

1.0 ORGANISATION

The owners of Fastrack Car Washing Limited (FTCWL) gave birth to the business, a small enterprise, with the aim of providing the fastest, quality and professional car washing service through the use of state-of-the-art facility in order to mitigate time wasting, theft and poor working conditions that has engulfed car washing business in Kumasi.

Business Strategy and Mission

Owned by Mr Emmanuel Tandoh, Mr George Asiamah, Mr Michael Ade-Tweneboah, Mr Baffour Akoto and Mrs Vida Owusu Sekyere, FTCWL is dedicated to providing its customers with the ultimate car care experience, focusing all of its energy and resources on customer satisfaction and value, while providing owners and employees an excellent reward.

The kind of service offered by most car washing businesses in the country currently, are done in an unprofessional, haphazard and unstructured manner. Out of this reason the owners conducted a research and found out that the interior and detailing services are not part of the menu of these car washing businesses. These businesses lack the tools like vacuum cleaners to thoroughly clean the interior of most vehicles they wash. Due to the dusty nature of our roads, the least talk about the condition of the interior of most vehicles particularly, the dashboards, the floors and under the seats of vehicles even after wash, the better.

Moreover, because of the outmoded nature of their equipment and wrong detergents used, most vehicles suffer dents, paint peel offs by their too strong hand gun washing machines and total colour fading.

The target market or customers have noticed the poor services as per our interviews conducted on some vehicle owners but because there is no alternative, their thoughts remain in their heads.

As entrepreneurs, it is against this backdrop that prompted us to pool resources together to fill such needs. However, due to its first of its kind in the market, we restricted operation within Kumasi Metropolis and have the intention to expand to other parts of the country in the near future.

The amount invested will be GH¢95,000 and it will take FTCWL two years, two months to recoup that amount. The company which is a limited liability company under the companies code and regulations 1963 (Act 179) is managed by five (5) prominent business oriented members as principal stakeholders.

Fastrack Car Wash Limited will begin its operations in 18th May 2012. The operational units of FTCWL will consist of the accounts, marketing, human resource and operations departments. FTCWL will strategically be sited at TUC, a place close to the Central Business District of Kumasi (Adum), thereby making it accessible to businesses. The area is a low traffic area with speed limit of 25-40mph for easy entry and exit of cars. The residential address will be PLT 43 BLK J, TUC.

To make our venue easily accessible, we will make our e-mail address which is fastrackcarwash@yahoo.com available to our prospective clients so that they can even book appointments online for our service. Our reliable cell phone numbers which will also be

announced to our listeners in the course of our radio advertisement and also be captured on our flyers are 0244 877 252, 0272 045 111.

The postal address will be P. O. Box 4245, Adum-Kumasi, Ashanti Region.

The company will bank with Stanbic Bank, Adum-Kumasi because of their efficient services. All legal issues in our company will be handled by Totoe Chambers, Asokwa, Kumasi-Ashanti Region.

2.0 SERVICE IDEA

The first conveyORIZED automatic car washes appeared in the late 1930s. ConveyORIZED automatic car washes consist of tunnel-like buildings into which customers (or attendants) drive. FTCWL will have a cashier whom customers will pay their money to before the commencement of the car wash. After paying, the car is put into a line-up called the stack or queue. After pulling up to the tunnel entrance, an attendant will guide the customer onto the conveyor. The attendant will guide the customer on and press a “Send Car” button on the tunnel controller, to manually send the rollers which will push the car through.

When the customer is on the conveyor, the attendant (or signage) will instruct the customer to put the vehicle into neutral, release all brakes, and refrain from steering. Failure to do so can cause an accident on the conveyor. The rollers come up behind the tires, pushing the car through a detector, which measures vehicle length, allowing the controller to tailor the wash to each individual vehicle. The equipment frame, or arches, vary in number and type. A good car wash makes use of many different pieces of equipment and stages of chemical application to thoroughly clean the vehicle.



- *An attendant (or signage) manually drying a car after conveyORIZED automatic washing.*



- *Tire spinner, high pressure nozzles angled specifically to clean wheels and tires.*

The carwash will typically start cleaning with pre-soaks applied through special arches. They may apply a lower pH (mild acid) followed by a higher pH (mild alkali), or the order may be reversed depending on chemical suppliers and formula used. Chemical formulas and concentrations will also vary based upon seasonal dirt and film on vehicles, as well as exterior temperature, and other factors. Chemical dilution and application works in combination with removal systems based on either high pressure water, friction, or a combination of both. Chemical substances, while they are industrial strength, are not used in harmful concentrations since car washes are designed not to harm a vehicle's components or finish.

The customer next encounters tire and wheel nozzles, which the industry calls CTAs (Chemical Tire Applicators). These will apply specialized formulations, which remove brake dust and build up from the surface of the wheels and tires. The next arch will often be wraparounds, usually made of a soft cloth, or closed cell foam material. These wraparounds should rub the front bumper and, after washing the sides, will follow across the rear of the vehicle cleaning the rear including the license plate area. Past the first wraps or entrance wraps may be a tire brush that will scrub the tires and wheels. This low piece is often located beneath a mitter (the hanging ribbon-like curtains of cloth that move front to back or side to side) or top wheels. There may also be rocker panel washers which are shorter in size (ranging in size from 18 inches [45 cm] up to 63 inches [160 cm] tall) that clean the lower parts of the vehicle. Most rocker brushes house the motor below the brush hub so they do not inhibit cloth movement and allow the brush to be mounted under a support frame or below a mitter. Some car washes have multiple mitters, or a combination of mitters and top brushes.

After the mitter or top brush(es) the car may pass through a second set of wraparounds. This may also be where high pressure water streams are used to clean difficult to reach parts of the vehicle. The car generally passes over an under carriage wash and/or has high pressure nozzles pointed at it from various positions. Next may be a tire spinner, high pressure nozzles angled specifically to clean wheels and tires. After the several wash stations the vehicle may go through triple foamers, usually red, blue, and yellow, although colors can be customized with higher end chemical suppliers. The triple foam process includes special cleaners as well as some protective paint sealant.

Some washes have multiple rinse stages, usually offering a protectant as an option. Protectants vary by manufacturer. Near the rinse is where a tire shining machine is often installed, which is designed to apply silicone tire dressing to the tires. This application makes the tires look good (new, and glossy) and preserves the rubber. Next the vehicle is treated with a drying agent and a final rinse. Many carwashes utilise a “spot free” rinse of soft water that has been filtered of chlorine and sent through semi permeable membranes to produce highly purified water that will not leave spots. After using spot free water, the vehicle is finished with forced air drying, in some cases utilising heat to produce a very dry car.

The three main services that FTCWL will offer are exterior car wash, interior cleaning and detailing service.

At “full-service” car washes, the exterior of the car is washed mechanically with conveyORIZED equipment, or in some cases by hand, with attendants available to dry the car manually, and to clean the interior (normally consisting of cleaning the windows, wiping the front and side dashes, and vacuuming the carpet and upholstery). Many full service car washes also provide “detailing” services, which may include polishing and waxing the car’s exterior by hand or machine, shampooing and steaming interiors, and other services to provide thorough cleaning.

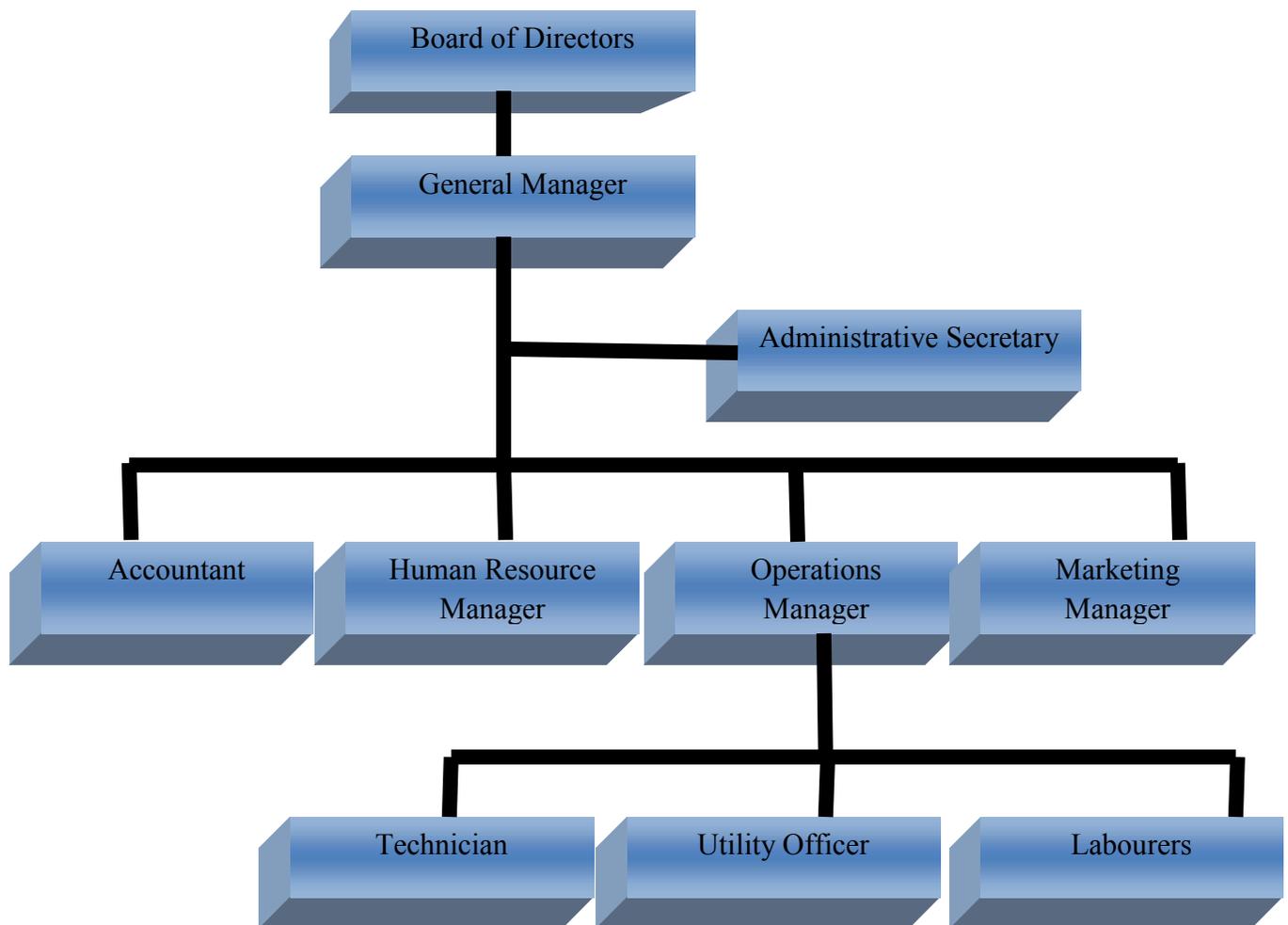
2.2 REALISATION OF SCHEDULE

NUMBER OF SCHEDULE	ACTIVITY	PERIOD	RESPONSIBILITY
1	Funding	January 2012	Accountant
2	Locating of Office	February, 2012	Operations Manager
3	Installation of Equipment	March, 15 th 2012	Operations Manager
4	Licensing	March 18, 2012	General Manager
5	Recruitment of Staff	April 20, 2012	Human Resource manager\ General Manager
6	Launching	May, 2012	Entire Staff Members
7	Commencement of Business	May, 18, 2012	Entire staff Members

3.0 MANAGEMENT TEAM

The Fastrack Car Wash Ltd is governed by a three-member Board of Directors. Reporting to the Board is the Management Team consisting of three members; the Manager, Finance and Administration Manager and the Marketing Manager. The organizational structure of FTCW is presented below.

ORGANOGRAM/ORGANISATIONAL CHART



3.1 BRIEF PROFILES OF MEMBERS OF FTCWL

Brief profiles of members of FTCWL's Board of Directors are presented below:

- i. George Asiamah: He holds an Advanced Diploma in Marketing from the Chartered Institute of Marketing, UK, a BBA (Hons) degree in Human Resource Management from Christian Service University College. George Asiamah has been serving as a consultant to many firms such as L&A Skin & Beauty Klinik/Academy.
- ii. Emmanuel Tandoh: He also holds an Advanced Diploma in Journalism from the Ghana Institute of Journalism, Bachelor's Degree in Marketing. He is currently a consultant to OA Transport Services. He is a distributor of LAV Feminine Wash for yeast infection in Kumasi.
- iii. Michael Ade-Tweneboah: Holds BBA (Hons) degree in Accounting, also holds A.C.C.A. Level Michael has three (3) years experience as Assistant Accountant with Susubiribi Financial Services.

3.2 MANAGER OF FTCWL

The manager is the administrative head of FTCWL. Reporting directly to the Board of Directors, his/her key responsibility include:

- i. To monitor the daily activities of all the various units of FTCWL.
- ii. To coordinate the work of the units of FTCWL through the preparation of work programmes and budgets
- iii. To review the operational performance of FTCWL periodically in order to take any corrective measures to put FTCWL on course.

- iv. To advise the Board on the formulation of:
 - (a) Corporate objectives
 - (b) Corporate policies within which to achieve corporate objectives
 - (c) Strategies and action programmes for the realization of the objection of FTCWL
 - (d) Control systems to monitor the direction of FTCWL.

3.3 MARKETING MANAGER

The Marketing Manager is the head of the Marketing Department of FTCWL reporting to the Manager. His/her responsibilities include:

- i. Developing a marketing plan
- ii. Prospecting for jobs for FTCWL
- iii. Marketing the services of FTCWL
- iv. Conducting marketing research to identify new opportunities for FTCWL
- v. Building and maintenance of mutually beneficial relationships with clients of FTCWL
- vi. Provision of professional marketing advice to the Board of Directors

3.4 ACCOUNTANT

The Accountant is the head of Finance/Accounts Department of FTCWL. He/she reports to the Manager of FTCWL.

The main responsibilities for this position include:

- i. Supervising of all accounting transaction processing
- ii. Preparation of financial budgets
- iii. Preparation of final accounts for auditing purposes
- iv. Making a periodic budgetary audit of all sections of FTCWL
- v. Provision of administrative support to the day to day management of FTCWL.

4.0 MARKETING ANALYSIS

4.1 BUSINESS SYSTEMS AND OPERATIONS

With the Business System, Hanna Car Wash Systems in Houston, Texas, USA, will provide all equipment and maintenance support. Since 1960, Hanna Car Wash Systems has been the premier supplier of innovative car wash tunnel equipment systems. Today, Hanna has the largest customer base of installed conveyor systems and equipment with over 30,000 car wash operations worldwide.

FTWCL will be employing the marketing mix to get its services to the targeted customers.

4.2 ENVIRONMENTAL ANALYSIS

FTCWL will first and foremost consider the environment in looking into the analysis of the market. There are two kinds of Environmental Analysis which are Macro and Micro Environments.

(a) Macro Environment:

- i. Political Stability: People in Ghana are no more afraid to own property and fleet of cars because of political stability as opposed to the 80's.
- ii. Economic Factors: The current inflation of the country is between 6 percent and 8 percent making income levels of people to rise. Consequently, businesses are booming because of the single digit inflation which has affected the buying behaviour of people positively making them to buy more cars.
- iii. Social Cultural: People cherish new models, new fashions and attractive cars so as they buy these cars they will also like to maintain it well for it to look new at all times

hence washing them twice or thrice in a week. These people have embraced the idea that cleanliness is next to Godliness and therefore would like their cars to appear as neat and clean as possible.

- iv. Technology: We are in a global world and therefore people travel outside Ghana a lot. What they see as they embark on these journeys, they would like to experience it in their country as well and therefore the introduction of the state-of-the-art technology as that of FTCWL is a step in the right direction.

(b) Micro

- (i) FTCWL will be using the Conveyor Tunnel Car Washing Machine which has a high cleaning speed. A revolution in the car washing industry, the new conveyor now makes it possible to wash up to 30 cars per hour from a 9 metre wash bay.
- (ii) We also have skilled workers who can really serve target customers
- (iii) As earlier said FTCWL will be located at TUC a suburb of Kumasi because the area is properly zoned and legal permit is obtained. And it is very close to the hub of Kumasi (Adum), thereby making it accessible to businesses.

4.3.1 Competition/Competitive Analysis

4.3.2 Existing Competitor

The direct competitors of FTCWL are Star Filling Station, Tanoso; Vibration Car Wash, Dakwadwom; Oforikrom Total Filling Station all in Kumasi, which wash cars manually. But

unlike FTCWL these service providers only offer customers with exterior services such as the washing of the body, the under and the engine of the car with no interior cleaning and detailing.

Competitors Strength

- i. The direct competitors of the car washing business can boast of the fact that they already have the market (existing market) because they have been in existence for some time now.
- ii. Their prices are relatively low as compared to the service charges of FTCWL
- iii. The prices of their equipment are affordable.

Competitors Weakness

- i. They lack vacuum cleaner to thoroughly clean the interior of vehicles.
- ii. Time wasting in service delivery
- iii. Lack of professional (skilled) workers.

Potential Competitors

Our potential competitors will be most filling stations in Kumasi and its environs.

SWOT ANALYSIS

The following SWOT analysis captures the major strength and weaknesses within FTCWL and describes the opportunities and threats facing it. In addition, strategies for addressing the weaknesses are spelt out.

Strength of FTCWL

The strength of FTCWL lies in two main areas:

- i. Competent staff: Experience managers who have been working in the service industry for many years.
- ii. Key equipment and machinery: The company boast of key equipment such as automated car wash tunnel machine needed for its operations.

Weakness of FTCWL

- i. Maintenance of equipment and machinery: Lack of technicians who will repair or maintain the equipment in case of a break down.
- ii. Unreliability of utility services (Water supply and Electricity):

Strategies for addressing the weaknesses of FTCWL

The management of FTCWL intends to address the weakness enumerated above by pursuing the following interventions:

- i. Negotiate with our suppliers to train some of our staff to acquire the needed skill to repair and maintain our equipments and machinery
- ii. Acquire a power plant and water pumping machine to be mounted on a well.

Opportunities

- i. Growing number of cars in Kumasi
- ii. Rising number of businesses in Kumasi Metropolis

Threats

- i. Rising cost of doing business as a result of increase in taxes and utility tariffs
- ii. Few entry barriers in car wash business.

4.4 MARKET SEGMENTATION

Fastrack Car Wash Ltd will adopt demographic segmentation since we will segment our customers by type of car ownership (life style). We believe that the type of car that a person owns says volumes about their driving, and, therefore their car washing and detailing requirements.

New car owners: These owners take great pride in their cars and will bring them often to wash and detail service. The goal with these customers is to promote regular use of the wash and detail service. The aim is to inform these customers that FTCWL will keep their car looking as good as it did the day they drove it off the lot.

Older luxury car owners: These people have either owned their high-end luxury cars for several years or are unable to afford the expense of a new luxury car but want the feel of relaxed driving. Both of these groups want to keep their cars in the best shape possible.

Those who have bought second-hand cars will often spend many hours in their cars and will place high importance on keeping their cars looking good.

- i. These owners will bring their cars in for regular washes and occasional details.
- ii. Sports car owners: These people are often younger or middle-aged men and will regard the look of their car as important. They will also pride themselves on the look of their car and will have their car hand washed (at least) weekly. These drivers will have an occasional detail, but will keep their cars so clean the detail will not be necessary very often.
- iii. Lifetime owners: Many of these people have owned their cars for more than five or six years, and are more likely to be women. They are attached to their cars as friends and though it may be more sensible for them to purchase a new car, they will bring their car in for a wash occasionally, just when the car is dirty. They like their cars to look presentable, and want to keep it in good shape but are not tied up in the look of their car. For this reason, they will not have a detail carried out on their car unless they are selling it.
- iv. Dealerships: There are two new and eight used car dealerships within three miles of the proposed location of FTCWL. These dealerships often use outside car wash services to detail their vehicles before they are put up for sale. In addition, there are fifteen other car dealerships within a seven mile radius of FTCWL Car Wash.

- v. Local businesses: Some local businesses and Government Ministries, Departments and Agencies (MDA) have fleets of cars and small vans that must be kept clean to maintain their company image. These businesses will be looking for a cost effective, efficient car washing service to perform this service, and will prefer to use a car wash service during the week rather than during weekends.

4.5 TARGET MARKET

Fastrack Car Wash Limited will target three main groups of customers:

- i. Individual car owners,
- ii. Car dealerships (brand new and used cars), and
- iii. Organizations (Local businesses, Government Ministries, Departments and Agencies).

4.6 MARKETING MIX

FTCWL will factor the marketing mix or the four (4) Ps of Marketing in its projected plans.

- i. Product: FTCWL will provide car washing service for its customers which will give them a high quality service of exterior car, interior cleaning and detailing.
- ii. Pricing: FTCWL will adopt price skimming strategy due to the substantial competitive advantage it enjoys. Pricing will be slightly high than the traditional car washing companies as we save them time and provide high quality service in return of their money. All though the competitors are pricing less, FTCWL is sure that once the

customers have an experience of its service and know about the product attributes then they will certainly demand more.

iii. Promotion: To promote the name of FTCWL and its services, management intends to pursue the following:

- a. Telemarketing
- b. Print media.
- c. Advertising through electronic media (Radio and Television).
- d. Presentations.
- e. Flyers/ brochures

(i) Place: Because FTCWL focuses on service and not product delivery, the distribution channel will be after the customers have seen, heard or participated any of our promotional tools and will therefore come to our location for the service.

4.7 MARKETING STRATEGY

FTCWL will adopt quick but quality service (hence Fastrack Car Wash) as its differentiation focus for its marketing strategy to attract more customers. Once FTCWL has the momentum, differentiation will allow it to charge a higher price because it is delivering more value to its customers.

4.7.1 Communication Strategy

FTCWL will choose the following three steps in its communication strategy:

- i. Push: It will rely on an expert who will be doing the lip service or talk shows on radio and televisions stations on networks suitable to our clients to catch their attention.
- ii. Pull: This will also be done by printing brochures/flyers and leaving them at the front desk of companies and super markets to be given to our clients.

Profile:

- (a) Corporate Identity: FTWCL will design suitable logo that will be in consistence with preference and taste of our target market.
- (b) Corporate Image: The expert and Marketing Manager will be organizing forums to educate people on the service so that FTCWL will occupy a position in the minds of its target market.
- (c) Workers: There will be periodic training and motivation for workers.

4.7.2 Market Size

As per businesses booming in the country the social status and lives of people are changing. Those who already owns car are going for the latest ones while those who did not have cars are buying them. According to a reliable source in Drivers Vehicle and Licensing Authority (DVLA), there are about 60,000 registered cars in Kumasi and its environs with approximately 6,000 vehicles being licensed every year. Consequently, if FTCWL strategically promote itself well and effectively, the possibility of having the majority of these cars to service is high, therefore maximizing its profit.

5. FINANCIAL ANALYSIS

5.1 ASSUMPTIONS

- The following assumptions underpin the financial analysis of FTCINL business plan:
- The revenue will increase at a rate not less than 25% after the first year.
- That general and administration expenses will increase at a constant rate of 10% per annum after the first year.
- That after the first year two people (interior detailing workers) will be employed one for each year.
- That salaries and directors fee will increase by 10% after the first year.
- That the cost of capital will be 25% using the commercial bank lending rate.
- That cooperate tax is 25%.
- That customers and service rate will increase to 20% and 5% respectively after the first year.
- That the initial investment is GH¢95,000 and the exchange rate is GH¢1.55/dollars.
- That purchases will increase by 10% constant rate.
- That the three member Board of Directors will meet every quarter in a year.

Investment Cost

The initial amount invested is Ninety five thousand Ghana Cedis (GH¢95,000). Out of this amount, eight hundred and sixty thousand Ghana Cedis (GH¢89,000) representing 93.68% of the total investment in fixed assets. The capital expenditure plan is presented below.

Expenditure Item	Amount
Automated Tunnel car wash equipment	GH¢46,500
Vacuum clears machine (4) @ GH¢200	GH¢800
Installation of Equipment	GH¢400
Pumping Machine (2.5 house power)	GH¢800
Well and Storage tank (3000 gallons)	Gh¢1,500
Motor Van (Pick-up)	GH¢30,000
Furniture and Fittings	GH¢6000
Power plant(generator)	Gh¢3,000
TOTAL	Gh¢89,000

Projected Income Statement

FTCWL estimates an annual revenue of One hundred and Thirteen thousand Seven hundred Sixty Ghana Cedis (GH¢113,760) in year one. This amount is expected to grow not less than twenty five percent (25%), meaning by the end of third year the revenue of FTCWL would have galloped to One hundred and Eighty One thousand Five hundred and Twenty Seven Ghana Cedis (GH¢181,527). In view of this, FTCWL estimate a profit of Eleven thousand Six hundred and Thirty Nine Ghana Cedis (GH¢11,639) in the first year and Forty Seven thousand, Three hundred and Fifty Six Ghana Ceids (GH¢47,356) in the third year. Details of the income statement is presented below;

FTCW CO. LTD.

5.2 PROJECTED INCOME STATEMENT FOR THREE (3) YEARS

	2012	2013	2014
	GH¢	GH¢	GH¢
Revenue	113,760	143,337	181,527
Cost of sales	<u>(26,600)</u>	<u>(29,800)</u>	<u>(34,080)</u>
Gross Profit	87,160	113,537	147,447
Less Gen & Atm. Expense	<u>71,604</u>	<u>77,686</u>	<u>84,306</u>
Profit before tax	15,518	35, 851	63,141
Tax	<u>(3,879)</u>	<u>(8963)</u>	<u>(15785)</u>
Profit after tax	11,639	26,888	47,356

5.3 PROJECTED FINANCIAL POSITION

By the close of the third year the net worth of FTCWL will stand at one hundred Eighty thousand Eight hundred and Eighty Three Ghana Cedis (GH¢180,883).

The expected liquidity position of FTCWL as measured by current ratio indicates that the company is not expected to encounter any liquidity problem. The rising liquidity position of the firm requires that management takes steps to invest the excess funds. Details is presented below:

FTCW CO. LTD.

PROJECTED FINANCIAL POSITION FOR THREE (3) YEARS

	2012	2013	2014
	GH¢	GH¢	GH¢
Non-Current Asset	80,100	71,380	62,460
<u>Current Asset</u>			
Stock	1,000	1,800	1,500
Bank/cash	<u>29,418</u>	<u>69,310</u>	<u>54,176</u>
	30,418	71,110	136,015
<u>Current Liabilities</u>			
Tax	<u>(3,879)</u>	<u>(8,963)</u>	<u>(15,785)</u>
	26,539	62,147	116,923
TOTAL ASSET	106,639	133,527	180,883
Financed By:			
Capital	95,000	106,639	133,527
Income Surplus	<u>11,639</u>	<u>26,888</u>	<u>47,356</u>
	106,639	133,527	180,883

5.4 PROJECTED CASH FLOW STATEMENT ANALYSIS

The projected Cash Flow Statement indicates that the company will be superfluously liquid throughout the project and that at no point in time will it experience liquidity problem, also showing is the cumulative cash balance estimated at GH¢132,708 by the end of the third year. A detail of the Cashflow statement is presented below;

FTCW CO.LTD

PROJECTED CASH FLOW FOR THREE (3) YEARS

	2012	2013	2014
	Gh¢	Gh¢	Gh¢
Cash inflow			
Opening Balance	-	29,418	69,310
Capital	95,000	-	-
Revenue	<u>113,760</u>	<u>143,337</u>	<u>181,527</u>
	208,760	172,755	250,837
Cash outflow			
Non-Current Asset	89,000	200	-
Administrative Expenses	62,742	68,766	75,386
Tax	-	3,879	8,963
Wages	9,600	10,800	12,000
Purchases	<u>18,000</u>	<u>19,800</u>	<u>21,780</u>
	179,342	103,445	118,129
Net cash flow	29,418	69310	132,708

NOTE TO THE ACCOUNT

1. The financial statement has been prepared in accordance with International Financial Reporting Standard (IFRS) and International Accounting Standard (IAS)

2. Accounting Policies

(a) Basis of Accounting

The financial statement has been prepared according to the historical cost convention.

(b) Fixed assets and Depreciation.

Fixed assets are written off over the expected useful life using a rate of 10% for all the assets using the straight line method.

(c) Stock Valuation

Stock has been valued at Cost or Net Realisable Value (NRV), whichever is lower.

FTCW CO. LTD.

5.5 PROJECTED BREAK EVEN ANALYSIS FOR YEAR 2012

GH¢

Break even Analysis

Expected Revenue 113,760

Variable Coast 34,950

Contribution 78,810

Fixed Cost:

Administrative Cost 64,292

Non -current Asset 80,100 144,392

Contribution: Revenue – Variable Cost

$$\begin{aligned} \text{Contribution/Sale Ratio} &= \frac{\text{Contribution}}{\text{Revenue}} \\ &= \frac{78,810}{113,760} = 0.7 \end{aligned}$$

$$\therefore \text{BEP} = \frac{\text{Fixed Cost}}$$

$$\begin{aligned} &\text{Contribution/Sale Ration} \\ &= \frac{144,392}{0.7} \\ &= \text{GH¢}206,274 \end{aligned}$$

FTCWL is expected to break even in the fourth year.

5.6 RISK ANALYSIS

ASSUMPTIONS

1. 10% of net profit for the first year will be diversified into cocoa buying business
2. Life insurance policy of GH¢20 per staff will be taken by FTCWL
3. Comprehensive insurance cover of GH¢5,000 for fixed assets.

It impact on our finances:

INCOME STAEMENT

	GH¢
Revenue	113,760
Cost of sale	<u>(26,600)</u>
Gross profit	87,160
Administrative expenses	<u>(80,962)</u>
Profit before tax	6,198
Taxation (25%)	<u>(1,549)</u>
Profit after tax	4,649

FINANCIAL POSITION

		GH¢
Non-current asset		80,100
Current Asset:		
Stock	1,000	
Cash/bank	19,633	
Investment	<u>465</u>	
	21,098	
Current Liabilities		
Taxation	(1,549)	<u>19,549</u>
Total ASSET		<u>99,649</u>
Financed By:		
Capital		95,000
Income Surplus		<u>4,649</u>
		<u>99,649</u>

CASH FLOW STATEMENT

GH¢

Cash inflow:

Capital	89,000
Revenue	<u>113,760</u>
	208,760

Cash outflow:

Non-current asset	89,000
Investment	465
Administrative Expenses	72,062
Wages	9,600
Purchases	<u>18,000</u>
	189,127
Net Cash flow	19,633

5.9

FINANCIAL INTERPRETATION

Recoupment Schedule

Management of FTCWL does not expect any problem with regards to when the principal amount will be recoup, as it will take the business 2.4years to recoup the amount as evidenced in the Appendix 1.0

Return On Capital Employed

The capital employed for the three year period measured by Net Present Value (NPV) is expected to be Gh¢41,104. This positive NPV as evidenced in Appendix indicates that this investment is highly viable, hence worth investing into. Again by the end of the third year ROCE is also expected to increase to 35.6% (Appendix 6.0).

APPENDIX

1.0 Investment appraisal			
Year	cash flow	DCF (25%)	PV
Y ₀	95,000	1	(95,000)
Y ₁	29418	0.8	23,534
Y ₂	69310	0.64	44,358
Y ₃	132708	0.512	68,212
NPV			41,104

PAYBACK PERIOD

27,108

68,212

=2years, 4 months

Fixed Assets Schedule

	Equipment	F & F	Motor Van	Power Plant	Total
Bal. at stent 2012	50,000	6000	30,000	3000	89,000
Aditions	-	-	-	-	-
Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	50,000	6000	30,000	3000	89,000
Depreciation					
Bal b/f	-	-	-	-	-

For the year	<u>5,000</u>	<u>600</u>	<u>3000</u>	<u>300</u>	<u>(8,900)</u>
NBV for 2012	<u>45,000</u>	<u>5400</u>	<u>27000</u>	<u>2700</u>	80,100
Cost @start 2013	<u>50,000</u>	<u>6000</u>	<u>30,000</u>	<u>3000</u>	<u>89,000</u>
Additions	<u>200</u>	-	-	-	<u>200</u>
	<u>50,200</u>	<u>600</u>	<u>3000</u>	<u>300</u>	<u>89200</u>
Depreciation					
Bal b/f	5,000	600	3000	300	8,900
For the year	<u>5,020</u>	<u>600</u>	<u>3000</u>	<u>300</u>	<u>8,920</u>
	<u>10,020</u>	<u>1200</u>	<u>6000</u>	<u>600</u>	<u>17,820</u>
NBV	40,180	4800	24000	2400	71,380
Cost @ 2014	<u>52,000</u>	<u>6000</u>	<u>30,000</u>	<u>3000</u>	<u>89,200</u>
Additions	=	-	-	-	-
Disposal	-	-	-	-	<u>-</u>
					89,200
Depreciation					
Bal b/f	10,020	1200	6000	600	17,820
For the year	<u>5,020</u>	<u>600</u>	<u>3000</u>	<u>300</u>	<u>8,920</u>
	<u>15,040</u>	<u>1,800</u>	<u>9,000</u>	<u>900</u>	<u>2,6740</u>
NBV	35,160	4,200	21,000	2,100	62,460

Cost of Sales

	2012	2013	2014
	Gh¢	Gh¢	Gh¢
Opening stock	—	1000	1,800
Purchases (detergent & polishing materials)	<u>18000</u>	<u>19800</u>	<u>21780</u>
	18,000	20800	23580
Less closing stock	<u>1000</u>	<u>1800</u>	<u>1500</u>
	17000	19000	22080
Add Wages	<u>9600</u>	<u>10800</u>	<u>12000</u>
	26600	29800	34080

General & Administrative Expenses

	2010	2013	2014
Salaries	39,600	43560	47,916
Directors fees	1800	1980	2178
Advertisement	1500	1650	1815
Stationery	1000	1100	1210
SSNIT	6642	7306	8037
Rent	2500	2500	2500
Bank Charges	200	220	242
Depreciation	8,900	8,920	8,920
Training	1500	1650	1815
Best worker package	<u>650</u>	<u>715</u>	<u>787</u>
TOTAL FIXED COST	64,292	69,601	75,420
Purchase	18,000	19,800	21,780
Wages	9,600	10,800	12,000
Equipment maintenance	1,800	1980	2178
Motor Van	700	770	847
Diesel for Plant	700	770	847
Oil lubricants	1,800	1,980	2,178
Phone Cells & Internet	800	880	960
Electricity	1550	1705	1,876
Total Variable Cost	34,950	38,685	42,666

Workers Salary Structure

	Monthly	Yearly
Managing Director	550	6,600
Marketing Manager	450	5,400
Accountant	450	5,400
Human Resources	450	5,400
Operations	450	5,400
Account Clerk	300	3,600
Secretary	250	3,000
Car washers(8)/100	800	9,600
Security	80	960
Utility worker	120	1,440
Technician	200	2,400
TOTAL		49,200

∴ GH¢800 x 12

= GH¢9,600

SSNIT:

$49,200 \times 13.5\% = 6,642$

Directors fees:

Three members GH¢150/member

$\text{GH¢ } 150 \times 3 \times 4 = 1800/\text{year}$

Project Revenue for 3 years

2012

Service	Customer/Day	Month	Year	Rate	Revenue
Interior	20	480	5,760	GH¢4	23040
Exterior	45	1,080	12,960	GH¢5	64800
Detailing	<u>15</u>	<u>360</u>	<u>4320</u>	GH¢6	<u>25,920</u>
TOTAL	80	1920	23040		<u>113,760</u>

2013

Interior	24	576	6912	GH¢4.2	29030
Exterior	54	1,296	15,552	GH¢5.25	81648
Detailing	18	<u>432</u>	<u>5184</u>	GH¢6.3	<u>32659</u>
TOTAL		2,304	27,648		<u>143,337</u>

2014

Interior	29	696	8352	GH¢4.4	36,749
Exterior	65	1,560	18,720	GH¢5.5	102,960
Detailing	22	528	6,336	GH¢6.6	<u>41,818</u>
TOTAL		2,784	33408		<u>181527</u>

FINANCIAL RATIOS

	2012	2013	2014
<u>Profitability</u>			
Gross margin			
<u>Gross profit</u> *100	<u>87160</u> *100	<u>113537</u> *100	<u>147447</u> *100
Revenue	113,760	143,337	181527
	=76.6%	=79%	=81%
Return on capital employed (ROCE)			
<u>Profit Before Tax</u> *100	<u>15,518</u> *100	<u>35,851</u> *100	<u>64,948</u> *100
Capital Employed	106,639	133527	182,238
	=14.5%	=26.8%	=35.6%

Capital employed = Total Asset – Current liabilities

Liquidity

a) Current ratio

<u>Current Asset</u>	<u>30,418</u>	<u>71,110</u>	<u>136,015</u>
Current Liabilities	3879	8963	16,237
	=7:8 times	=7:9times	=8:4times

Quick Ratio

<u>Current Asset-Stock</u>	<u>30,418-1000</u>	<u>71110-1800</u>	<u>136015-1500</u>
Current Liabilities	3879	8963	16237
	=7:6times	=7:7times	=8:3times

Debtor days

<u>Debtors</u> *365	<u>11376</u> *365	<u>14334</u> *365	<u>18153</u> *365
Revenue	113760	143337	181527
	=36.5days	=36.5days	=36.5days

Stock turnover

<u>Inventory</u> *365	<u>1000</u> *365	<u>1,800</u> *365	<u>1,500</u> *365
Cost of sale	26,600	29,800	34080
	14days	22days	16day

Risk analysis

General &Administrative expenses	GH¢71,642
Adjust for:	
Life insurance Gh 20@12@18workers	Gh¢4,320
Comprehensive insurance cover	<u>Gh ¢5,000</u>
	<u>GH¢80,9620</u>

REFERENCES

1. www.hannacarwash.com
2. Drivers Vehicle and Licensing Authority's (DVLA) office, Kumasi
3. <http://dvlaghana.gov.gh/pub/>

EXECUTIVE SUMMARY

Fastrack Car Wash Limited (FTCWL) is a dynamic start-up and a small business requiring US \$100,000 to establish an automatic car wash that will provide exceptional car care services to people in the Kumasi Metropolis. Quality services that will exceed expectations will establish FTCWL as the premiere car wash service in TUC, Kumasi.

FTCWL has a strong management team. Mr. Asiamah, who will be the General Manager, has extensive leadership, management and organizational experience. He is very industrious and has worked as a consultant to many firms such as L&A Skin & Beauty Klinik/Academy.

According to a reliable source from the Drivers Vehicle and Licensing Authority (DVLA), there are about 60,000 registered cars in Kumasi and its environs with approximately 6,000 vehicles being licensed every year. Coupled with an extensive research that indicates that the two seasons experienced by Ghana - the rainy and the dry seasons - will support steady year-round sales as a result of more people washing their cars as often as possible.

Further, the location of FTCWL in TUC, Kumasi and strategic marketing campaign will greatly attract the local residents and the people in Kumasi in general. Direct competition is limited to outdated hand gun water machine car washes at most filling stations and in some remote areas. FTCWL will boast of the ConveyORIZED automatic car washes which consist of tunnel-like buildings into which customers (or attendants) drive for their service.

FTCWL wishes to employ quick but quality service delivery (hence Fastrack Car Wash Company Limited) as its differentiation strategy to provide value for money to clients through unique professional services rather than lower rate. With this strategy, FTCWL seeks to charge

premium rates or use price skimming for our professional services which will enable us to have our return on investment at the shortest possible time.

FTCWL will strive to increase its sales by not less than 25 percent annually for the next five years achievable through aggressive marketing activities.

The financial forecasts indicate that breakeven will be achieved in the fourth year of operations, and in year 3, return on investment should be about 35.6 per cent. By then, turnover will be GH¢181,527 and profit after tax being GH¢47,356.

MISSION STATEMENT

To provide top quality car wash and detailing service for car owners in the city of Kumasi. FTCWL will work to maintain impeccable customer service by keeping employees satisfied and adopting the latest technology in the car wash industry.

VISION STATEMENT

To be the leading provider of the best car wash experience. Fastrack aspires to become a financially independent and sustainable business entity and to attain market leadership position in the car washing industry.

CORPORATE OBJECTIVES

- To become the market leader in car washing business within Kumasi Metropolis by the end of the third year.
- To be the most innovative and technologically inclined in the car washing business to sustain our valued position by the end of the third year.
- To increase the profitability of shareholders by 15 percent each year.

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CHRISTIAN SERVICE UNIVERSITY COLLEGE - KUMASI

DEPARTMENT OF BUSINESS STUDIES

BARCHELOR OF BUSINESS ADMINISTRATION

FASTRACK CAR WASH LIMITED (FTCWL),

THE FASTEST, QUALITY AND PROFESSIONAL CAR WASHING SERVICE

BUSINESS PLAN

BY

NAME OF MEMBERS

EMMANUEL TANDOH

GEORGE ASIAMAH

MICHAEL ADE-TWENEBOAH

BAFFOUR AKOTO

VIDA OWUSU SEKYERE

DECEMBER, 2011

CHRISTIAN SERVICE UNIVERSITY COLLEGE – KUMASI

DEPARTMENT OF BUSINESS STUDIES

BARCHELOR OF BUSINESS ADMINISTRATION

FASTRACK CAR WASH LIMITED (FTCWL)

THE FASTEST, QUALITY AND PROFESSIONAL CAR WASHING SERVICE

BUSINESS PLAN

A BUSINESS PLAN SUBMITTED TO THE DEPARTMENT OF BUSINESS

STUDIES OF CHRISTIAN SERVICE UNIVERSITY COLLEGE, KUMASI

IN PARTIAL FULFILMENT OF THE REQUIREMENTS FOR THE

COURSE CSAD 443 TEAM BUSINESS PROPOSAL

BY

EMMANUEL TANDOH

GEORGE ASIAMAH

MICHAEL ADE-TWENEBOAH

BAFFOUR AKOTO

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DECEMBER, 2011.

