

CHRISTRIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES
BARCHELOR OF BUSINESS ADMINISTRATION

SKEDOC LAUNDRY AND CLEANING SERVICES LTD
BUSINESS PLAN

BY

AYESU SOLOMON
ACQUAH KENNEDY
ANKRAH EMMANUEL
ODURO DORCAS
OSEI AGYEMANG COLLINS

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EXECUTIVE SUMMARY

SKEDOC LAUNDRY AND CLEANING SERVICES is a limited liability company established in Kumasi at Ahodwo and owned by SKEDOC (Mr. Solomon Ayesu, Mr. Kennedy Acquah, Mr. Emmanuel Ankrah, Mr. Collins Osei Agyemang and Mrs. Dorcas Oduro). They would be actively involved in the day-to-day operations of the company. They all have knowledge in business administration with wealth of experience in project management.

The company will provide cleaning and laundry, offered with regular home pick-up and delivery services. The company will have a production facility and a retail shop in the premises for customers who will like to come to the office and a delivery van to pick-up and deliver customers items by our customer service trained drivers.

The company has well structured organizational hierarchy and a documented grievance processes to be administered.

The company is schedule to start operation in January 2012. The company has already established a formidable contact with our suppliers and built a cordial working relationship with its targeted customers.

The volume of work available and the preliminary feasibility study carried out indicated that we can make a sale of GHC86800 by December 2012 if everything goes as planned. Our studies also revealed that we can grow at 10% per month. The company hopes to make a profit of GHC 13395.00, GHC 31167.00, GHC 183802.00 for the first, second and third year respectively.

MISSION

Our continual mission is to provide cleaning and laundry services that result in customer satisfaction. We are committed to the continuous improvement of quality services and timely delivery.

VISION

In the next three years Skedoc Laundry and Cleaning Services aims to become a leading professional provider of high quality commercial laundry and cleaning services in our geographic area of operation and to maintain standards of excellence in the industry we operate.

CORPORATE OBJECTIVES

In providing laundry and cleaning services for customers in Kumasi, Skedoc Service aims to:

- Establish sustainable business by the end of the first year
- Achieve the highest level of customer satisfaction through consistent quality performance and delivery.
- To provide management support, encouragement and performance that will nurture successful client business growth and in so doing ensure corporate profitability.

1.0 ORGANISATION

1.1 COMPANY NAME, LEGAL FORM, LOCATION AND ADDRESS

Company Name: Skedoc Laundry and Cleaning Services Limited.

Legal Form: Skedoc Laundry and Cleaning Services is a partnership form of business to be established as a limited liability company under Companies code and regulations 1963 (Act 179), which is owned by SKEDOC and controlled by the Board of Directors. The company was registered on the 23rd of November, 2011 in Kumasi. The proposed date for the start of the business is on the 10th of January, 2012.

Location and Address: Ahodwo on plot number 66 block 'A' opposite the Royal Palace Hotel, with post office address SN 194 Santasi in the Kumasi metropolis.

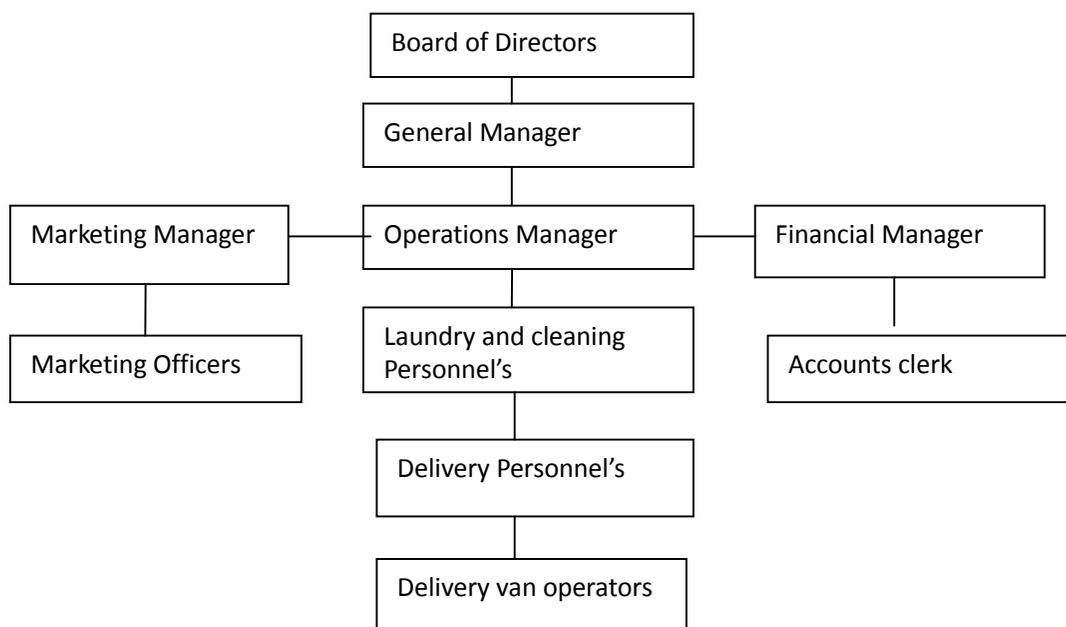
Email: skeoc2011@gmail.com.

Tel: 0322023456/ 0244812277/ 0264976611

Bankers: Ecobank, UT Bank Limited.

Legal Advisor: Ana Fodjour

1.2 ORGANISATIONAL STRUCTURE



1.3 BUSINESS STRATEGY AND MISSION.

1.3.1 Business Strategy

Skedoc Cleaning and Laundry Services will be courting corporate institutions and the affluent households in Kumasi. We will be attractive to these customers because of our new door to door services, commitment to professional and trustworthy service. We will achieve this high level of service through:

Differentiation Strategy: Skedoc services will try to lure customers by offering full laundry service, where customers can have laundry picked up, washed, pressed, folded and returned to them. One way of differentiating our services is to offer door to door pickup and delivery services to our target customers which none of our competitors is offering at the moment. Skedoc will also focus on timely delivery of services.

Niche Strategy: due to our size and financial standing, Skedoc service will strategically focus our services on the affluent in the society and corporate institutions in the early years of operation.

2.0 PRODUCT IDEA AND RELISATION SCHEDULE

2.1 Product Idea

Skedoc Services will provide cleaning and laundry services to corporate and affluent households in Kumasi. Skedoc service profess innovation which comes from the fact that we are the only company in the cleaning and laundry service industry which is offering large scale laundry and cleaning of households as well as door to door and on time delivery service to our customers. We will provide the following innovative services to our target customers:

Cleaning Services:

These services will be rendered to our targeted clients in both cooperate institutions and individual households. The services for cooperate institutions ranges from hall cleaning in the case of banks, wash room cleaning, office room cleaning and glass cleaning. We provide perfect cleaning services that ensure our client's environment is extremely clean and sparkling thereby reducing the presence of potential safety hazards that is capable of causing accidents while on the job. Unusual jobs like pets cleaning are also offered.

Laundry services:

The following laundry services would be offered;

- Wet cleaning of clothes and garments
- Dry cleaning
- Wet washing
- Ironing, folding and packaging

Our services also include door to door pickup and delivery of service to our clients.

2.2 REALISATION SCHEDULE

Table 2.2 showing Realisation Schedule

Activities	Description of Activity	Responsibility	Duration	
			Start	End
Mobilization of capital	Raising of capital	Skedoc	15 th Oct, 2011	30 th Oct, 2011
Acquisition of premises	Acquiring factory premises	Skedoc	5 th Nov, 2011	10 th Nov, 2011
Registration of business	Incorporation of business	Skedoc	15 th Nov, 2011	23 rd Nov, 2011
Installation of office equipments and Machines	Purchasing and Installation of equipments	Skedoc and Technical Consultant	25 th Nov, 2011	15 th Dec, 2011
Application	Receipt of Job applications and Selection of applicants	Human resource Manager	23 rd Dec, 2011	30 th Dec, 2011
Orientation and Placement of Personnel	Training and briefing of personnel	Human resource Manager	3 rd Jan, 2012	5 th Jan, 2012
Commencement of Operation	-	Personnel	10 th Jan, 2012	-
Promotion and Advertisement	Distribution of brochures and radio promotions	Marketing Manager	25 th Jan, 2012	30 th March, 2012

3.0 MANAGEMENT TEAM

MRS. MARY MENSAH holds a degree in human psychology with administration from university of Ghana Legon, a certificate on entrepreneurial leadership from Ghana Institute of Management and Public Administration (GIMPA). She is the consultant for the laundry department at Komfo Anokye Teaching Hospital (KATH) and the general manager for Skedoc services.

MR. OSEI BERKO holds a degree from Christian Service University College Kumasi and diplomat in marketing from Kumasi Polytechnic. He is currently working with NADMO.

MR EMMANUEL ANKRAH holds HND in marketing from Sunyani Polytechnic and now pursuing degree at Christian Service University College. Mr. Ankrah also works with Sucatrade LTD as branch sales manager.

3.1 Members to Implement the Plan in the first year

Skedoc laundry and cleaning services will strategically implement its business plan by its potential management team consisting of Mr. Osei Berko , Mrs. Mary Mensah and Mr. Emmanuel Ankrah through cooperation and coordination of the idea by the chief executive officer.

4.0 MARKETING ANALYSIS

4.1 Business Systems and Operations

We will open a retail shop at our premises that will serve customers who wish to pass by for their clothes and also a pickup/delivery van for our door to door services. We have in place an operations facility for installed machines and equipment, washing and cleaning activities, and storing not yet cleaned and cleaned garments.

There is also going to be a tagging system that will help us separate each client items from others in order to avoid losses and misplacements.

We will also have operations team in charge of cleaning services. This team will be in two groups. One group will be in charge of cleaning services at our client's premises and the other group will be in the office to take care of cleaning jobs that clients bring to our premises.

The whole operation process will be controlled and monitored by a laundry expert employee, and generally managed by the company manager.

The marketing manager will also complement the effort of the business through promotion in the form of word of mouth referrals, media campaign and distribution of fliers and brochures.

4.1.1 INTERNAL ANALYSIS

Organizational Assets:

Skedoc Services organizational assets include:

Operational Assets

- Industrial Dry Cleaning Machine (BOWE) 12.5 kg capacity. This machine is specifically for suits and garments, bed sheets, curtains and for dry cleaning only. Can dry, clean suits within 25 minutes. Its capacity to dry clean 160 set of suits in 8 hours operation. High quality output and can work for long hours nonstop.

- Industrial Washer: 20 kg capacity. Highly automated, high quality output and has features for both cold and warm water. It can wash for 24 hours nonstop and can handle express services.
- Industrial Finishing Table: professional ironing table with heating element for steam. Vacuum facility to aid easy pressing. Attached with pony baby iron for sensitive garments and a hand facility to take care of garment hands.
- Diesel Power Generating Plant: 18.8 KVA Diesel Power Generating plant to serve as a backup power to handle power fluctuations.

We also have three networked computers, printer, fax machine, two fixed lines and cellular phones for our field supervisors.

Transportation Asset

Since Skedoc services is going to offer door to door service to our prospective clients, we have acquired delivery van which would ensure fast and prompt delivery of services to customers.

People Assets

Skedoc services can boast of highly trained personnel that give excellent and professional services to our clients. We can also boast of two experts in cleaning and laundry services.

4.2 ENVIRONMENTAL ANALYSIS

4.2.1 Industrial/Micro Analysis

In analysing our industry, Skedoc Services will consider the following factors;

Threat of Entry

Skedoc believes that this venture is lucrative and has the potential to attract other investors in the near future.

Presence of Buyers

Skedoc has targeted the affluent in the society and corporate institutions, with this scope of customers in mind Skedoc can boast of high prospects for its services.

Competitor Analysis:

Although there are lot of competitors in the cleaning and laundry services. Research shows that none of these businesses is offering door to door delivery service which is an important feature of Skedoc operations. The commercial cleaners are typically a janitorial service that offers a wide range of services from general office cleaning, to carpet cleaning, to window cleaning.

Cleaning service customers want quality, and not everyone in the cleaning service space offers quality.

The already existing competitors wait for customers to bring their garments in and pick them up later. Customers have to drive cars to town, find parking places, carry their clothes or large items, such as curtains, blankets, etc. to the shop, and wait to be served or to come back in three days time. Then they must repeat this boring process when they come to collect their items. Nevertheless, Skedoc with its door to door and timely delivery services, customers in Kumasi will not have to go through such boring process again.

By understanding and addressing this need, our new dry cleaning, laundry service will be established, providing door to door service to our customers at a reduced cost. We make our customers' lives simpler by saving them time, and eliminating waiting in queues, parking problems, forgetting to collect clothes, missing meals, and going home late.

The following are Skedoc competitors in the industry;

KE-KLEAN ENTERPRISE

Location: Kumasi-Ahinsan

Services offered include;

Laundry services

Cleaning services

BROAD-BASE SANITATION LIMITED

Location: Kumasi

Services Offered include;

Cleaning services

ASHANTI LAUNDRY

Location: Kumasi-Adum

They offer only laundry service

4.2.2 MACRO ENVIRONMENT ANALYSIS

Political:

In a situation where there is political unrest in the country it affects the spending pattern of the people in the country and therefore Skedoc target customers cannot be ignored. Since we are a start-up business and moreover as we are approaching the election 2012, an eventual political unrest will have an adverse effect on our business operations.

Economic:

Concerning the economy, factors that may affect our operations include taxes in the form of import duties on the equipments and chemicals we import from abroad for our cleaning and laundry activities.

Skedoc may also be affected by the fluctuations in the exchange rates. This is because most of our machinery and equipment for our operations will be imported from abroad and the fluctuations in the currency rates would increase our cost of operations.

Technological:

The recent technological advancement could increase Skedoc operational cost since we have to consistently upgrade our machinery and pay experts at a cost to train our staff in the usage of the new machines and equipment in order to stay in competition.

4.2.3 SWOT ANALYSIS:

The following is the SWOT analysis for Skedoc service;

Strength:

- We offer a relatively new, door-to-door service for dry cleaning and laundry services, providing another choice for customers.
- We provide quick and convenient service in order to save customer's time.

- We come in with innovative operational facilities that do a perfect job for our clients.
- We also introduce a tagging system to prevent loss and missed up of our client's items.

Weakness:

- Skedoc is starting with small capital.
- Starting with no market share at all.
- Less experience than competitors.

Opportunities:

- Expenditures on clothing are increasing, including expensive clothes; therefore the demand for taking care of clothes also increases.
- There is a high likelihood of repeat business.
- The ability to decrease the fixed costs as the sales volume increases.
- People tend to spend more time on leisure activities rather than doing the house work.
- Increase in the growing number of corporate institutions and organizations
- There is also increase in population and the influx of foreigners in the country

Threats:

- High vehicular traffic in the Kumasi metropolis
- If the business is successful, there will be new competitors who supply the same kind of service.
- Stiff competition from already existing businesses
- New technology changes may bring out new family washing machines for dry cleaning.

Strategies for addressing the weakness:

Management will address the weaknesses through intensive advertising and the use of fliers, word of mouth referrals in order to gain market share. We also use retention policy to accumulate capital for the business. Moreover, Skedoc will continuously embark on training programs for our employees to improve their skills on the job in order to stand against competition.

4.3 MARKET SEGMENTATION:

Skedoc service will primarily be targeting customers in the Kumasi and especially areas like Ahodwo, Tuc, Denyame, Estates and residential home in Kumasi but will also aim at extending our services to residents in our catchment area.

We will be focusing on corporate institutions and also targeting their working staffs that are busy with work and also trying to further their education. Research shows that about 40% to 50% of workers in both formal and informal sector are pursuing higher education and therefore have no time to do cleaning and laundry activities.

Another segment of the market that we will be targeting is the affluent household.

The other segment of the affluent market we will be targeting is the two income family. These families don't really have the time to clean, can afford a cleaning service, and choose to hire a service because the opportunity costs are too high to waste time cleaning their house.

Additionally, there are some potential customers that Skedoc labeled as assorted "well-off" households. These are families that have the money for our services that do not fit neatly into the previous categories.

4.4 TARGET MARKET AND SEGMENT STRATEGY

Target Market

With careful research, this business focuses on the affluent households, working professionals and corporate institutions as our target market.

Skedoc is focusing on these people because they appreciate a professionalism, reliable, trustworthy, and immaculate cleaning and laundry service, and are more than willing to pay for this service. Another reason for targeting this group is that employment, income, and GDP (Gross Domestic Product) trend shows an increase over the past years as well. This results in increasing standard of living, which in turn leaves people having less time to do their chores (including laundry and cleaning).

Moreover, the demand on clothes of these working people (particularly professionals) usually increases proportionately with their income. Buying more clothes, especially expensive clothes, makes them pay more attention to the care and cleaning of those garments.

We will also target cooperate institutions that do not want to permanently employ people for cleaning and laundry services but would rather prefer companies with the expertise and the right technology.

Target Segment Strategy

We will begin to market our company through three approaches. One approach is the distribution of a color brochure detailing our services. The distribution of this document will be targeted to hit our chosen segment. This will be done by setting up strategic relationships with organizations or clubs whose members fits our targeted customer profile. Examples of these are supermarkets (Melcom, A-life, Opoku Trading etc) and well patronized restaurants and hotels as well as the golf club and churches in Kumasi. We will gain access to these places through deals where the organizations will receive our services for themselves to test

the quality so they can feel comfortable with helping us by being a "cheerleader" for our service.

The second prong of our approach will be through word of mouth referrals (Buzz). We will offer an economic incentive (such as price cut and discounts) to our customers if they bring in new business for us. We believe this will be effective because the financial incentive will motivate their behavior, and people naturally like to share good things with their friends.

Our third approach will be promotion in the form of short-term advertising for three months on radio and buying air time for our marketing officer on some of the well listened morning shows and program on carefully selected Fm stations.

4.5 Marketing Strategy (Marketing Mix)

Place:

Skedoc services would be located at Ahodwo in Kumasi precisely close to our numerous target markets. Skedoc will be dealing directly with our customers, conveniently in their homes and offices. We also use pick-ups and delivery service.

Product:

We provide convenience and high quality wet and dry cleaning, laundry services and tagging system to our customers. We also offer home pickup and delivery service to our customers.

Price:

Normally, new businesses set their initial prices lower than their competitors. In our situation however, the business has higher costs for our delivery service and promotions to increase customers' awareness and establish our brand name. We will set our prices to match those of our competitors. The pricing scheme is based on a per service price. Moreover, the business targets corporate institutions and the affluent customers who often pay less attention to price than the quality and convenience of service.

Promotion:

As already mentioned above we will promote our business through the electronic media, word of mouth referrals and also through the distribution of fliers and brochures to shopping centers and supermarkets as well as renowned institutions and organizations.

We will also offer economic incentives in the form of discounts to customers who do repeat business with us for the first two months and customers who give us business by referring us to their friends.

Positioning:

Skedoc services want to be perceived by our numerous clients as the name that rings in their mind when it comes to cleaning and laundry service. Skedoc will offer the following benefits:

- **“One-stop shop”**. That is offering laundry and cleaning services at the same time without customers having to look elsewhere for other services.
- Door to door service and delivery
- On time delivery and convenience

Skedoc will be targeting corporate institutions and the affluent that believe in quality and professionalism. This is what Skedoc seeks to achieve.

Our services are better than that of competitors because of the following:

- Our latest operational facilities.
- We offer both laundry and cleaning services
- We provide door to door delivery
- On time delivery service to our clients

We can also boast of highly trained and motivated professionals in the cleaning and laundry industry.

Our position could be ascertained through our target market which will not accept anything below standard and lacks professionalism.

5.0 FINANCIAL ANALYSIS

5.1 Assumptions and Risk Analysis

Human activities are characterized with risk and for that matter Skedoc Laundry and cleaning service is not different from the negative effects of risk by default. In responding strategically to that effect, Skedoc Laundry and Cleaning Services have to identify significant risk associated with its chosen industry. Evaluating the potential frequency in occurrence and severity of losses, develop and select the appropriate strategies in its management.

Skedoc Services is therefore exposed to the following types of risks;

Operational Risk:

This includes the use of strong chemicals in our operations, the breakdown of machines, the noisy operating environment which can lead to health hazards on our workers and an operator leaving the company abruptly. It also includes the breakdown of delivery vans, illnesses and injuries on the part of our workers.

In addressing these risks, management will ensure that workers have the necessary safety equipments when working. Management will also offer regular training and workshops for other staffs to curtail the problem of an operator leaving the company and we will offer regular maintenance to our operating machines and delivery vans.

Competitors Risk:

This is another form of risk that Skedoc Services will be exposed to whilst operating. Competitors are constantly looking for ways and means to consolidate on their market share and probably expand to capture more market share.

Skedoc would ensure that it gives repeated excellent customer services in order to maintain and increase our market share. Skedoc will monitor the activities of our competitors and do accordingly in the interest of the organization when the need arises.

Human Risk:

This concern with the human resource based of the firm. This risk may be in the form of theft, loss of lives, accidents and labor issues as well as legal issue emitting from our customers and the environment we find our self. Much attention will be given to them in management processes which involve training and development seminars that will be organized periodically to upgrade our employees and to expose them to current practices in cleaning and laundry industry.

The firm will set effective measures to manage its finances and ensure that managerial actions go with our financial management standards.

Fire extinguishers will be placed at vantage points of the firm and fire management training would be provided by experts from national fire service to our employee annually.

Political Risk:

This includes difficulties or challenges businesses face as a result of political decisions by political power holders. This normally happens due to non-market factors like civil war, terrorism, expropriation, confiscating and social unrest.

Skedoc services have a policy that restrict our board, management team and employees from engaging in any political activity in order to enjoy a continuous sound business environment irrespective of the political party in power.

Economic Risk:

The uncertainty that the output of our firm would generate enough revenue to cover the operational cost and make enough profit to settle cost of investment. This may occur as a result of general increase in economic activities like increase in the prices of equipments and materials, exchange rates, interest rates, inflation and recession.

Skedoc will maintain its service standards which ensure quality and value to the customer in other to charge premium for our services.

5.2 PROJECTED FINANCIAL ASSUMPTION

Table 5.2.1 showing Projected Financial Assumption for Year 1

Personnel		Monthly	Yearly
1	General Manager	600	7200
1	Operation Manager	500	6000
1	Accountant	500	6000
2	Drivers	300	3600
1	Secretary	200	2400
1	Security	100	1200
8	Cleaners	800	9600
3	Sales Personal	100	2400
2	Supervisors	800	9600
Total			4800

Table 5.2.2 showing Projected Financial Statements for Year 2

10% Salary increment across board

Personnel		Monthly	Yearly
1	General Manager	660	7920
1	Operation Manager	550	6600
1	Accountant	550	6600
2	Drivers	330	3960
1	Secretary	220	2640
1	Security	110	1320
8	Cleaners	880	10560
3	Sales Personal	660	7920
2	Supervisors	880	10560
Total			58080

Table 5.2.3 showing Projected Financial Statement for Year 3

15% salary increment across board

Personnel		Monthly	Yearly
1	General Manager	759	9108
1	Operation Manager	633	7596
1	Accountant	633	7596
2	Drivers	380	4560
1	Secretary	253	3036
1	Security	127	1524
8	Cleaners	1016	12192
3	Sales Personal	759	9108
2	Supervisors	1012	12144
Total			71424

Straight line method

5.3 PROJECTED FIXED ASSETS SCHEDULE

Table 5.3.1 showing Projected Fixed Assets Schedule for Year 1

Year 1		Cost/Valuation	Depreciation	NBV
Industrial dry machine	10%	6000	600	5400
Can dry machine	10%	1000	100	900
Industrial washer	10%	2000	200	1800
Industrial finishing	10%	1000	50	950
Diesel power plant	10%	4000	400	3600
Motor vehicle	15%	30,000	4500	25,500
Computer	6%	1800	108	1692
Furniture and fillings	10%	4000	400	3600
Printer	5%	400	20	380
Building	10%	1000	-	1000
		51700	6378	44822

Table 5.3.2 showing Projected Fixed Assets Schedule for Year 2

Year 2		Cost/Valuation	Depreciation	NPV
Industrial dry making		6000	1200	4800
Can dry		1000	200	800
Industrial washer		2000	400	1600
Industrial finishing		1000	100	900
Diesel power plant		4000	800	3200
Motor vehicle		30,000	9000	21,000
Computer		1800	216	1584
Furniture and fittings		4000	800	3200
Printer		400	400	360
Building	10%	1000	100	900
		12856		38344

Table 5.3.3 showing Projected Fixed Assets Schedule for Year 3

Year 3		Cost/Valuation	Depreciation	NBV
Industrial dry machine		6000	1800	4200
Can dry machine		1000	300	700
Industrial washer		2000	600	1400
Industrial finishing		1000	150	850
Diesel power plant		4000	1200	2800
Motor vehicle		30,000	13,500	16,500
Computer		1800	324	1476
Furniture and fittings		4000	1200	2800
Printer		400	60	340
Building		1000	200	800
		19334		31866

5.4 PROJECTED FINANCIAL ASSUMPTION PRODUCT

Purchase budget

Table 5.4.1 showing Projected Financial Assumption Product for Year 1

Item	Qty	Price	Month	Year
Mob	200	10	2000	24000
Detergent	10boxes	50	500	6000
Air freshener	5boxes	36	180	2160
Laundry starch	5boxes	48	240	2880
Ceiling brush	10	1.5	15	180

Table 5.4.2 showing Projected Financial Assumption Product for Year 2

Item	Qty	Price	Month	Year
Mob	2 boxes	100	200	2400
Detergent	13 boxes	50	650	7800
Air freshener	10 boxes	36	360	4320
Laundry starch	10 boxes	48	480	5760
Ceiling brush	5	1.5	7.5	90

Table 5.4.3 showing Projected Financial Assumption Product for Year 3

Item	Qty	Price	Month	Year
Mob	3	105	315	3780
Detergent	15 boxes	55	825	9900
Air freshener	15	40	600	7200
Laundry starch	16	50	750	9000
Ceiling brush	8	2	16	192

5.5 SALES BUDGET AND CASH RECEIPT FOR THE YEAR ENDED DEC. 31

Table 5.5.1 showing Sales Budget and Cash Receipt for Year 1

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	GH¢											
budgeted sales	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800
budgeted sales in a/c	-	-	-	-	-	-	-	-	-	-	-	-
total Budgeted sales	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800
schedule of cash receipts,	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800
A/C receivable from previous month	-	-	-	-	-	-	-	-	-	-	-	-
total budgeted collection	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800

Total Sales=GH¢ 86800

Table 5.5.2 showing Sales Budget and Cash Receipt for Year 2

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
budgeted sales	6900	6000	5800	7500	10300	9500	8620	9730	11250	7700	11340	14400
budgeted sales in a/c	1000	1990	2200	1500	1000	800	700	1270	750	960	1600	1400
total Budgeted sales	7900	7950	8000	9000	11300	10300	9320	11000	12000	12300	14800	15800
schedule of cash receipts	6900	6000	5800	7500	10300	9500	8620	9730	11250	11340	13200	14400
A/C receivable from previous month	-	-	-	1000	800	1000	600	1100	580	820	1300	1200
total budgeted collection	6900	6000	5800	8500	11100	10500	9220	10830	11830	12160	14900	15600

Total Sales = GH¢129,670

Table 5.5.3 showing Sales Budget and Cash Receipt for Year 3

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	GH¢											
sales budget	18000	20000	21000	24000	25000	26000	26500	26800	29000	29000	29500	32000
budgeted sales in a/c	2000	1000	4000	8000	6725	5245	3800	2425	3285	4085	5000	34850
total Budgeted sales	20000	21000	25000	32000	31725	31245	30300	29225	32285	33185	34500	32000
schedule of cash receipts	18000	20000	21000	24000	25000	26500	26500	26800	29000	29000	29500	32000
A/C receivable from previous month	650	2000	1000	4000	8000	6725	5245	3800	2425	3285	4085	500
total budgeted collection	18650	22000	22000	28000	33000	32725	31745	30000	31425	32385	33585	3700

Total sales =GH¢ 355,315

Table 5.6 showing Projected Income Statement for the Year Ended 31 Dec

	Year 1	Year 2	Year 3
Turnover	86800	129670	355315
Les cost of sales	<u>12212</u>	<u>20926</u>	<u>29634</u>
Gross profit	74588	108744	325681
Discount Received	-	<u>200</u>	<u>300</u>
		108944	325681
Less Adm, Selling & distribution	<u>56728</u>	<u>67388</u>	<u>80912</u>
Income Surplus	17860	41556	245069
Taxation 25%	<u>-4465</u>	<u>-10389</u>	<u>-61267</u>
Income Surplus after Tax	13395	31167	183802

Table 5.7 showing Projected Break-Even Analysis

	31/12/11	31/12/12	31/12/13
	GH¢	GH¢	GH¢
Fixed Cost			
Insurance	200	300	300
Rent	300	400	500
Depreciation			
Industrial Dry Machinery	600	1200	1800
Can Dry	100	200	300
Industrial Washer	200	400	600
Industrial Finishing	50	100	150
Diesel Power Plant	400	800	1200
Motor Vehicle	4500	900	13500
Computer	108	216	324
Furniture & fitting	400	800	1200
Printer	20	40	60
Building	–	100	200

Table 5.8 showing Variable Cost

	31/12/11	31/12/12	31/12/13
Carriage	200	300	400
Salaries	48000	58080	71424
Electricity	150	160	170
Repair & Maintenance	100	150	160
Telephone & Stationary	50	60	60
Medical	50	60	70
Adverting & Promotion	1000	1100	1100
Taxation	4465	10389	61267
	54015	70299	134251

5.9 BREAK-EVEN IN VALUE

Year One = $\frac{\text{Fixed Cost} \times \text{Sales}}{\text{Contribution}}$

$$= \frac{6878 \times 86800}{86800 - 54015}$$

$$= \frac{597010400}{32785}$$

$$= 18209.9$$

Year Two = $\frac{\text{Fixed Cost} \times \text{Sales}}{\text{Contribution}}$

$$= \frac{13556 \times 129670}{129670 - 70299}$$

$$= \frac{1757806520}{59371}$$

$$= 29607$$

Year Three = $\frac{\text{Fixed Cost} \times \text{Sales}}{\text{Contribution}}$

$$= \frac{20134 \times 355315}{355315 - 134251}$$

$$= \frac{7153912210}{221064}$$

$$= 32361$$

Table 5.9.1 showing Projected Cash Flow Statement for the Year Ended 31 December

Inflows	Year 1		Year 2		Year 3	
	GH¢	GH¢	GH¢	GH¢	GH¢	
Balance b/f			117145		155046	
Sales	86800		129670		355315	
Stated Capital	150000					
Dis. Received		236800	200	247015	300	510661
Outflows						
Purchases	13440		20370		30072	
Carriage Inwards	200		300		400	
Advertising	1000		1100		1100	
Rent	300		400		300	
Insurance	200		300		300	
Salaries	48000		58080		71424	
Telephone & Stationary	50		60		60	
Medical	50		60		70	
Repairs and Maintenance	100		150		160	
Discount Allowed	500		600		650	
Electricity Bill	150		160		170	
Property, plant & Equip	51200					
	115190		81580		104906	
Taxation	4465	119655	10389	91969	61267	166173
Cash equivalent to cash book		117145		155046		344488

Table 5.9.2 showing Projected Statement of Financial Position as at December 31

	Year 1		Year 2		Year 3	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Non-Current Assets						
Property, Plant & Equipment		44822		38344		31866
Current Assets						
Closing Inventories	1428		1172		210	
Cash At Bank	117145	118573	155021	156193	344488	346498
		163395		194562		378364
Financed by:						
Equity & Liabilities						
Stated Capital	15000		163395		194562	
Income Surplus	13395	163395	31167	194562	183802	378364

APPENDIX

Financial

1. Cost of sales

	Year 1	year 2	Year 3
Opening stock		1428	1172
Purchase	13440	20370	30072
Carriage Inwards	200	200	600
	13640	22098	31844
Less closing stock	1428	1172	2010
	12212	20926	29834

2. Closing Stock

Year 1	Year 2	Year 3
Mob (60x10) 600	(50x10) 500	(80x105)840
Spray (15x36) 540	(12x36) 432	(18x40) 720
Starch (6x48) 288	(5x48) 240	(9x50) 450
1428	1172	2010

3. Expenses incurred on carriage are as follows:

Year 1 = GH¢ 200

Year 2 = GH¢ 300

Year 3 = GH¢ 400

4. The staff cost were increased by

10% in the second year

15% in the third year

5. The company paid its rent for 3 years

Year 1 = GH¢300

Year 2 = GH¢ 400

Year 3 = GH¢ 500

6. The company allows the following discounts

Year 1 = GH¢500

Year 2 = GH¢ 600

Year 3 = GH¢ 650

7. Administration (selling and distribution) Expenses includes the following:

	Year 1	Year 2	Year 3
Telephone and Stationery	50	60	60
Advertising	1000	1100	1100
Rent	300	400	500
Insurance	200	300	300
Salaries (Staff cost)	48000	58080	71424
Medical	50	60	70
Repair and Maintenance	100	150	160
Discount Allowed	500	600	650
Electricity bill	150	160	170
Depreciation of non-current asset	6378	6478	6478
	56728	67388	80912

8. Depreciation charge on fixed assets is on straight – Line methods Year 1 to year 3

Industrial dry machines 10%

Can dry 10%

Industrial washer	10%
Industrial finishing	5%
Diesel power plant	10%
Motor vehicle	15%
Computer	6%
Furniture and fitting	10%
Printer	5%
Building	10%

9. Net Present Value Formula = Cash flow

$$(1+r)^t$$

PROJECTED NET PRESENT VALUE

$$NPV = -C_0 + C_1 / (1+r)^1 + C_2 / (1+r)^2 + C_3 / (1+r)^3$$

Where C_0 = Initial cost of investment = 150,000

C_1 = Cash flow for the year 2011 = 117,145

C_2 = Cash flow for the year 2012 = 155,046

C_3 = Cash flow for the year 2013 = 344,488

R = Risk = 15%

$$NPV = -150000 + 117145 + 155046 + 344488$$

$$(1+0.15)^1 (1+0.15)^2 (1+0.15)^3$$

$$= -150000 + 101865 + 117237 + 226506$$

$$NPV = 295608$$

Since the NPV of Skedoc is positive, the investment is viable and should be accepted.

PROJECTED RATIO

Profit Margin (%)	31/12/2011	31/12/12	31/12/13
<u>Operating Profit x 100</u>	<u>17860</u> x 100	<u>41556</u> x 100	<u>245069</u> x100
Sales	86800	129670	355315
	=20.6%	=32%	=69%

Asset Turnover

<u>Sales</u>	<u>86800</u>	<u>129670</u>	<u>355315</u>
Capital employed	163395	194562	378364
	=0.5 times	= 0.7 times	=0.9times

Fixes Asset Turnover

<u>Sales</u>	<u>86800</u>	<u>129670</u>	<u>355315</u>
Fixed Assets	44822	38344	31866
	=1.9 times	=3.4 times	=11.2 times

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EXECUTIVE SUMMARY

SKEDOC LAUNDRY AND CLEANING SERVICES is a limited liability company established in Kumasi at Ahodwo and owned by SKEDOC (Mr. Solomon Ayesu, Mr. Kennedy Acquah, Mr. Emmanuel Ankrah, Mr. Collins Osei Agyemang and Mrs. Dorcas Oduro). They would be actively involved in the day-to-day operations of the company. They all have knowledge in business administration with wealth of experience in project management.

The company will provide cleaning and laundry, offered with regular home pick-up and delivery services. The company will have a production facility and a retail shop in the premises for customers who will like to come to the office and a delivery van to pick-up and deliver customers items by our customer service trained drivers.

The company has well structured organizational hierarchy and a documented grievance processes to be administered.

The company is schedule to start operation in January 2012. The company has already established a formidable contact with our suppliers and built a cordial working relationship with its targeted customers.

The volume of work available and the preliminary feasibility study carried out indicated that we can make a sale of GHC86800 by December 2012 if everything goes as planned. Our studies also revealed that we can grow at 10% per month. The company hopes to make a profit of GHC 13395.00, GHC 31167.00, GHC 183802.00 for the first, second and third year respectively.

MISSION

Our continual mission is to provide cleaning and laundry services that result in customer satisfaction. We are committed to the continuous improvement of quality services and timely delivery.

VISION

In the next three years Skedoc Laundry and Cleaning Services aims to become a leading professional provider of high quality commercial laundry and cleaning services in our geographic area of operation and to maintain standards of excellence in the industry we operate.

CORPORATE OBJECTIVES

In providing laundry and cleaning services for customers in Kumasi, Skedoc Service aims to:

- Establish sustainable business by the end of the first year
- Achieve the highest level of customer satisfaction through consistent quality performance and delivery.
- To provide management support, encouragement and performance that will nurture successful client business growth and in so doing ensure corporate profitability.

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

**DEPARTMENT OF BUSINESS STUDIES
BACHELOR OF BUSINESS ADMINISTRATION**

SKEDOC LAUNDRY AND CLEANING SERVICES LTD

BUSINESS PLAN

**A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF
BUSINESS STUDIES OF**

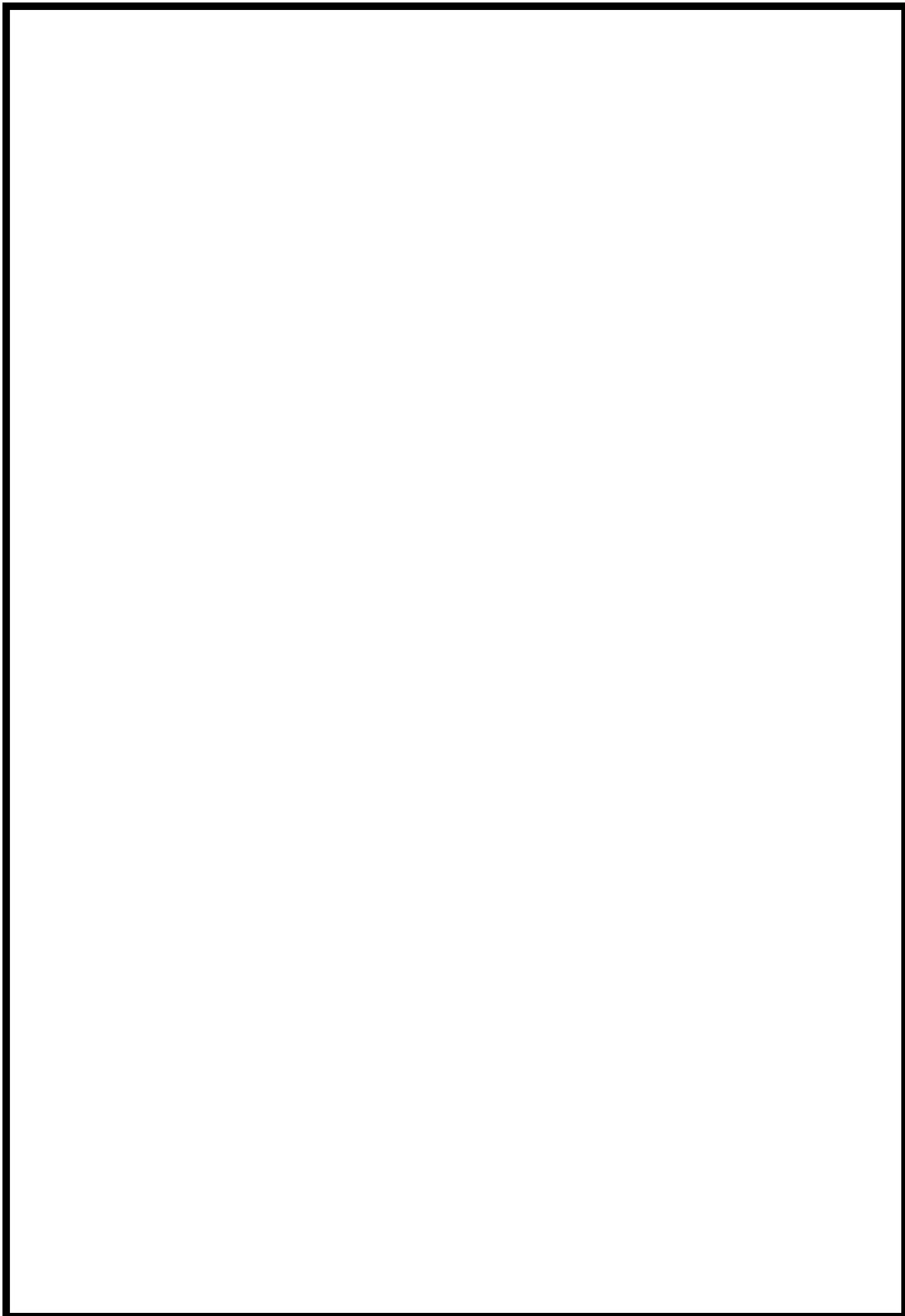
**CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI IN
PARTIAL**

**FULLFILLMENT OF THE REQUIREMENT FOR THE COURSE
CSAD 433: TEAM BUSINESS PROPOSAL**

BY

NAMES	INDEX NO.
AYESU SOLOMON	10135306
ACQUAH KENNEDY	10136186
ANKRAH EMMANUEL	10140743
ODURO DORCAS	10124196
OSEI AGYEMANG COLLINS	10135285

DECEMBER, 2011



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CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES
BACHELOR OF BUSINESS ADMINISTRATION

SKEDOC LAUNDRY AND CLEANING SERVICES LTD
BUSINESS PLAN

BY

AYESU SOLOMON
ACQUAH KENNEDY
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OSEI AGYEMANG COLLINS

DECEMBER, 2011

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- To provide management support, encouragement and performance that will nurture successful client business growth and in so doing ensure corporate profitability.

1.0 ORGANISATION

1.1 COMPANY NAME, LEGAL FORM, LOCATION AND ADDRESS

Company Name: Skedoc Laundry and Cleaning Services Limited.

Legal Form: Skedoc Laundry and Cleaning Services is a partnership form of business to be established as a limited liability company under Companies code and regulations 1963 (Act 179), which is owned by SKEDOC and controlled by the Board of Directors. The company was registered on the 23rd of November, 2011 in Kumasi. The proposed date for the start of the business is on the 10th of January, 2012.

Location and Address: Ahodwo on plot number 66 block 'A' opposite the Royal Palace Hotel, with post office address SN 194 Santasi in the Kumasi metropolis.

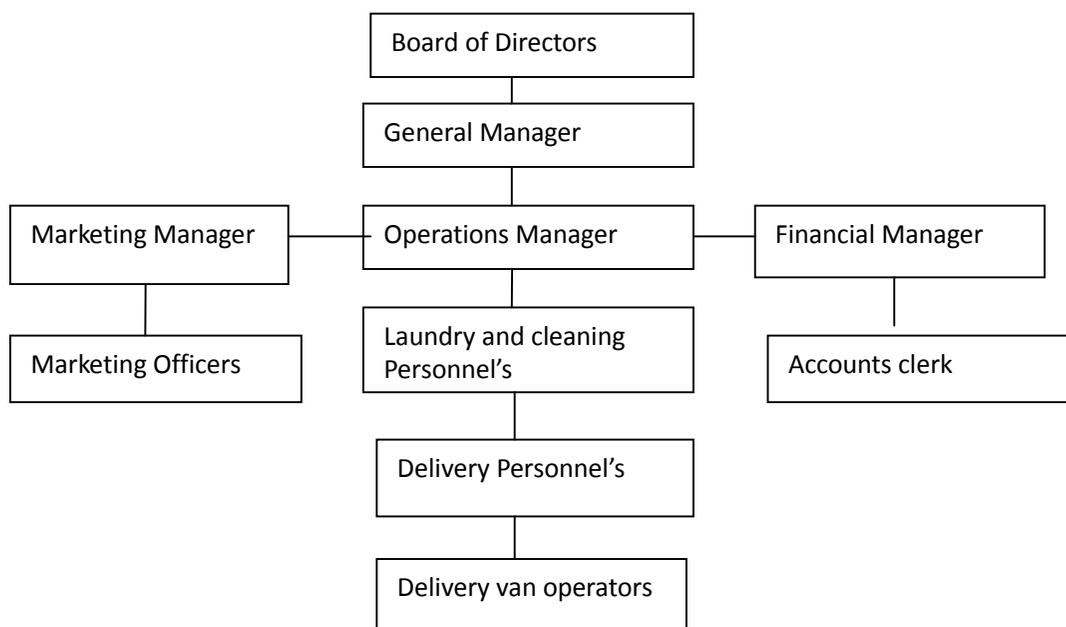
Email: skeoc2011@gmail.com.

Tel: 0322023456/ 0244812277/ 0264976611

Bankers: Ecobank, UT Bank Limited.

Legal Advisor: Ana Fodjour

1.2 ORGANISATIONAL STRUCTURE



1.3 BUSINESS STRATEGY AND MISSION.

1.3.1 Business Strategy

Skedoc Cleaning and Laundry Services will be courting corporate institutions and the affluent households in Kumasi. We will be attractive to these customers because of our new door to door services, commitment to professional and trustworthy service. We will achieve this high level of service through:

Differentiation Strategy: Skedoc services will try to lure customers by offering full laundry service, where customers can have laundry picked up, washed, pressed, folded and returned to them. One way of differentiating our services is to offer door to door pickup and delivery services to our target customers which none of our competitors is offering at the moment. Skedoc will also focus on timely delivery of services.

Niche Strategy: due to our size and financial standing, Skedoc service will strategically focus our services on the affluent in the society and corporate institutions in the early years of operation.

2.0 PRODUCT IDEA AND RELISATION SCHEDULE

2.1 Product Idea

Skedoc Services will provide cleaning and laundry services to corporate and affluent households in Kumasi. Skedoc service profess innovation which comes from the fact that we are the only company in the cleaning and laundry service industry which is offering large scale laundry and cleaning of households as well as door to door and on time delivery service to our customers. We will provide the following innovative services to our target customers:

Cleaning Services:

These services will be rendered to our targeted clients in both cooperate institutions and individual households. The services for cooperate institutions ranges from hall cleaning in the case of banks, wash room cleaning, office room cleaning and glass cleaning. We provide perfect cleaning services that ensure our client's environment is extremely clean and sparkling thereby reducing the presence of potential safety hazards that is capable of causing accidents while on the job. Unusual jobs like pets cleaning are also offered.

Laundry services:

The following laundry services would be offered;

- Wet cleaning of clothes and garments
- Dry cleaning
- Wet washing
- Ironing, folding and packaging

Our services also include door to door pickup and delivery of service to our clients.

2.2 REALISATION SCHEDULE

Table 2.2 showing Realisation Schedule

Activities	Description of Activity	Responsibility	Duration	
			Start	End
Mobilization of capital	Raising of capital	Skedoc	15 th Oct, 2011	30 th Oct, 2011
Acquisition of premises	Acquiring factory premises	Skedoc	5 th Nov, 2011	10 th Nov, 2011
Registration of business	Incorporation of business	Skedoc	15 th Nov, 2011	23 rd Nov, 2011
Installation of office equipments and Machines	Purchasing and Installation of equipments	Skedoc and Technical Consultant	25 th Nov, 2011	15 th Dec, 2011
Application	Receipt of Job applications and Selection of applicants	Human resource Manager	23 rd Dec, 2011	30 th Dec, 2011
Orientation and Placement of Personnel	Training and briefing of personnel	Human resource Manager	3 rd Jan, 2012	5 th Jan, 2012
Commencement of Operation	-	Personnel	10 th Jan, 2012	-
Promotion and Advertisement	Distribution of brochures and radio promotions	Marketing Manager	25 th Jan, 2012	30 th March, 2012

3.0 MANAGEMENT TEAM

MRS. MARY MENSAH holds a degree in human psychology with administration from university of Ghana Legon, a certificate on entrepreneurial leadership from Ghana Institute of Management and Public Administration (GIMPA). She is the consultant for the laundry department at Komfo Anokye Teaching Hospital (KATH) and the general manager for Skedoc services.

MR. OSEI BERKO holds a degree from Christian Service University College Kumasi and diplomat in marketing from Kumasi Polytechnic. He is currently working with NADMO.

MR EMMANUEL ANKRAH holds HND in marketing from Sunyani Polytechnic and now pursuing degree at Christian Service University College. Mr. Ankrah also works with Sucatrade LTD as branch sales manager.

3.1 Members to Implement the Plan in the first year

Skedoc laundry and cleaning services will strategically implement its business plan by its potential management team consisting of Mr. Osei Berko , Mrs. Mary Mensah and Mr. Emmanuel Ankrah through cooperation and coordination of the idea by the chief executive officer.

4.0 MARKETING ANALYSIS

4.1 Business Systems and Operations

We will open a retail shop at our premises that will serve customers who wish to pass by for their clothes and also a pickup/delivery van for our door to door services. We have in place an operations facility for installed machines and equipment, washing and cleaning activities, and storing not yet cleaned and cleaned garments.

There is also going to be a tagging system that will help us separate each client items from others in order to avoid losses and misplacements.

We will also have operations team in charge of cleaning services. This team will be in two groups. One group will be in charge of cleaning services at our client's premises and the other group will be in the office to take care of cleaning jobs that clients bring to our premises.

The whole operation process will be controlled and monitored by a laundry expert employee, and generally managed by the company manager.

The marketing manager will also complement the effort of the business through promotion in the form of word of mouth referrals, media campaign and distribution of fliers and brochures.

4.1.1 INTERNAL ANALYSIS

Organizational Assets:

Skedoc Services organizational assets include:

Operational Assets

- Industrial Dry Cleaning Machine (BOWE) 12.5 kg capacity. This machine is specifically for suits and garments, bed sheets, curtains and for dry cleaning only. Can dry, clean suits within 25 minutes. Its capacity to dry clean 160 set of suits in 8 hours operation. High quality output and can work for long hours nonstop.

- Industrial Washer: 20 kg capacity. Highly automated, high quality output and has features for both cold and warm water. It can wash for 24 hours nonstop and can handle express services.
- Industrial Finishing Table: professional ironing table with heating element for steam. Vacuum facility to aid easy pressing. Attached with pony baby iron for sensitive garments and a hand facility to take care of garment hands.
- Diesel Power Generating Plant: 18.8 KVA Diesel Power Generating plant to serve as a backup power to handle power fluctuations.

We also have three networked computers, printer, fax machine, two fixed lines and cellular phones for our field supervisors.

Transportation Asset

Since Skedoc services is going to offer door to door service to our prospective clients, we have acquired delivery van which would ensure fast and prompt delivery of services to customers.

People Assets

Skedoc services can boast of highly trained personnel that give excellent and professional services to our clients. We can also boast of two experts in cleaning and laundry services.

4.2 ENVIRONMENTAL ANALYSIS

4.2.1 Industrial/Micro Analysis

In analysing our industry, Skedoc Services will consider the following factors;

Threat of Entry

Skedoc believes that this venture is lucrative and has the potential to attract other investors in the near future.

Presence of Buyers

Skedoc has targeted the affluent in the society and corporate institutions, with this scope of customers in mind Skedoc can boast of high prospects for its services.

Competitor Analysis:

Although there are lot of competitors in the cleaning and laundry services. Research shows that none of these businesses is offering door to door delivery service which is an important feature of Skedoc operations. The commercial cleaners are typically a janitorial service that offers a wide range of services from general office cleaning, to carpet cleaning, to window cleaning.

Cleaning service customers want quality, and not everyone in the cleaning service space offers quality.

The already existing competitors wait for customers to bring their garments in and pick them up later. Customers have to drive cars to town, find parking places, carry their clothes or large items, such as curtains, blankets, etc. to the shop, and wait to be served or to come back in three days time. Then they must repeat this boring process when they come to collect their items. Nevertheless, Skedoc with its door to door and timely delivery services, customers in Kumasi will not have to go through such boring process again.

By understanding and addressing this need, our new dry cleaning, laundry service will be established, providing door to door service to our customers at a reduced cost. We make our customers' lives simpler by saving them time, and eliminating waiting in queues, parking problems, forgetting to collect clothes, missing meals, and going home late.

The following are Skedoc competitors in the industry;

KE-KLEAN ENTERPRISE

Location: Kumasi-Ahinsan

Services offered include;

Laundry services

Cleaning services

BROAD-BASE SANITATION LIMITED

Location: Kumasi

Services Offered include;

Cleaning services

ASHANTI LAUNDRY

Location: Kumasi-Adum

They offer only laundry service

4.2.2 MACRO ENVIRONMENT ANALYSIS

Political:

In a situation where there is political unrest in the country it affects the spending pattern of the people in the country and therefore Skedoc target customers cannot be ignored. Since we are a start-up business and moreover as we are approaching the election 2012, an eventual political unrest will have an adverse effect on our business operations.

Economic:

Concerning the economy, factors that may affect our operations include taxes in the form of import duties on the equipments and chemicals we import from abroad for our cleaning and laundry activities.

Skedoc may also be affected by the fluctuations in the exchange rates. This is because most of our machinery and equipment for our operations will be imported from abroad and the fluctuations in the currency rates would increase our cost of operations.

Technological:

The recent technological advancement could increase Skedoc operational cost since we have to consistently upgrade our machinery and pay experts at a cost to train our staff in the usage of the new machines and equipment in order to stay in competition.

4.2.3 SWOT ANALYSIS:

The following is the SWOT analysis for Skedoc service;

Strength:

- We offer a relatively new, door-to-door service for dry cleaning and laundry services, providing another choice for customers.
- We provide quick and convenient service in order to save customer's time.

- We come in with innovative operational facilities that do a perfect job for our clients.
- We also introduce a tagging system to prevent loss and missed up of our client's items.

Weakness:

- Skedoc is starting with small capital.
- Starting with no market share at all.
- Less experience than competitors.

Opportunities:

- Expenditures on clothing are increasing, including expensive clothes; therefore the demand for taking care of clothes also increases.
- There is a high likelihood of repeat business.
- The ability to decrease the fixed costs as the sales volume increases.
- People tend to spend more time on leisure activities rather than doing the house work.
- Increase in the growing number of corporate institutions and organizations
- There is also increase in population and the influx of foreigners in the country

Threats:

- High vehicular traffic in the Kumasi metropolis
- If the business is successful, there will be new competitors who supply the same kind of service.
- Stiff competition from already existing businesses
- New technology changes may bring out new family washing machines for dry cleaning.

Strategies for addressing the weakness:

Management will address the weaknesses through intensive advertising and the use of fliers, word of mouth referrals in order to gain market share. We also use retention policy to accumulate capital for the business. Moreover, Skedoc will continuously embark on training programs for our employees to improve their skills on the job in order to stand against competition.

4.3 MARKET SEGMENTATION:

Skedoc service will primarily be targeting customers in the Kumasi and especially areas like Ahodwo, Tuc, Denyame, Estates and residential home in Kumasi but will also aim at extending our services to residents in our catchment area.

We will be focusing on corporate institutions and also targeting their working staffs that are busy with work and also trying to further their education. Research shows that about 40% to 50% of workers in both formal and informal sector are pursuing higher education and therefore have no time to do cleaning and laundry activities.

Another segment of the market that we will be targeting is the affluent household.

The other segment of the affluent market we will be targeting is the two income family. These families don't really have the time to clean, can afford a cleaning service, and choose to hire a service because the opportunity costs are too high to waste time cleaning their house.

Additionally, there are some potential customers that Skedoc labeled as assorted "well-off" households. These are families that have the money for our services that do not fit neatly into the previous categories.

4.4 TARGET MARKET AND SEGMENT STRATEGY

Target Market

With careful research, this business focuses on the affluent households, working professionals and corporate institutions as our target market.

Skedoc is focusing on these people because they appreciate a professionalism, reliable, trustworthy, and immaculate cleaning and laundry service, and are more than willing to pay for this service. Another reason for targeting this group is that employment, income, and GDP (Gross Domestic Product) trend shows an increase over the past years as well. This results in increasing standard of living, which in turn leaves people having less time to do their chores (including laundry and cleaning).

Moreover, the demand on clothes of these working people (particularly professionals) usually increases proportionately with their income. Buying more clothes, especially expensive clothes, makes them pay more attention to the care and cleaning of those garments.

We will also target cooperate institutions that do not want to permanently employ people for cleaning and laundry services but would rather prefer companies with the expertise and the right technology.

Target Segment Strategy

We will begin to market our company through three approaches. One approach is the distribution of a color brochure detailing our services. The distribution of this document will be targeted to hit our chosen segment. This will be done by setting up strategic relationships with organizations or clubs whose members fits our targeted customer profile. Examples of these are supermarkets (Melcom, A-life, Opoku Trading etc) and well patronized restaurants and hotels as well as the golf club and churches in Kumasi. We will gain access to these places through deals where the organizations will receive our services for themselves to test

the quality so they can feel comfortable with helping us by being a "cheerleader" for our service.

The second prong of our approach will be through word of mouth referrals (Buzz). We will offer an economic incentive (such as price cut and discounts) to our customers if they bring in new business for us. We believe this will be effective because the financial incentive will motivate their behavior, and people naturally like to share good things with their friends.

Our third approach will be promotion in the form of short-term advertising for three months on radio and buying air time for our marketing officer on some of the well listened morning shows and program on carefully selected Fm stations.

4.5 Marketing Strategy (Marketing Mix)

Place:

Skedoc services would be located at Ahodwo in Kumasi precisely close to our numerous target markets. Skedoc will be dealing directly with our customers, conveniently in their homes and offices. We also use pick-ups and delivery service.

Product:

We provide convenience and high quality wet and dry cleaning, laundry services and tagging system to our customers. We also offer home pickup and delivery service to our customers.

Price:

Normally, new businesses set their initial prices lower than their competitors. In our situation however, the business has higher costs for our delivery service and promotions to increase customers' awareness and establish our brand name. We will set our prices to match those of our competitors. The pricing scheme is based on a per service price. Moreover, the business targets corporate institutions and the affluent customers who often pay less attention to price than the quality and convenience of service.

Promotion:

As already mentioned above we will promote our business through the electronic media, word of mouth referrals and also through the distribution of fliers and brochures to shopping centers and supermarkets as well as renowned institutions and organizations.

We will also offer economic incentives in the form of discounts to customers who do repeat business with us for the first two months and customers who give us business by referring us to their friends.

Positioning:

Skedoc services want to be perceived by our numerous clients as the name that rings in their mind when it comes to cleaning and laundry service. Skedoc will offer the following benefits:

- **“One-stop shop”**. That is offering laundry and cleaning services at the same time without customers having to look elsewhere for other services.
- Door to door service and delivery
- On time delivery and convenience

Skedoc will be targeting corporate institutions and the affluent that believe in quality and professionalism. This is what Skedoc seeks to achieve.

Our services are better than that of competitors because of the following:

- Our latest operational facilities.
- We offer both laundry and cleaning services
- We provide door to door delivery
- On time delivery service to our clients

We can also boast of highly trained and motivated professionals in the cleaning and laundry industry.

Our position could be ascertained through our target market which will not accept anything below standard and lacks professionalism.

5.0 FINANCIAL ANALYSIS

5.1 Assumptions and Risk Analysis

Human activities are characterized with risk and for that matter Skedoc Laundry and cleaning service is not different from the negative effects of risk by default. In responding strategically to that effect, Skedoc Laundry and Cleaning Services have to identify significant risk associated with its chosen industry. Evaluating the potential frequency in occurrence and severity of losses, develop and select the appropriate strategies in its management.

Skedoc Services is therefore exposed to the following types of risks;

Operational Risk:

This includes the use of strong chemicals in our operations, the breakdown of machines, the noisy operating environment which can lead to health hazards on our workers and an operator leaving the company abruptly. It also includes the breakdown of delivery vans, illnesses and injuries on the part of our workers.

In addressing these risks, management will ensure that workers have the necessary safety equipments when working. Management will also offer regular training and workshops for other staffs to curtail the problem of an operator leaving the company and we will offer regular maintenance to our operating machines and delivery vans.

Competitors Risk:

This is another form of risk that Skedoc Services will be exposed to whilst operating. Competitors are constantly looking for ways and means to consolidate on their market share and probably expand to capture more market share.

Skedoc would ensure that it gives repeated excellent customer services in order to maintain and increase our market share. Skedoc will monitor the activities of our competitors and do accordingly in the interest of the organization when the need arises.

Human Risk:

This concern with the human resource based of the firm. This risk may be in the form of theft, loss of lives, accidents and labor issues as well as legal issue emitting from our customers and the environment we find our self. Much attention will be given to them in management processes which involve training and development seminars that will be organized periodically to upgrade our employees and to expose them to current practices in cleaning and laundry industry.

The firm will set effective measures to manage its finances and ensure that managerial actions go with our financial management standards.

Fire extinguishers will be placed at vantage points of the firm and fire management training would be provided by experts from national fire service to our employee annually.

Political Risk:

This includes difficulties or challenges businesses face as a result of political decisions by political power holders. This normally happens due to non-market factors like civil war, terrorism, expropriation, confiscating and social unrest.

Skedoc services have a policy that restrict our board, management team and employees from engaging in any political activity in order to enjoy a continuous sound business environment irrespective of the political party in power.

Economic Risk:

The uncertainty that the output of our firm would generate enough revenue to cover the operational cost and make enough profit to settle cost of investment. This may occur as a result of general increase in economic activities like increase in the prices of equipments and materials, exchange rates, interest rates, inflation and recession.

Skedoc will maintain its service standards which ensure quality and value to the customer in other to charge premium for our services.

5.2 PROJECTED FINANCIAL ASSUMPTION

Table 5.2.1 showing Projected Financial Assumption for Year 1

Personnel		Monthly	Yearly
1	General Manager	600	7200
1	Operation Manager	500	6000
1	Accountant	500	6000
2	Drivers	300	3600
1	Secretary	200	2400
1	Security	100	1200
8	Cleaners	800	9600
3	Sales Personal	100	2400
2	Supervisors	800	9600
Total			4800

Table 5.2.2 showing Projected Financial Statements for Year 2

10% Salary increment across board

Personnel		Monthly	Yearly
1	General Manager	660	7920
1	Operation Manager	550	6600
1	Accountant	550	6600
2	Drivers	330	3960
1	Secretary	220	2640
1	Security	110	1320
8	Cleaners	880	10560
3	Sales Personal	660	7920
2	Supervisors	880	10560
Total			58080

Table 5.2.3 showing Projected Financial Statement for Year 3

15% salary increment across board

Personnel		Monthly	Yearly
1	General Manager	759	9108
1	Operation Manager	633	7596
1	Accountant	633	7596
2	Drivers	380	4560
1	Secretary	253	3036
1	Security	127	1524
8	Cleaners	1016	12192
3	Sales Personal	759	9108
2	Supervisors	1012	12144
Total			71424

Straight line method

5.3 PROJECTED FIXED ASSETS SCHEDULE

Table 5.3.1 showing Projected Fixed Assets Schedule for Year 1

Year 1		Cost/Valuation	Depreciation	NBV
Industrial dry machine	10%	6000	600	5400
Can dry machine	10%	1000	100	900
Industrial washer	10%	2000	200	1800
Industrial finishing	10%	1000	50	950
Diesel power plant	10%	4000	400	3600
Motor vehicle	15%	30,000	4500	25,500
Computer	6%	1800	108	1692
Furniture and fillings	10%	4000	400	3600
Printer	5%	400	20	380
Building	10%	1000	-	1000
		51700	6378	44822

Table 5.3.2 showing Projected Fixed Assets Schedule for Year 2

Year 2		Cost/Valuation	Depreciation	NPV
Industrial dry making		6000	1200	4800
Can dry		1000	200	800
Industrial washer		2000	400	1600
Industrial finishing		1000	100	900
Diesel power plant		4000	800	3200
Motor vehicle		30,000	9000	21,000
Computer		1800	216	1584
Furniture and fittings		4000	800	3200
Printer		400	400	360
Building	10%	1000	100	900
		12856		38344

Table 5.3.3 showing Projected Fixed Assets Schedule for Year 3

Year 3		Cost/Valuation	Depreciation	NBV
Industrial dry machine		6000	1800	4200
Can dry machine		1000	300	700
Industrial washer		2000	600	1400
Industrial finishing		1000	150	850
Diesel power plant		4000	1200	2800
Motor vehicle		30,000	13,500	16,500
Computer		1800	324	1476
Furniture and fittings		4000	1200	2800
Printer		400	60	340
Building		1000	200	800
		19334		31866

5.4 PROJECTED FINANCIAL ASSUMPTION PRODUCT

Purchase budget

Table 5.4.1 showing Projected Financial Assumption Product for Year 1

Item	Qty	Price	Month	Year
Mob	200	10	2000	24000
Detergent	10boxes	50	500	6000
Air freshener	5boxes	36	180	2160
Laundry starch	5boxes	48	240	2880
Ceiling brush	10	1.5	15	180

Table 5.4.2 showing Projected Financial Assumption Product for Year 2

Item	Qty	Price	Month	Year
Mob	2 boxes	100	200	2400
Detergent	13 boxes	50	650	7800
Air freshener	10 boxes	36	360	4320
Laundry starch	10 boxes	48	480	5760
Ceiling brush	5	1.5	7.5	90

Table 5.4.3 showing Projected Financial Assumption Product for Year 3

Item	Qty	Price	Month	Year
Mob	3	105	315	3780
Detergent	15 boxes	55	825	9900
Air freshener	15	40	600	7200
Laundry starch	16	50	750	9000
Ceiling brush	8	2	16	192

5.5 SALES BUDGET AND CASH RECEIPT FOR THE YEAR ENDED DEC. 31

Table 5.5.1 showing Sales Budget and Cash Receipt for Year 1

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	GH¢											
budgeted sales	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800
budgeted sales in a/c	-	-	-	-	-	-	-	-	-	-	-	-
total Budgeted sales	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800
schedule of cash receipts,	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800
A/C receivable from previous month	-	-	-	-	-	-	-	-	-	-	-	-
total budgeted collection	6500	6500	6800	6600	7200	7400	7450	7500	7600	7700	7750	7800

Total Sales=GH¢ 86800

Table 5.5.2 showing Sales Budget and Cash Receipt for Year 2

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
budgeted sales	6900	6000	5800	7500	10300	9500	8620	9730	11250	7700	11340	14400
budgeted sales in a/c	1000	1990	2200	1500	1000	800	700	1270	750	960	1600	1400
total Budgeted sales	7900	7950	8000	9000	11300	10300	9320	11000	12000	12300	14800	15800
schedule of cash receipts	6900	6000	5800	7500	10300	9500	8620	9730	11250	11340	13200	14400
A/C receivable from previous month	-	-	-	1000	800	1000	600	1100	580	820	1300	1200
total budgeted collection	6900	6000	5800	8500	11100	10500	9220	10830	11830	12160	14900	15600

Total Sales = GH¢129,670

Table 5.5.3 showing Sales Budget and Cash Receipt for Year 3

MONTH	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	SEPT	OCT	NOV	DEC
	GH¢											
sales budget	18000	20000	21000	24000	25000	26000	26500	26800	29000	29000	29500	32000
budgeted sales in a/c	2000	1000	4000	8000	6725	5245	3800	2425	3285	4085	5000	34850
total Budgeted sales	20000	21000	25000	32000	31725	31245	30300	29225	32285	33185	34500	32000
schedule of cash receipts	18000	20000	21000	24000	25000	26500	26500	26800	29000	29000	29500	32000
A/C receivable from previous month	650	2000	1000	4000	8000	6725	5245	3800	2425	3285	4085	500
total budgeted collection	18650	22000	22000	28000	33000	32725	31745	30000	31425	32385	33585	3700

Total sales =GH¢ 355,315

Table 5.6 showing Projected Income Statement for the Year Ended 31 Dec

	Year 1	Year 2	Year 3
Turnover	86800	129670	355315
Les cost of sales	<u>12212</u>	<u>20926</u>	<u>29634</u>
Gross profit	74588	108744	325681
Discount Received	-	<u>200</u>	<u>300</u>
		108944	325681
Less Adm, Selling & distribution	<u>56728</u>	<u>67388</u>	<u>80912</u>
Income Surplus	17860	41556	245069
Taxation 25%	<u>-4465</u>	<u>-10389</u>	<u>-61267</u>
Income Surplus after Tax	13395	31167	183802

Table 5.7 showing Projected Break-Even Analysis

	31/12/11	31/12/12	31/12/13
	GH¢	GH¢	GH¢
Fixed Cost			
Insurance	200	300	300
Rent	300	400	500
Depreciation			
Industrial Dry Machinery	600	1200	1800
Can Dry	100	200	300
Industrial Washer	200	400	600
Industrial Finishing	50	100	150
Diesel Power Plant	400	800	1200
Motor Vehicle	4500	900	13500
Computer	108	216	324
Furniture & fitting	400	800	1200
Printer	20	40	60
Building	–	100	200

Table 5.8 showing Variable Cost

	31/12/11	31/12/12	31/12/13
Carriage	200	300	400
Salaries	48000	58080	71424
Electricity	150	160	170
Repair & Maintenance	100	150	160
Telephone & Stationary	50	60	60
Medical	50	60	70
Adverting & Promotion	1000	1100	1100
Taxation	4465	10389	61267
	54015	70299	134251

5.9 BREAK-EVEN IN VALUE

Year One = $\frac{\text{Fixed Cost} \times \text{Sales}}{\text{Contribution}}$

$$= \frac{6878 \times 86800}{86800 - 54015}$$

$$= \frac{597010400}{32785}$$

$$= 18209.9$$

Year Two = $\frac{\text{Fixed Cost} \times \text{Sales}}{\text{Contribution}}$

$$= \frac{13556 \times 129670}{129670 - 70299}$$

$$= \frac{1757806520}{59371}$$

$$= 29607$$

Year Three = $\frac{\text{Fixed Cost} \times \text{Sales}}{\text{Contribution}}$

$$= \frac{20134 \times 355315}{355315 - 134251}$$

$$= \frac{7153912210}{221064}$$

$$= 32361$$

Table 5.9.1 showing Projected Cash Flow Statement for the Year Ended 31 December

Inflows	Year 1		Year 2		Year 3	
	GH¢	GH¢	GH¢	GH¢	GH¢	
Balance b/f			117145		155046	
Sales	86800		129670		355315	
Stated Capital	150000					
Dis. Received		236800	200	247015	300	510661
Outflows						
Purchases	13440		20370		30072	
Carriage Inwards	200		300		400	
Advertising	1000		1100		1100	
Rent	300		400		300	
Insurance	200		300		300	
Salaries	48000		58080		71424	
Telephone & Stationary	50		60		60	
Medical	50		60		70	
Repairs and Maintenance	100		150		160	
Discount Allowed	500		600		650	
Electricity Bill	150		160		170	
Property, plant & Equip	51200					
	115190		81580		104906	
Taxation	4465	119655	10389	91969	61267	166173
Cash equivalent to cash book		117145		155046		344488

Table 5.9.2 showing Projected Statement of Financial Position as at December 31

	Year 1		Year 2		Year 3	
	GH¢	GH¢	GH¢	GH¢	GH¢	GH¢
Non-Current Assets						
Property, Plant & Equipment		44822		38344		31866
Current Assets						
Closing Inventories	1428		1172		210	
Cash At Bank	117145	118573	155021	156193	344488	346498
		163395		194562		378364
Financed by:						
Equity & Liabilities						
Stated Capital	15000		163395		194562	
Income Surplus	13395	163395	31167	194562	183802	378364

APPENDIX

Financial

1. Cost of sales

	Year 1	year 2	Year 3
Opening stock		1428	1172
Purchase	13440	20370	30072
Carriage Inwards	200	200	600
	13640	22098	31844
Less closing stock	1428	1172	2010
	12212	20926	29834

2. Closing Stock

Year 1	Year 2	Year 3
Mob (60x10) 600	(50x10) 500	(80x105)840
Spray (15x36) 540	(12x36) 432	(18x40) 720
Starch (6x48) 288	(5x48) 240	(9x50) 450
1428	1172	2010

3. Expenses incurred on carriage are as follows:

Year 1 = GH¢ 200

Year 2 = GH¢ 300

Year 3 = GH¢ 400

4. The staff cost were increased by

10% in the second year

15% in the third year

5. The company paid its rent for 3 years

Year 1 = GH¢300

Year 2 = GH¢ 400

Year 3 = GH¢ 500

6. The company allows the following discounts

Year 1 = GH¢500

Year 2 = GH¢ 600

Year 3 = GH¢ 650

7. Administration (selling and distribution) Expenses includes the following:

	Year 1	Year 2	Year 3
Telephone and Stationery	50	60	60
Advertising	1000	1100	1100
Rent	300	400	500
Insurance	200	300	300
Salaries (Staff cost)	48000	58080	71424
Medical	50	60	70
Repair and Maintenance	100	150	160
Discount Allowed	500	600	650
Electricity bill	150	160	170
Depreciation of non-current asset	6378	6478	6478
	56728	67388	80912

8. Depreciation charge on fixed assets is on straight – Line methods Year 1 to year 3

Industrial dry machines 10%

Can dry 10%

Industrial washer	10%
Industrial finishing	5%
Diesel power plant	10%
Motor vehicle	15%
Computer	6%
Furniture and fitting	10%
Printer	5%
Building	10%

9. Net Present Value Formula = Cash flow

$$(1+r)^t$$

PROJECTED NET PRESENT VALUE

$$NPV = -C_0 + C_1 / (1+r)^1 + C_2 / (1+r)^2 + C_3 / (1+r)^3$$

Where C_0 = Initial cost of investment = 150,000

C_1 = Cash flow for the year 2011 = 117,145

C_2 = Cash flow for the year 2012 = 155,046

C_3 = Cash flow for the year 2013 = 344,488

R = Risk = 15%

$$NPV = -150000 + 117145 + 155046 + 344488$$

$$(1+0.15)^1 (1+0.15)^2 (1+0.15)^3$$

$$= -150000 + 101865 + 117237 + 226506$$

$$NPV = 295608$$

Since the NPV of Skedoc is positive, the investment is viable and should be accepted.

PROJECTED RATIO

Profit Margin (%)	31/12/2011	31/12/12	31/12/13
<u>Operating Profit x 100</u>	<u>17860</u> x 100	<u>41556</u> x 100	<u>245069</u> x100
Sales	86800	129670	355315
	=20.6%	=32%	=69%

Asset Turnover

<u>Sales</u>	<u>86800</u>	<u>129670</u>	<u>355315</u>
Capital employed	163395	194562	378364
	=0.5 times	= 0.7 times	=0.9times

Fixes Asset Turnover

<u>Sales</u>	<u>86800</u>	<u>129670</u>	<u>355315</u>
Fixed Assets	44822	38344	31866
	=1.9 times	=3.4 times	=11.2 times

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Financial

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Starch (6x48)	288	(5x48) 240	(9x50) 450
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Year 1 = GH¢ 200

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4. The staff cost were increased by

10% in the second year

15% in the third year

5. The company paid its rent for 3 years

Year 1 = GH¢300

Year 2 = GH¢ 400

Year 3 = GH¢ 500

6. The company allows the following discounts

Year 1 = GH¢500

Year 2 = GH¢ 600

Year 3 = GH¢ 650

7. Administration (selling and distribution) Expenses includes the following:

	Year 1	Year 2	Year 3
Telephone and Stationery	50	60	60
Advertising	1000	1100	1100
Rent	300	400	500
Insurance	200	300	300
Salaries (Staff cost)	48000	58080	71424
Medical	50	60	70
Repair and Maintenance	100	150	160
Discount Allowed	500	600	650
Electricity bill	150	160	170
Depreciation of non-current asset	6378	6478	6478
	56728	67388	80912

8. Depreciation charge on fixed assets is on straight – Line methods Year 1 to year 3

Industrial dry machines	10%
Can dry	10%
Industrial washer	10%
Industrial finishing	5%
Diesel power plant	10%
Motor vehicle	15%
Computer	6%
Furniture and fitting	10%
Printer	5%
Building	10%

9. Net Present Value Formula = Cash flow

$$(1+r)^t$$

PROJECTED NET PRESENT VALUE

$$NPV = -C_0 + C_1 / (1+r)^n + C_2 / (1+r)^n + C_3 / (1+r)^n$$

Where C_0 = Initial cost of investment = 150,000

C_1 = Cash flow for the year 2011 = 117,145

C_2 = Cash flow for the year 2012 = 155,046

C_3 = Cash flow for the year 2013 = 344,488

R = Risk = 15%

$$\text{NPV} = -150000 + 117145 + 155046 + 344488$$

$$(1+0.15)^1 (1+0.15)^2 (1+0.15)^3$$

$$= -150000 + 101865 + 117237 + 226506$$

$$\text{NPV} = 295608$$

Since the NPV of Skedoc is positive, the investment is viable and should be accepted.

PROJECTED RATIO

Profit Margin (%)	31/12/2011	31/12/12	31/12/13
<u>Operating Profit x 100</u>	<u>17860</u> x 100	<u>41556</u> x 100	<u>245069</u> x100
Sales	86800	129670	355315
	=20.6%	=32%	=69%
Asset Turnover			
<u>Sales</u>	<u>86800</u>	<u>129670</u>	<u>355315</u>
Capital employed	163395	194562	378364
	=0.5 times	= 0.7 times	=0.9times
Fixes Asset Turnover			
<u>Sales</u>	<u>86800</u>	<u>129670</u>	<u>355315</u>
Fixed Assets	44822	38344	31866
	=1.9 times	=3.4 times	=11.2 times