

Business Box



CREATORS:

FRANCK ACHKOUYAN – NICOLAS HUBERT – ANTONIN LAPICHE – HUGO SCHOUMAN

DATE:

NOVEMBER 2009

LEGAL PAGE

CONFIDENTIALITY AGREEMENT

The undersigned reader acknowledges that the information provided by ACHKOUYAN Franck, HUBERT Nicolas, LAPICHE Antonin and SCHOUMAN Hugo in this business plan is confidential; therefore, reader agrees not to disclose it without the express written permission of the authors.

It is acknowledged by reader that information to be furnished in this business plan is in all respects confidential in nature, other than information which is in the public domain through other means and that any disclosure or use of same by reader may cause serious harm or damage to Business Box owners.

Upon request, this document is to be immediately returned to ACHKOUYAN Franck, HUBERT Nicolas, LAPICHE Antonin or SCHOUMAN Hugo.

Signature

Name

Date

This is a business plan. It does not imply an offering of securities.

TABLE OF CONTENTS

LEGAL PAGE.....	1
CONFIDENTIALITY AGREEMENT	1
EXECUTIVE SUMMARY	3
THE COMPANY	3
THE MARKET	3
FINANCIALS	3
MISSION	3
OBJECTIVES.....	3
INDUSTRY ANALYSIS.....	4
PRODUCTS AND SERVICES	4
PRODUCTS.....	4
SERVICE	5
MARKETING PLAN	6
MARKET SEGMENTATION	6
TARGET MARKET SEGMENT STRATEGY	6
CHANNELS OF MARKETING	7
STRATEGY AND IMPLEMENTATION SUMMARY	7
SALES STRATEGY	7
MILESTONES	8
HUMAN RESOURCE PLAN	8
JOB.....	8
SALARIES	9
FINANCIAL PLAN	10
OPERATING BUDGET	10
BREAK-EVEN ANALYSIS	10
PRO FORMA INCOME STATEMENTS	11
PRO FORMA CASH FLOW	12
START UP FUNDINGS	13
BIBLIOGRAPHY	14

EXECUTIVE SUMMARY

THE COMPANY

Our company called “Business Box” is a new SME. It will open its first shop in Kuala Lumpur, Malaysia, Asia. We will employ 8 people to start our first shop (excluding lawyer and accountant).

THE MARKET

Products like our business boxes are really not much expanded in KL, compared to New York for example where it is too popular to make a new business gifts shop. KL is also a growing city, as Malaysia is becoming bigger and more powerful.

FINANCIALS

To rise up, Business box will need to buy some equipment (computers, website, advertising, etc.) including a warehouse. All these fees will be predominantly covered by a loan of \$500,000.

The total of the beginning expenses are expected to be \$273,400.

Our Break-even analysis indicates that we will need to sell approximately 736 boxes to refund the average monthly cost of our business which comes to \$25,279.

MISSION

The mission of Business Box is to create the highest quality products on the market. We want to seduce customers by our faultless service. The first time we make the first step, all the other times, the customer come to us.

OBJECTIVES

The company's Short Term Objectives (within the next three years) are to increase our visibility on individual and corporate markets, and to achieve annual profit, net after taxes, of \$50,000 by the end of 2010. Its Long term objectives are: to maintain the level of current business achieved up to 2010, and then to increase the numbers of offices.

To implement these objectives the company needs a loan of \$500,000. This loan will be used primarily for the buying of a warehouse and of primary materials. It will be repaid in 5 years with an interest rate of 3%.

INDUSTRY ANALYSIS

There aren't many different competitors in this market:

- Similar gift basket type retail stores. These competitors only target the "particular" market while we also target the "corporate" market. Moreover our products are high class products, in a more luxury way.
- Fruits: There are several stores that concentrate fruit baskets. This product is also a "food" product and cross our market but this product is highly perishable.
- Flowers: Flowers are a similar product that competes with gift baskets. This product tends to appeal to women more so than men.
- Toys: Toys do not really cross our market because of its target (children) and of their content (cheap toys, not high class products).

The purchasing of gift baskets is more or less seasonal. But as we are targeting a corporate market, we also sell during the off-peak. As a result, we will have orders all along the year.

PRODUCTS AND SERVICES

PRODUCTS

Our Business Box presents unique Basket Box for companies or particular customers. They are composed by a set of various French culinary products presented in a smart looking basket. This is the way that our shop is a proximity shop (including a commercial website), with a few specialized people, taking care of products quality and customer services. The products are presented in two main ways:

- **Standard packages:** the products are selected with care and mixed up with a particular attention for combo baskets, to provide a special-event tasting.

What is unique in our Gift Basket?

These are the baskets/gift containing specific products selected by our caterer. These sets are carefully prepared and thought by type, season, or special events:

- Christmas Snow
- Scary Halloween
- Magic New Year's Eve

These are particularly dedicated to personal customer, but can be ordered by anyone.

Other standard baskets:

- Burgundy's Craziness
- Normand's Smells



And as an example, here is one of them:



THE BASKET OF THE WONDERS

Magret fourré au foie gras 550 g (filled steaklet with foie gras)
Foie gras entier de canard 200 g (duck filled steaklet)
Fricassée d'oie aux cèpes 800 g (hear fricassee with boletus)
Matelote de sanglier au Gigondas 600 g (wild boar)
Croquant de légumes doux à l'aneth 220 g (crispy vegetable)
Pruneaux fourrés au foie gras de canard 200 g (filled prunes with duck foie gras)
Cahors - Château les Bouysses 2000 bottle 75 cl
Domaine des Nongrains Blanc 2004 - Coteaux du Layon bottle 75 cl

- **Custom packages:** The customer makes a request of a basket with his/her own selected products (choose from a defined list of available products) to put in it. Depending on the size of all the selected products, the basket size will be chosen, and the price will be affected too. A smart, clean, and custom presentation will be made on the basket, which makes it unique. These packages can be made whether online by our website or in our shop with our salesman.

Despite the fact that the evolution of Internet will imply the investment of a delivery service through our website, the shop will keep on this way and not becoming a big business company which prefers amount of sales to quality. In this case, we will focus on providing good to mid-luxury products and services.

Our products are available on the web through our platform which is currently a window of the offer. The customer can see a picture and a detailed description of the BusinessBox. Also, he's allowed to select products from a list, to compose his own box with our high quality products. This section has to be restricted by the number of products and by their size because of the packaging. We'll have five different custom box sizes, to make easier the customer act.

SERVICES

Business Box provides only high quality products and proposes harmonious composition of them. Our service is a time-saver and insurance to offer tasty products. The customer goes to the website or directly to the shop and has multiple choice of boxes; he orders one or several pieces and has the warranty to be delivered at home in the next 72 hours.

Regarding our customers, they will appreciate the way they can contact, they can keep informed, they can be satisfied in time, and they can be well surprised by our baskets. Since we are focusing on the quality, the customer contact, and the met deadlines, the customer will have no reason to search for his/her business gifts (when it refers to professional one) or personal present (when it is a particular one) in another gift company.

Our products are high quality ones. We differ from our competitors by several elements:

1. Every customer will be satisfied to get a unique present, dealing safe with qualified people and understanding ones, means that we can sort any problems out because we are listening to any concerns.
2. They are set up with care and made by hand, to get a new smart and designed product every time, which is part of the uniqueness.
3. Products are always selected with care and often tested by our caterer.
4. We assure to deliver the product, or to prepare it if the customer wants to get it directly from the shop, to meet the deadlines. If the deadlines aren't met, the customer will get fully refunded with our apologies.

MARKETING PLAN

Business Box will be going after two distinct market segments, individuals and corporations. Both groups buy gift baskets as a goodwill gesture, typically for different reasons. Individuals typically buy the baskets as a present with over half of sales occur during holidays. Corporations buy the baskets as presents as well, but usually for events unrelated to the holidays. By going after both of these groups, sales will be less seasonal (relative to if only the individuals were targeted).

Business Box heavily relies on word-of-mouth about the quality of product and service. We believe there is only one true method to convince people of the product quality: **organize tastings**.

MARKET SEGMENTATION

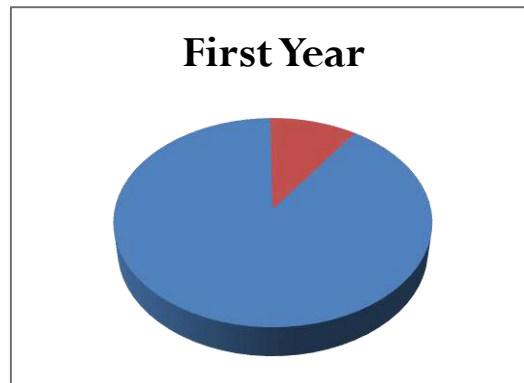
Business Box has two distinct groups of customers, individuals and corporate customers:

Individuals- The individuals are people who are looking to give a friend, relative, colleague, etc., a gift basket as a gesture of goodwill. These customers typically do not have a specific type of gift basket in mind. When they look at Business Box products offers, they just want to give a gift. We are clearly focusing on the high social classes, based on our high quality products. However, we are also focusing on the middle-high and middle social classes for different kind of present: exceptional presents/gifts for special events like Christmas present.

Corporate- The corporate customer is typically buying the basket for a colleague at work, either as a sign of appreciation, for a special event, or as a thank you for a customer. The corporate market can be further broken down to banks, health care, employment gifts, real estate, apartments, special events/promotions, corporate headquarters, hotels/vacation resorts, and automobile dealerships.

Our products are designed for these two categories of customers. The custom gift should be more appreciated by corporate to organize event like conference or just to adjust the box according to the client.

Year	1	2	3	4
Corporate (%)	90	85	78	70
Individual (%)	10	15	22	30



TARGET MARKET SEGMENT STRATEGY

The force of our market segment strategy is to secure the market focusing at the same time individuals and corporate customer. The fact is, this strategy provides a less seasonal market because of corporate customers who offer gift baskets all the year. The corporate customer could be buying the basket for someone within their company, or they could be buying it for a customer, vendor, etc. The trend for the corporation to purchase gifts is not a new phenomenon and therefore would appear to be a solid market segment to pursue.

CHANNELS OF MARKETING

The channels in which the products will be sold are simple, just like the company's luxury image:

- The first one is the designed and welcoming shop: a good image for high quality products.
- The Second one is the website, well referenced on Google, and with some investments in “Google Adwords” to get known by the public, without spamming every page of the Business Box brand name.
- The Third one is the way that our commercial businessman will manage tasting presentation in companies or in events with a massive presence of companies.
- The Forth one is to get to be interviewed and noticed by specific monthly or weekly magazines for high social classes to get known to the particular customers.
- The Last one is the word of mouth: since the customers are satisfied, they will recommend themselves our products and advertise for free for Business Box.
-

STRATEGY AND IMPLEMENTATION SUMMARY

Business Box's marketing sales will be based on two types of Medias: faceplate and website.

SALES STRATEGY

The way we don't want to make huge advertising campaigns because of the image of the company. We are destined to certain type of social classes, which do not like to be spammed and which do not want to feel special and important with this unique high quality gifts. In this case, the best way to communicate for the particular of this social class is a smart, clean and little advertising, joined to an important word of mouth.

We also would like to make very different basket: they can't be similar.

These two conditions are chosen to make the customer not to hesitate too much, because if there are too many products to choose, high social customers will be upset to not be able to buy everything.

Finally, out of our seven (7) products, we are planning to keep the 3 most sold standard baskets, but change and improve the last four (4) ones every year. This strategy is here to improve our products every time, and to keep the best ones.

Improving a small quantity of products to get a complete list of high quality and tasty products is good for the word of mouth of every customer.

MILESTONES

Business Box will have several milestones early on:

1. Make sure the business plan will be followed as a road map for the company.
2. Find and buy a warehouse. Then set it up.
3. Find and rent a POS. Then set it up.
4. Hire and train new employees.
5. Production of brochure and website.
6. Sell at least 150 baskets/boxes.

Milestone	Start Date	End Date	Budget	Manager	Department
1. Make sure the business plan will be followed as a road map for the company.	01/01/2010	31/02/2010	\$ -	CEO	Executive board
2. Find and buy a warehouse. Then set it up.	01/01/2010	07/01/2010	\$ 220 650,00	CEO	Executive board
3. Find and rent a POS. Then set it up.	01/01/2010	14/01/2010	\$ 4 000,00	CEO	Executive board
4. Hire and train new employees.	07/01/2010	31/01/2010	\$ 200,00	CEO	Executive board
5. Production of brochure and website.	01/02/2010	14/02/2010	\$ 4 100,00	Employees	Marketing
6. Sell at least 200 baskets/boxes.	01/03/2010	31/03/2010	\$ -	Salesmen	Sales
Total			\$ 234 950,00		

HUMAN RESOURCE PLAN

JOB

Business box need several people to works:

- Salesman (By preference 1 man & 1 woman). These two persons will :
 - Answer the phone and take order
 - Manage the shop
 - Receive the basket from the warehouse and transmit to customers
- Stock manager. This person will :
 - Manage the raw materials and provide it to the manufacturers
- Custom manager. This person will :
 - Take care of the specialized orders
- Purchasing manager. This person will :
 - Find and buy raw materials
 - Discover new opportunities
- Manufacturers (2 people). These two persons will :
 - Prepare the baskets
 - Deliver baskets to the shop
- Commercial agent. This person will :
 - Visit companies from corporate market
 - Organize tasting events

SALARIES

Salesmen	\$ 1 800,00
Stock manager	\$ 1 400,00
Custom manager	\$ 1 700,00
Purchasing manager	\$ 2 000,00
Manufacturers	\$ 1 400,00
Commercial agent	\$ 1 800,00

Salaries don't change but Business Box will hire more manufacturers in the months following the creation.



FINANCIAL PLAN

The following sections will outline the important financial data.

OPERATING BUDGET

Expenses	January	February	March	April	May
Salaries	0	16100	16100	16100	16100
Rent	0	4000	4000	4000	4000
Utilities	150	150	150	150	150
Advertising	13600	5000	5000	5000	5000
Selling expenses	500	500	500	500	500
Payroll taxes	0	1610	1610	1610	1610
Depreciation	600	600	600	600	600
Office expenses	14150	750	750	750	750
Total	\$29000	\$28710	\$28710	\$28710	\$28710

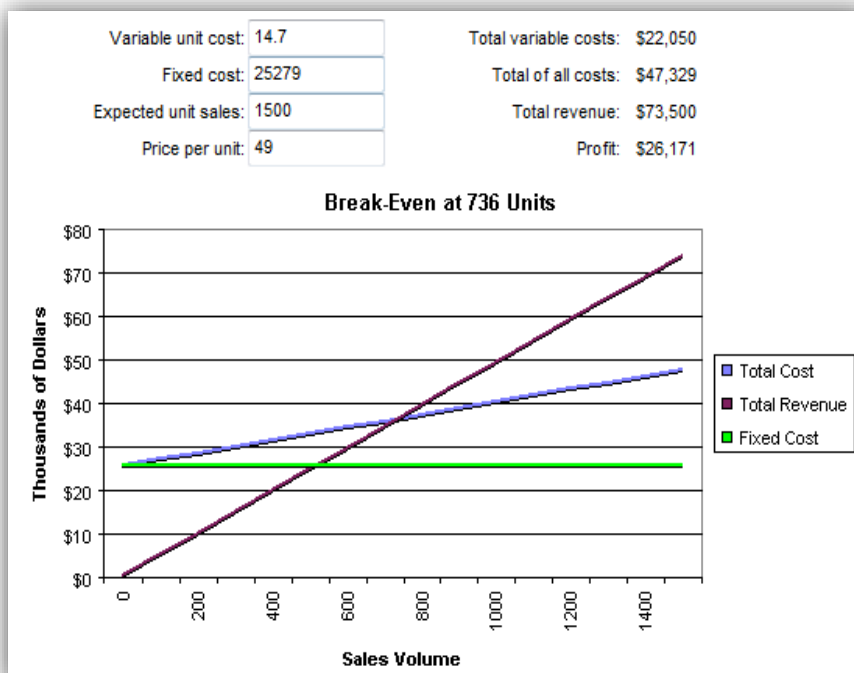
BREAK-EVEN ANALYSIS

The break even analysis shows the number of Box we need to sell to make even profits.

We know:

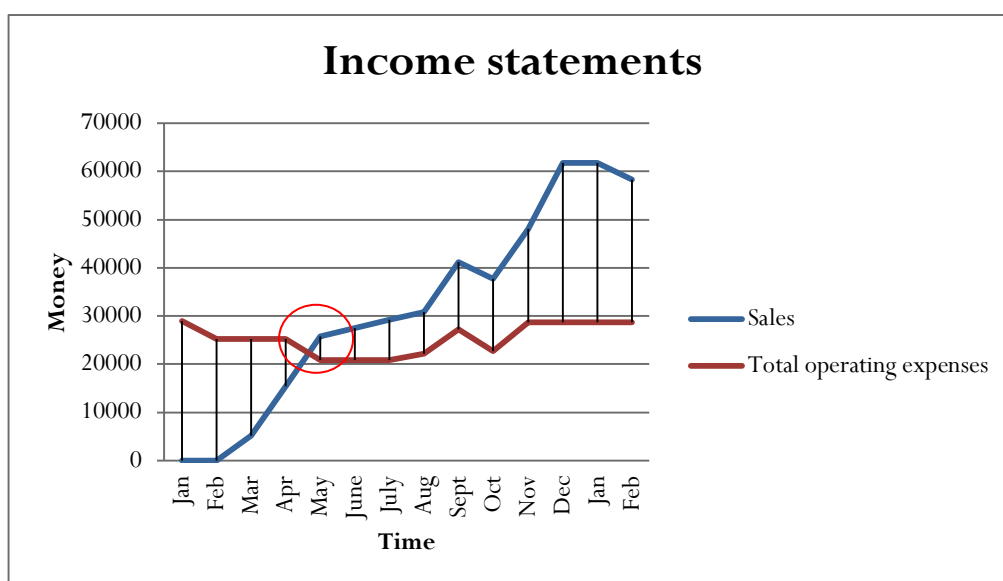
- The average price of our sold boxes: \$49
- The average profit made 70 %, so the average product cost is : \$14.7
- The average monthly fixed cost of our business : \$25279

Then the graphic indicate that we need to sell 736 boxes per month to be profitable.



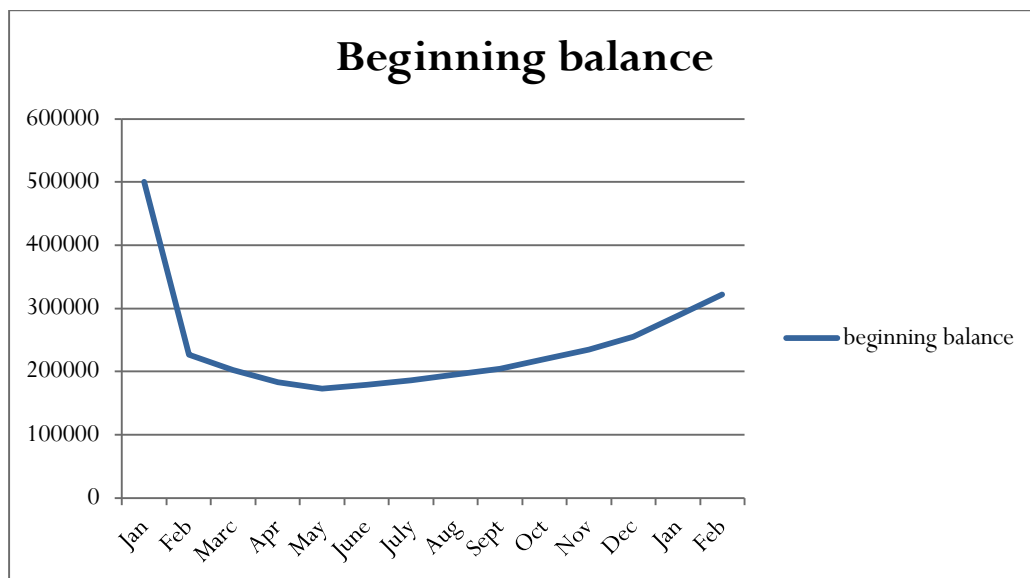
PRO FORMA INCOME STATEMENTS

In USD \$	Jan	Feb	Mar	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Totals
Sales	0	0	7350	22050	36750	39200	41650	44100	58800	53900	68600	88200	88200	83300	632100
less Cost of goods sold	0	0	2205	6615	11025	11760	12495	13230	17640	16170	20580	26460	26460	24990	189630
Gross profit	0	0	5145	15435	25725	27440	29155	30870	41160	37730	48020	61740	61740	58310	442470
Operating expenses															
Salaries	0	12900	12900	12900	12900	12900	12900	12900	14700	14700	16100	16100	16100	16100	184100
Rent	0	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	52000
Utilities	150	150	150	150	150	150	150	150	150	150	150	150	150	150	2100
Advertising	13600	5000	5000	5000	600	600	600	2000	5000	600	5000	5000	5000	5000	58000
Selling expenses	500	500	500	500	500	500	500	500	500	500	500	500	500	500	7000
Payroll taxes	0	1290	1290	1290	1290	1290	1290	1290	1470	1470	1610	1610	1610	1610	18410
Depreciation	600	600	600	600	600	600	600	600	600	600	600	600	600	600	8400
Office expenses	14150	750	750	750	750	750	750	750	750	750	750	750	750	750	23900
Total operating expenses	29000	25190	25190	25190	20790	20790	20790	22190	27170	22770	28710	28710	28710	28710	353910
Gross profit	-29000	-25190	-20045	-9755	4935	6650	8365	8680	13990	14960	19310	33030	33030	29600	88560



PRO FORMA CASH FLOW

In USD \$	Jan	Feb	Marc	Apr	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb
Receipts														
sales	0	0	7350	22050	36750	39200	41650	44100	58800	53900	68600	88200	88200	83300
Disbursements														
Equipment purchase	245000	0	0	0	0	0	0	0	0	0	0	0	0	0
Cost of goods	0	0	2205	6615	11025	11760	12495	13230	17640	16170	20580	26460	26460	24990
Salaries	0	12900	12900	12900	12900	12900	12900	12900	14700	14700	16100	16100	16100	16100
Rent	0	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000	4000
Utilities	150	150	150	150	150	150	150	150	150	150	150	150	150	150
Advertising	13600	5000	5000	5000	600	600	600	2000	5000	600	5000	5000	5000	5000
Sales expense	500	500	500	500	500	500	500	500	500	500	500	500	500	500
Payroll taxes	0	1290	1290	1290	1290	1290	1290	1290	1470	1470	1610	1610	1610	1610
Office expenses	14150	750	750	750	750	750	750	750	750	750	750	750	750	750
Total disbursements	273400	24590	26795	31205	31215	31950	32685	34820	44210	38340	48690	54570	54570	53100
cash flow	-273400	-24590	-19445	-9155	5535	7250	8965	9280	14590	15560	19910	33630	33630	30200
beginning balance	500000	226600	202010	182565	173410	178945	186195	195160	204440	219030	234590	254500	288130	321760
ending balance	226600	202010	182565	173410	178945	186195	195160	204440	219030	234590	254500	288130	321760	351960



START UP FUNDINGS

Start up expense statement for the 1 Month ending Jan. 31, 2010.

Expenses	
Brochures	\$ 500,00
Car for the corporate salesman	\$ 12 000,00
Car for the custom salesmen	\$ 8 000,00
Computers	\$ 4 000,00
Delivery truck	\$ 15 000,00
Fourniture	\$ 10 000,00
Interest	\$ -
Legal	\$ 300,00
Rent for 1 month	\$ 4 000,00
Research and Development	\$ 5 000,00
Specialised magazine ads	\$ 10 000,00
Supplies	\$ 500,00
Utilities	\$ 150,00
Warehouse	\$ 200 000,00
Website & online ads	\$ 3 600,00
Total Expenses	\$ 273 050,00
Net Income (Loss)	\$ -273 050,00

BIBLIOGRAPHY

PowerPoint:

- The financial plan –McGraw-Hill/Irvin – Entrepreneurship 7th edition (GEB4110sectionfourMKH.ppt)

Website:

- http://en.wikipedia.org/wiki/Break_even_analysis
- http://en.wikipedia.org/wiki/Marketing_plan
- www.entrepreneur.com/businessplan

Books:

- Entrepreneurship and small business – Michael Schaper /Thierry Volery – 2nd pacific edition