, we hope to reduce this risk and attract more potential customers.

FORCE 3: Bargaining power of buyers/consumers

Costumers all over the world have increased bargaining power over



commodities and services they get. One main reason that backs this move is the availability of options for customers and they are aware. Price sensitivity is also a key contributor for us as we intend to offer our services and commodities at relatively lower prices. This is because we are sensitive to the financial status of consumers and we strive to offer fair prices for our products. Finally, the company will ensure that the customers get the right and up to date information about our product. This can be achieved through proper advertising and marketing to ensure customers are not misinformed regarding the commodity.

FORCE 4: Bargaining power of suppliers

This force relates to such aspects in the industry which are determined by suppliers. In our case, this will be determined by our sources of funding. We will also require good suppliers to deliver supplies at reasonable prices so that we can transmit equally low prices to our customers.

FORCE 5: Barriers of entry

New entrants face significant difficulties in attractintg new customers. Human beings are creatures of habit. Therefore, as a company we need to gain the trust of customers that we can deliver quality services and products for them.

Critical risks and problems

As a new institution, we are bound to experience several challenges and risks. Our greatest challenge will be to establish a customer base. This

challenge poses a serious difficulty to new firms in the industry. As the result the new entrants get discouraged. This is because they harbor the fear that they may be unable to attract sufficient customers to help them recover start-up costs, enlarge their market share and maintain a prosperous presence in the market. Every business venture is bound to encounter some risks and problems. To curb these problems, we shall embark on vigorous advertising through the media as well social media websites to create awareness and be sure that the brand is recognized by the potential customers. We also have to guarantee them quality services and make them want to come back to our shops. This way, the company will slowly but surely begin to grow and attract more potential students.

Competition is also a key challenge to us. There are many marine and upholstery companies today. We are all competing for the same target population in order to stay afloat in the market. As a new company, we anticipate several challenges. However, we are prepared and well equipped to tackle all of them because we believe in what we have to offer.

Exit strategy

An exit strategy refers to the different strategies a business may choose to apply in case the launched firm fails. This will help the entrepreneurs salvage their startup capital and not experience one hundred percent losses. Many entrepreneurs tend to forget that the investment decisions they make may have negative implications on their finances

one day. When starting a business it is mandatory to have an exit strategy in case the plan fails (Amar, 27). An exit strategy affects a lot the future of the business.

An exit strategy determines the future success of the business, the tax liabilities experienced, the value of the business, if it is liquidated, and the circumstances under which the business can be liquidated. Therefore, as managers we sat down and unanimously agreed to plan ahead as this would enable us to rescue the business venture in case of any failure. An exit strategy would save us from making losses. As a new company, we want to have options on how we would exit the market in case things did not work out. Therefore, we have hired a qualified company to offer us transition management services.

In our case, our best exit strategy will be the business acquisition. Here, we would let another bigger company acquire us. Through acquisition, we will expand to a new market as well as offer existing customers a new product. In addition, the value of the business is likely to rise. Another reason why we decided on this strategy is that the acquiring firm may pay be willing to more for the shares in a case where he or she has a strategic interest in the company as compared to other interested parties.

In case of multiple acquirers we will have the advantage of a variety of choice. Therefore, we will have the option of going for the highest bidder. This, in turn, will enable the company to get maximum returns from their investment. The reasons why we did not go for merging is

because merging and buying out will not sufficiently meet the worth of our company.

Finances

The company will be financed from our personal savings, loans and donations from our well wishers as well as investors, willing to get a share in our company. Below, we will analyze our financial projections for the next three years.

Financial Projections



All values are in US dollars.

Table 1: Start up funding.

Expenses to fund	519200
Assets to fund	280800
<i>Total funding required</i>	<i>800,000</i>
ASSETS	
Non cash assets from start up	255000
Cash requirement from start up	25500
Total assets	280800
LIABILITIES & CAPITAL	
Long term liabilities	420,000
Capital	380000
Loss from start-up	(519200)
Total capital & liabilities	280800
<i>Total funding</i>	<i>800,000</i>



Table 2: Projected Profit and Loss

	year 1	year 2	year 3
revenues	4228000	561000	7250500
direct costs	-420000	490400	-546800
other costs	-240000	280000	-340000
gross margin	3568000	4846600	6363700
gross margin %	84,4	86,3	87,8
EXPENSES			
repair and maintenance	116000	123000	154000
web hosting premiums	18000	18000	18000
depreciation	50000	50000	50000
rent	240000	280000	320000
utilities; electricity	60000	65400	69800
insurance	64800	68700	69800
payroll taxes	248000	248000	248000
indirect wages	144000	257000	265000
advertising costs	54000	61000	65000
interest on loan	25200	19968	14422
total operating expenses	1114800	1316000	1423100
profit before interest & taxes	2669200	3786500	4940600
taxes	-800760	1135950	4940600
Net profit	1868440	2650550	3458420

Table 3: Projected Balance Sheet For the Next Three Years

	year 1	year 2	year 3
NON CURRENT ASSETS			
Furniture and fittings	75,000	80,000	120,000
Computer and peripheries	160,000	200,000	300,000
CURRENT ASSETS			
Debtors	1,570,000	1,404,250	1,812,625
Cash at bank	1,925,880	2,938,100	3,246,555
Cash in hand	20,000	22,000	25,000
Total	1,947,685	4,644,350	5,504,175
CURRENT LIABILITIES			
Payables & Accruals	70,000	77,000	88,000
Creditors	570,000	420,000	400,000
Total	640,000	497,000	488,000
Net assets	3,110,880	4,147,350	5,016,180
FINANCED BY			
Long term loans	496,640	377,312	281,850
Capital account	745,800	745,800	745,800
Profit b/f	0	373,688	530,110
Profit for the year	1,868,440	2,650,550	3,458,420
Total	3,110,880	4,147,350	5,016,180

Note: depreciation on;

Furniture and fittings 12.5%

Computer and peripheries 25%

Table 4: Projected Cash flow Statement

	year 1	year 2	year 3
operating profit before tax	2669200	3786500	4940600
adjustments for depreciation	49375	60000	90000
OPERATING CASHFLOWS FROM MOVEMENTS IN WORKING CAPITAL			
increase/decrease in debtors	-	165750	408375
increase/decrease in creditors	-	-180000	20000
cash generated from operations	2704325	3832215	5418975
tax paid	800760	1135950	1482180
Net cashflows from the operating activities	3505085	4968200	6901155
CASHFLOW FROM INVESTING ACTIVITIES			
purchase of furniture	-	-91375	-50000
purchase of computers	-	-80000	-150000
Net cashflows from investing activities	-	-171375	-200000
CASHFLOWS FROM FINANCING ACTIVITIES			
interest on loan	-25200	-19968	-14422
principal loan repayment	-87200	-92432	-97977
dividends paid out	-1494752	-2120440	-2766736
Net cashflows from financing activities	-1607152	-2232840	-2879135
increase in cash equivalent	1925880	1012220	308455
bal b/d	-	1925880	2938100
bal c/d	1925880	2938100	3246555
Net increase/decrease in cash equivalents	1925880	1012220	308455

