

CHRISTIAN SERVICE UNIVERSITY COLLEGE- KUMASI

DEPARTMENT OF BUSINESS STUDIES

BACHELOR OF BUSINESS ADMINISTRATION

SAMEG BEAUTY SCHOOL

BUSINESS PLAN

BY

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AKUA LARTEBEA AGYEPONG

MICHAEL OSEI OWUSU

MANUELA LABRISCA ROBINSON DJAN

EBO GHANO MOSES

DECEMBER, 2011

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A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS
STUDIES OF CHRISTIN SERVICE UNIVERSITY COLLEGE. IN PARTIAL
FULFILMENTS OF THE REQUIREDMENTS FOR THE COURSE CSAD 443

TEAM BUSINESS PROPOSAL

BY

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I have read the Christian Service University College’ s regulations relating to plagiarism and certify that this business plan is all my work and do not contain any unacknowledged work from any other source. I also declare that I have been under the supervision for this business plan herein submitted.

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Executive summary

SAMEG beauty school is an educational institution that will be establish at Asokwa , a suburb of Kumasi in Ashanti region.

The school will be registered properly at the register general, Ghana education service department.

The school ranges of service target as the aspiring beauticians and salon owners. This is to be done to help in improving the service quality of salon owners and to give a good background for new aspiring beauticians.

Our main competitors are FC Beauty School and 2nd Image Academy.

SAMEG will be a limited liabilities company owned and managed by five (5) experienced individuals with the requisite skills and knowledge to lead the school to success.

The school owners will contribute equal amount of seven thousand five hundred Ghana cedis (¢7500) as the startup capital of one hundred and fifty thousand Ghana cedis (¢150,000)

SAMEG will purse the price skimming strategies to obtain a greater market share. This is done because there are no major competitors in Kumasi

The school population will grow by 20% each year. The expected profit margin for the first year will be 13.65%, increase to 19.03% in the second year and 22% in the third year.

Our unique features of the school will be to employ qualified and experience beauticians to ensure proper delivery of service by the end of the study.

Mission

To train and groom current and would be beauticians to provide top notch service to our customer.

Vision

To become the leading Beauty School in Ghana.

Objectives

To train at least 90 students by the end of the first year.

To make a profit of 8.00% of startup capital by the end of 2013 business year.

Key To success

Quality service that will meet or exceed the expectation of our student

Policies that will make staff work to work hard.

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1.0 Background

The multiplicity of hair dressing salons in Kumasi and the Ashanti Region as a whole is an indication that the beauty industry provides employment for a significant percentage of the population in the region.

It is against this backdrop that the ownership of SAMEG Beauty School decided to establish a beauty school to train exiting and would-be beauty therapist to provide first class service to their clientele.

SAMEG Beauty School will be located at Asokwa, a suburb of Kumasi in the Ashanti region of Ghana.

The school, a small scale enterprise, will be duly registered as a limited Liability Company at the Registrar General Department. SAMEG Beauty School will also be registered at the Domestic Tax Revenue Division, the Ghana Education Service and the Kumasi Metropolitan Assembly respectively by February 2012. The school will commence its operations in April, 2012. The school operating units consist of the Manager, Marketing Officer, Human Resource Officer and Account Officer.

In order to attract and retain more students SAMEG will undertake customer relationship marketing. SAMEG will build a long term relationship with its students. SAMEG will differentiate itself by quality of teachings both practical and theory we provide to the student. The internal staff will be well motivated and trained so that they will in turn deliver exceptional service to delight the external customers (students).

The under listed professionals are the owners and will promote the business themselves.

Sheila Appiah Korantema, BBA Banking and Finance.

Akua Lartebea Agyepong, BBA Marketing.

Michael Osei Owusu, BBA Accountancy.

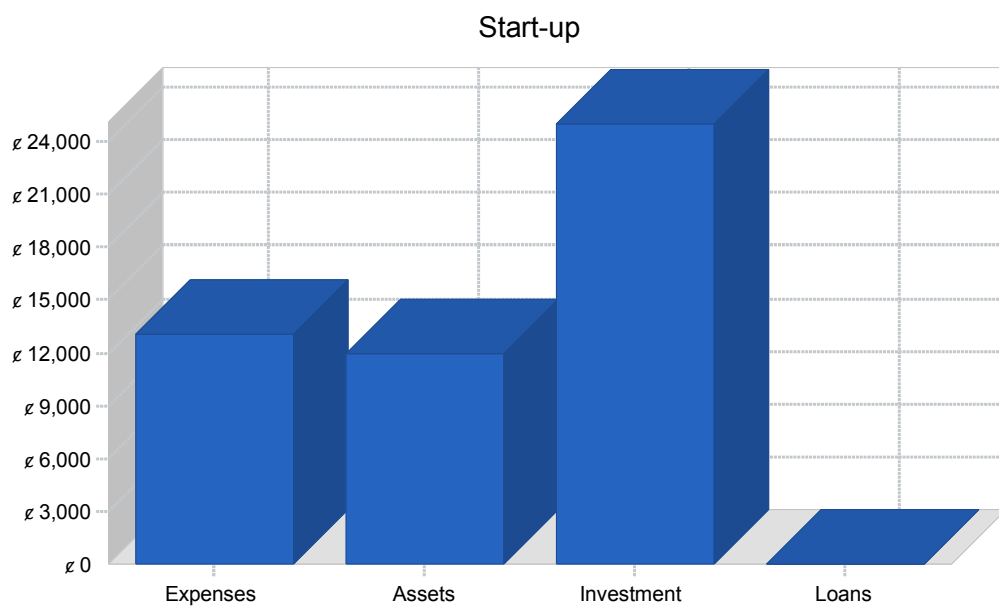
Emmanuella Labrisca Robinson Djan BBA Human Resource Management.

Ghano Ebo Moses BBA Marketing.

The startup capital will be contributed by the owners of the business. They will contribute 20% each of the initial capital. The initial capital is \$25,000.

Table: Start-up

<i>Start-up</i>	
	\$
Requirements	
Start-up Expenses	
Legal	500
Stationery etc.	500
Rent	12,000
Total Start-up Expenses	13,000
Start-up Assets	
Cash Required	500
Start-up Inventory	200
Other Current Assets	1,800
Long-term Assets	9,500
Total Assets	12,000
Total Requirements	25,000



2.0 Product Idea and Realisation of Schedule

2.1 Product Idea

The concept came up as a result of people living in the northern sector of Ghana with the interest to pursue beauty therapy had to seek professional knowledge from beauty school based in Accra. Secondly, we realized that most beautician have knowledge aspect in the beauty business. As we patronize beauty salon, we wish our stylist can perform all our beauty needs at one shop. Also, people have aims of having a career in beauty therapy but stigma attached to it as an area for school dropout has made people in the apprenticeship desire for a beauty school as some in Accra but the cost of living there has made it impossible for beauty therapist to be.

The above reasons prompted as that establishment of an upscale beauty school in Kumasi can help fill the gap both profitability and create skills for the youth.

The beauty school in Kumasi will be strategic since it will serve the northern sector of the country. The idea to revive the place came to fill the gap that has been created due to the non operations.

2.2 Realisation schedule

<i>Realization schedule</i>					
Schedule	Start Date	End Date	Budget GH₵	Reponsible	Department
Office Location	12/1/2011	12/21/2011	12,000	Owner	
Registration	12/1/2011	2/28/2012	1,000	Legal Advisor	
Recruitment of	06/02/2011	24/02/2011	1,000	Owners and	

staff				Beauty	
				Consultant	
Launching	2/14/2012	2/14/2012	5,000	Marketing	Marketing
				Manager	
Totals			19,000		

3.0 Management Team

Efua Terba Adjapong – Manager

Qualification

Bachelor degree in business administration (marketing).

Degree in business studies (accounting).

Responsibility

Develop a strategic plan to improve the long term competitive advantage and growth of the school.

Management of the school's properties.

Day to day administration of the school.

Provide effective leadership for the management team.

Ensure the adherence of the core values.

Gladys Opoku-Marketing Officer

Qualification

HND in Marketing.

Responsibilities

To conduct market research to identify new markets.

To create a good brand name for the school.

To handle complaint from students and staffs.

Developing market plans for the school.

Dennis Nii Addy - Account Officer

Qualification

HND in Accounting.

Responsibilities

Monitor and control the flow of cash receipt and disbursement.

Prepare of financial report and forecast company's financial position.

Compile data for the preparation and presentation of budget proposal.

Prepare monthly report on stock.

Irene Odei - Human Personnel Officer**Qualification**

HND in Human Resource

Responsibilities

Administration of students and employment of staffs.

Drawing of time table for the school.

Day to day management of the school.

Draw the course outline for the beauticians.

To ensure staffs and students welfare.

Shirila Sarkodie-Beautician**Qualification**

Certificate in Cosmetology

Esther Mensah- Beautician**Qualification**

NVIT Certificate in Beauty Therapy

Responsibilities

To see to day to day teaching, both practical and theory.

Understanding and correcting the students.

To see to the makeup of the customer and bridal.

OTHER KEY PERSONNEL

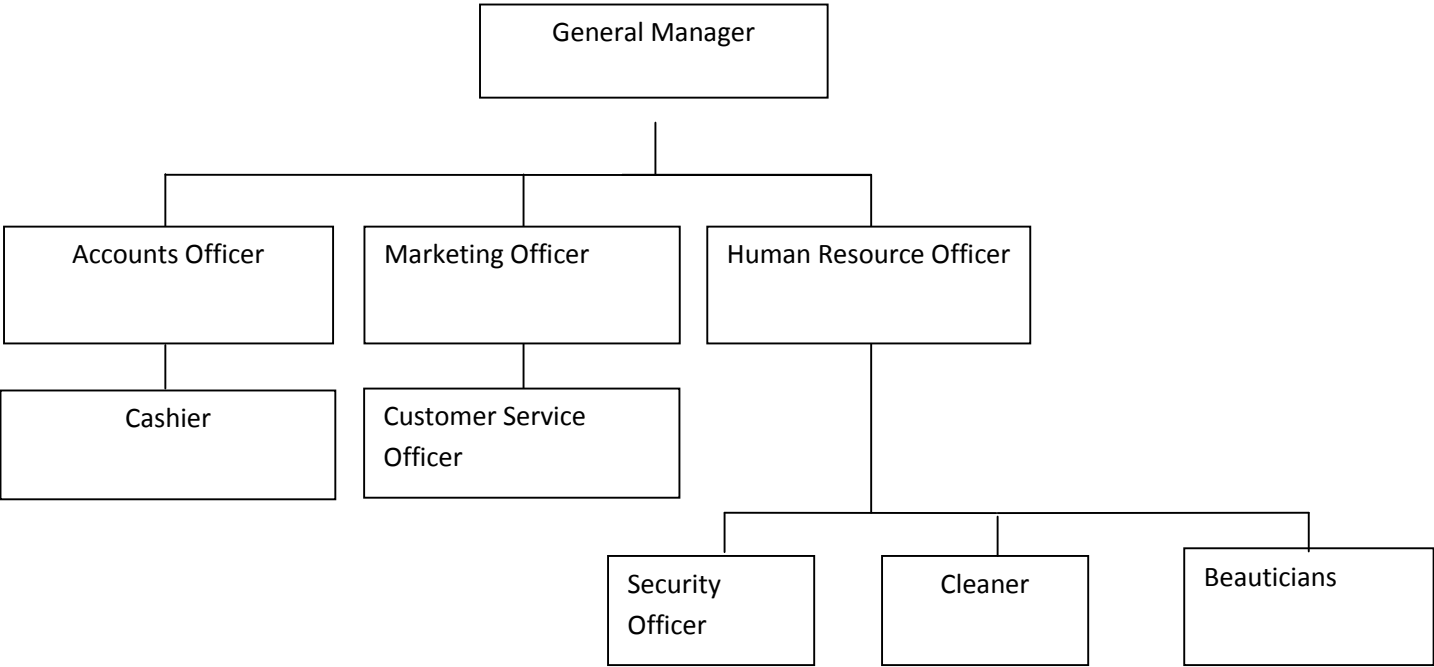
CATEGORY	NUMBER	JOB DESCRIPTION
Customer Service Officer	1	<p>For enquiries and first hand information from student and prospect student</p> <p>Direct student to a particular class</p> <p>Receive all information about the students to the management</p> <p>Record data of students</p>
Security Officer	1	<p>Protect the school facilities</p> <p>Protection of students</p> <p>Maintaining of order and discipline</p>

Table: Personnel

<i>Personnel Plan</i>	2012	2013	2014
	GH¢	GH¢	GH¢
Beauticians	7,200	7,200	8,640
Accountant	3,600	3,600	4,320
Administrator	4,800	4,800	5,760
Marketer	3,600	3,600	4,320
Human Resource Officer	3,600	3,600	4,320
Receptionist	2,400	2,400	2,880
Security	1,200	1,200	1,440
Cleaner	1,200	1,200	1,440

Total Payroll	27,600	27,600	33,120
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3.1 Organizational Structure



4.0 MARKETING ANALYSIS

4.1 Business System and Operations

SAMEG beauty school is a service provided for the northern part of Ghana. We provide service to aspiring to be beauticians and salon owners to polish what they already have. It is the aim of the school that student should have a good work after the period.

The services SAMEG provide are as follows:

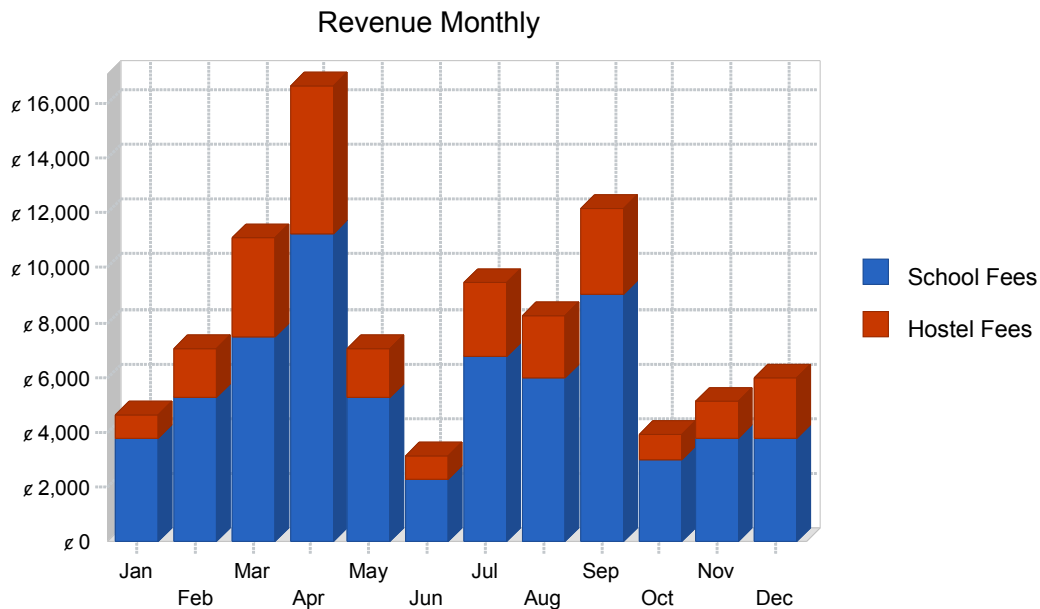
- 4.1.2 Facial and Skin Treatment: this is a therapy for the face and the skin. It helps to reduce the level of oil on the face and the skin. Some of the therapy are; anti aging,
- 4.1.3 Hair Styling: Bridal hairdo, and after retouching and washing.
- 4.1.4 Hair Cutting: Some women want their hair to be short, hair cutting comes in when the person want her hair to be short.
- 4.1.5 Hair Colouring: This is using hair dye to change the colour of the natural hair.
- 4.1.6 Nail Extension: This is when artificial nails are added to the natural nails. The artificial nails are in colours and the customer chooses the colour she wants.
- 4.1.7 Manicure and Pedicure Treatment: It deals with the hand and feet. They are given special treatment to make the hand and feet look healthy.
- 4.1.8 Natural and Artificial Hair Extension: This is adding weave on to the natural hair of the person.
- 4.1.9 Braiding: Using artificial hair to twist the hair normally known as Rasta and Corn roll.
- 4.1.10 Salon Management: How to run the salon, book keeping, day to day management and customer service.
- 4.1.11 Barbering: Cutting of hair for men.

Prospective should hold minimum of junior high school certificate. The lectures will be both practical and theory. The prospect students will buy a form from the school premises, fill it and return the forms for admission. After the admission, the person pays for his or her tuition fee. The students will be allowed to go for industrial attachment in any reputable salon in the fifth month. At the end of the month, they will write both practical and theoretical examination. After passing, the students are given a certificate in cosmetology in the sixth month.

Table: Revenue Forecast

Table: Revenue Forecast

<i>Revenue Forecast</i>			
	2012	2013	2014
Unit Revenue			
School Fees	90	113	141
Hostel Fees	60	75	94
Total Unit Revenue	150	188	235
Unit Prices	2012	2013	2014
	GH¢	GH¢	GH¢
School Fees	750.00	750.00	750.00
Hostel Fees	450.00	450.00	450.00
Revenue			
School Fees	67,500	84,750	105,750
Hostel Fees	27,000	33,750	42,300
Total Revenue	94,500	118,500	148,050
Direct Unit Costs	2012	2013	2014
	GH¢	GH¢	GH¢
School Fees	37.50	37.50	37.50
Hostel Fees	180.00	180.00	180.00
Direct Cost of Revenue			
School Fees	3,375	4,238	5,288
Hostel Fees	10,800	13,500	16,920
Subtotal Direct Cost of Revenue	14,175	17,738	22,208



4.2 PEST ANALYSIS

The various influences on organizations are analyzed to help determine any threats to the organizational strategy and identify areas for expansion in the organization.

4.2.1 Political

The current stability in the country is a motivating factor to SAMEG beauty school.

The government has enacted laws and regulations to control the operations of businesses in the country so as to protect the citizens; such as the employment laws, tax policies, environmental regulations which we hope to abide by them.

4.2.2 Economic

Borrowing cost in Ghana presently is very high with prime rate fixed at average of 21.00%, this has affected interest rate which will also affect borrowing. The rate of exchange as compared to some few months ago reveals depreciation in the Ghana cedi which is due to the high rate of inflation, this means more local currency is required for little foreign currency; this situation will affect the prices of playing equipments from other foreign countries.

4.2.3 Social

The population growth will be a great opportunity to the school. The age distribution will continue to affect the demand of the service.

4.2.4 Technology

With the current improvement and technological growth rate and changes, SAMEG will embark on serious research and development activities so as to adapt to these changes and innovations to satisfy the changing needs of customers.

4.3 SWOT Analysis

4.3.1 Strength

Staffs

Our staffs are well trained and friendly to make the student feel at home.

Service

SAMEG will be able to give the student all that they need at a goal.

Flexible time schedule

Our sessions are in batches which can accommodate working women, housewives and salon owners.

4.3.2 Weakness

Premise

The premise is a rented place and this affect the image of the school and it is also small to accommodate the student.

Funds

Our startup capital cannot meet all of our urgent needs.

4.3.3 Opportunities

Availability of ready market presents a great opportunity to succeed

The availability of radio stations and other media will make it easy to market the school.

4.3.4 Threats

Competitors

Due to the fast growing of the school, competitors will try to emerge as time goes on.

Suppliers

The delay of suppliers may affect the working schedules of the school and this can make SAMEG loose revenue.

4.4 Target Market

SAMEG's target market will be;

Aspiring beauticians and salon owners.

4.4.1 Competitors

FC Beauty School

2nd Image Academy

Beauty salon

Barbering salon

Nagys salon

4.4.2 Marketing Objectives

To effectively position SAMEG as trust worthy institution.

To capture about 45% of the market by the end of the year 2011.

4.5 Marketing Strategies

4.5.1 Promotion

SAMEG will use promotional tools such as discount and sponsorship packages to attract more customers. SAMEG will use radio stations and the print media to advertise the school.

4.5.2 Position

SAMEG Beauty School will position its self in the market as the best provider of high quality training to the students.

4.5.3 Physical evidence

The layout of the school premises will attract more students and make them feel more comfortable

4.5.4 People

Our staff will be well equipped to make student feel they are cherished.

4.5.5 Service pricing

SAMEG will use price skimming strategy at the initial stage. Price skimming will be used because there are no major competitors in Kumasi.

5.0 Financial Analysis

5.1 Risk Analysis

Risk is any situation where there is uncertainty about the outcome of an event. Every business has its own risk and SAMEG is no exception.

5.1.1 Human Resource

This is normally associated with workers of the school. This normally happens when staffs do not care about the welfare and management of the students. This can result in student leaving the school. When staffs resign without prior notice to management and this will slow the activities of the school.

5.1.2 Asset Risk

The asset risk is associated with the reduction of business value through the loss of asset. SAMEG can loose some of its asset through damaging, fire outbreak and stealing.

5.1.2 Commodity Price Risk

This can arise as a result of fluctuation in prices of equipment and utilities bills. The business will lose some amount of revenue in high purchase of the commodity.

5.1.3 Interest Rate

High interest rate due to inflation will cause price of equipment and other input to rise. The expenditure of SAMEG will increase.

5.2 Risk Management

No matter what one does in a business, risk cannot be absent from its operations. SAMEG will adopt the following risk management to help reduce risk associated with the business to improve the business value and profit.

5.2.1 Loss financing

These methods are used to obtain funds to pay for or offset losses that may occur. SAMEG will adopt the following two ways of financing the losses.

5.2.2 Retention

SAMEG retain or plough back 2% of yearly profits, this will be invested in liquid assets and will be dedicated to financing minor losses.

5.2.3 Insurance Contract or Policy

SAMEG will purchase an insurance contract or policy with Provident Insurance Company (PIC) for its major losses such as fire, burglary. S MEG will pay premiums for these items.

5.3 Financial Plan

The startup fund of 150,000 Ghana Cedis will be contributed by the owners that are 20% each. SAMEG will need a total of 137,000 Ghana Cedis for its asset like hair dryers, facial steamer and lamp, furniture and fittings etc.

Projected Statement of Financial Position

As shown in the balance sheet, our net worth will grow from approximately GH¢ 150,000 to more than GH¢ 172,000 by the end of the second year and to GH¢ 205,027 by the end of the third year.

Table: Statement of Financial Position

<i>Pro Forma Statement of Financial Position</i>			
	2012 GH¢	2013 GH¢	2014 GH¢
Assets			
Current Assets			
Cash	3,427	17,368	51,061
Accounts Receivable	2,733	3,426	4,281
Inventory	1,088	1,361	1,704
Other Current Assets	3,000	4,500	5,500
Total Current Assets	10,247	26,655	62,546

Long-term Assets			
Long-term Assets	19,500	29,500	29,500
Accumulated Depreciation	1,080	3,240	5,400
Total Long-term Assets	18,420	26,260	24,100
Total Assets	28,667	52,915	86,646
Liabilities and Capital	2012	2013	2014
Current Liabilities			
Accounts Payable	3,767	5,463	6,620
Subtotal Current Liabilities	3,767	5,463	6,620
Total Liabilities	3,767	5,463	6,620
Paid-in Capital	25,000	25,000	25,000
Retained Earnings	(13,000)	(100)	22,453
Earnings	12,900	22,552	32,574
Total Capital	24,900	47,453	80,027
Total Liabilities and Capital	28,667	52,915	86,647
Net Worth	24,900	47,453	80,027

SAMEG will make profit by the end of the first year. The profit percentages for the three years are 13.65%, 19.03% and 22.00% respectively.

Table: Income Statement

<i>Pro Forma Income Statement</i>	2012	2013	2014
	GH¢	GH¢	GH¢
Revenue	94,500	118,500	148,050
Direct Cost of Revenue	14,175	17,738	22,208
Other Costs of Revenue	120	150	188
Total Cost of Revenue	14,295	17,888	22,396
Gross Margin	80,205	100,613	125,655
Gross Margin %	84.87%	84.91%	84.87%
Expenses			
Payroll	27,600	27,600	33,120

Marketing/Promotion	2,208	2,950	3,156
Depreciation	1,080	2,160	2,160
Rent	12,000	12,000	12,000
Utilities	3,576	5,500	6,700
Insurance	4,740	4,740	4,740
General & Administrative expenses	2,496	3,500	4,000
Repairs	2,796	4,000	5,000
Provision for bank charges	36	40	44
Miscellaneous	2,304	2,230	3,200
Stationery	2,400	3,000	4,000
Telephone & Postage	540	675	1,000
Total Operating Expenses	61,776	68,395	79,120
Profit Before Interest and Taxes	18,429	32,218	46,535
EBITDA	19,509	34,378	48,695
Taxes Incurred	5,529	9,665	13,960
Net Profit	12,900	22,552	32,574
Net Profit/Revenue	13.65%	19.03%	22.00%

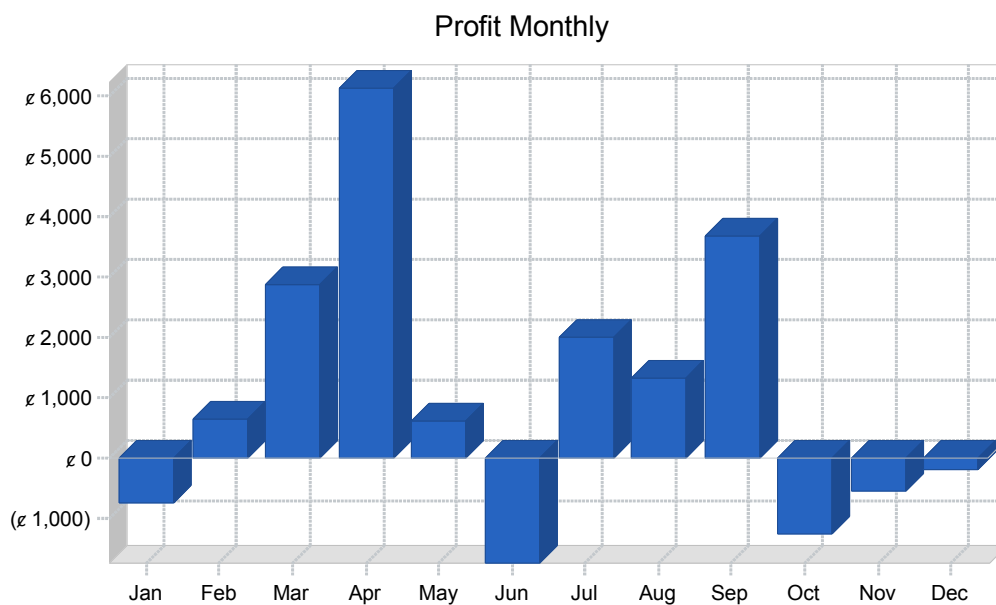


Table: Cash Flow

<i>Pro Forma Cash Flow</i>	2012	2013	2014
	GH¢	GH¢	GH¢
Cash Received			
Cash from Operations			
Cash Sales	70,875	88,875	111,038
Cash from Receivables	20,893	28,931	36,158
Subtotal Cash from Operations	91,768	117,806	147,196
Additional Cash Received			
VAT Received	14,175	17,775	22,208
Subtotal Cash Received	105,943	135,581	169,403
Expenditures	2012	2013	2014
Expenditures from Operations			
Cash Spending	27,600	27,600	33,120
Bill Payments	50,040	64,765	79,382
Subtotal Spent on Operations	77,640	92,365	112,502
Additional Cash Spent			
VAT Paid Out	14,175	17,775	22,208
Purchase Other Current Assets	1,200	1,500	1,000
Purchase Long-term Assets	10,000	10,000	0
Subtotal Cash Spent	103,015	121,640	135,710
Net Cash Flow	2,927	13,941	33,693
Cash Balance	3,427	17,368	51,061

Table: Break-even Analysis

<i>Break-even Analysis</i>	
Monthly Units Break-even	10
Monthly Revenue Break-even	GH¢ 6,056
Assumptions:	
Average Per-Unit Revenue	630.00

Average Per-Unit Variable Cost	94.50
Estimated Monthly Fixed Cost	5,148

