

# Kiswani Wholesale Distributor “Business Plan”

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## Abstract

Kiswani Wholesalers and Distributors (KWD) is a proposed Limited Liability Company (LLC) that will be co-owned by two partners and operated in New York State, serving four counties of Rockland, Westchester, Orange and Dutchess. The company will be dealing in medicines sold over the counter, health and beauty products, general merchandise and male enhancement drugs. These product lines offer the company a unique product mix that will enable it to penetrate and sustain a steady market base in the market for profitability. The proposed company has identified four market segments: convenience stores, supermarkets, grocery stores, gas stations and other small retail shops that will be its customers. It intends to target the first four segments of its market in the first year of operation. KWD will employ a marketing strategy that will put it ahead of its competitors and its SWOT analysis shows that it will compete favorably in the business environment into which it intends to venture.

Key success factors will be the experienced ownership and management and skilled and qualified persons who will implement the success strategies of pricing, marketing and sales to deliver high outputs that will enable the firm to break even in the ninth month of operation. Upon commencement of its operations, KWD will plough back its profits for purposes of expansion, which is inevitable for every organization in all industries. Its books of account as projected are so promising that the owners will confidently acquire \$ 24,000 of the total capital from a bank loan and contribute \$20, 000 personally as the other \$15,000 is gained from credit facilities by the suppliers in a 21-day credit term. With a small size workforce of only five personnel for the startup phase, KWD will be able to have efficient operations that will steer the firm to rapid growth and profitability.

**Keywords:** Kiswani Wholesalers and Distributors (KWD), Success strategies of pricing, Marketing and sales

## **1. Mission, Vision, Core Values**

### *1.1 Mission*

KWD's mission is to provide individual retail businesses with health and beauty products, as well as over-the-counter medication, to negotiate directly with wholesaler, carefully selecting quality over the counter products, at the best price and service.

### *1.2 Vision*

The KWD's vision is to develop a winning network of suppliers and distributors, connect business to emerging products of interest, working with retailers together to creating a mutual and long-term value.

### *1.3 Core Values*

As part of its core values, KWD believes in creating opportunities out of problems, for to support the local community ensuring local focus to build a stronger community foundation, thus being able to support the community.

## **2. Industry and Proposed Company**

### *2.1 Industry and Proposed Company*

Kiswani Wholesale Distribution KWD is a complete business distribution solution, perfect for businesses that are expanding, in particular retail, wholesale, along with manufacturing companies. The business will be the main distributor in New York's four different counties. This will include Rockland County, Dutchess County, Westchester County and Orange County servicing thousands of individual retail companies in hundreds of towns across these four counties many with multiple deliveries a week. Beauty remains a major feature in both men and women. Additionally, the society lays much importance on health and beauty to masculinity and good looks that the market for such products will always exist (Stephens, 2009). As a result, KWD products address the needs of modern living. Given that everybody yearns for a healthy, beautiful skin, KWD's goal will be to distribute the best of proven health, beauty, and medicinal products designed to meet the customer's taste, preference and choice.

KWD's assortment of beauty and cosmetic products aims at coming up with an effective market analysis that is well covered with many strategic marketing planning process and plans. KWD's strategic marketing analysis, therefore, will consider three main areas of distribution, that is, (a) channel functions, (b) channel alternatives and forms, and (c) value capture within the distribution channel. This will highlight possible opportunities for the business in the area. However, there also exist situations where industries are struggling because they fail to create extra value for the customer leading to exclusion from the channel (for example pharmaceutical retailers). Simultaneously, the evolution of new media and thus alternative channels of distributions is a hot topic creating new opportunities for companies (Burns, 2005).

Given that there is limited capital to establish a business, KWD will be self-funded. KWD's mission is to become a recognized distributor of specialized health and beauty products in New York. The KWD plans to build strong relationships with key clients. Great customer relationship with the company will also ensure that the business is aware of current and future trends so as to satisfy customer needs (Stolze, 2000). Also, the company will be viewed as a crucial partner, instead of just another supplier. KWD will work directly with its clients to propose unique product assortment for its retail base, proper stocking levels, suitable pricing and display, along with promotional ideas aimed at increasing sales. KWD will hunt for and work with producers it represents to deliver the most innovative, as well as possible exciting products to the consumers it serves good distributor's practice. With a stylish, searchable website, easy-to-understand and follow instructions, clear and secure methods of payment, and fast quality, delivery, partner retailers will identify and create a list of items in demand in either Amazon or eBay. Once the goods on sale are ordered, they will be shipped to the vendor awaiting further distribution to the consumer.

From the beginning to end, KWD and its partners will provide its customers with the best shopping experience. Available in four counties, KWD will be affordable and scalable, making it best suited for newly established companies and growing companies alike. For KWD is being successful, it must know where it wants to go. A strategic analysis of the distribution should include an analysis of the relative share of the total value that the rival organizations in the distribution chain capture. Again, not only the present situation should be analyzed; also shifts in value creation and value capture should be tracked (Nijssen & Frambach, 2000). This will provide insight in the relative power of organizations within the supply chain. For example, healthcare retailers have increasingly been able to increase their share of the value created in the rapidly moving customer goods industry through cooperation and concentration of outlets. This not only provided them with efficiency gains and increased buying power it's also enabled them to successfully introduce label brands.

For KWD is being successful in their day-to-day operations, partnerships, competitive pressures, acquisitions, exist as just the tip of the iceberg. Realistically, these factors exist as just a cost of running a business in the latest economy. In today's changeable business climate, flexibility exists as key to persistent success for KWD's survival. KWD will design a distribution facility that will keep up with the unpredictable business environment (Warman & New York Academy of Medicine, 2004). In this light, KWD will incorporate the use of technology to reach all its clients, thus, making a profit. For KWD's distribution processes, flexible equipment exists as a more practical alternative. In this light, KWD's top management team will establish, broadcast and maintain a detailed strategic objective for all levels within the business enterprise and for associated units and partners out in the channel network.

In order to maximize profit, KWD will come up with a calculated marketing plan in place which will campaign for its products, along with services that target specific customers (Institute for Supply Management, 2012). With a good marketing plan, KWD's market

strength of the worth of this business enterprise is in the impact it will make in catering for the consumer taste, preference and choice in all four counties of New York. The KWD plan is to come up with a market-driven tactic, which will focus and incorporate customer needs together with the business's ability to bring value to the customer. Through well-built customer relationship and partnership with retail businesses in all four counties, KWD will be made aware of some of current and future trends in the market. This strategy will aim at coming up with goods that satisfy consumer needs.

Products and services can reach the customer market in various ways. Here, both the alternatives that are presently used and might be used to define the market's structure. In general, one can distinguish between direct and indirect channels; long and short. It is important to identify potential changes that could take place in the distribution structure in the future. In this regard, it is key to think about distributor's strategies, buying motives, and buying criteria. These will include considerations pertaining to the distributor's target market, profitability targets, positioning motives, and relational and power motives. Also, it is relevant to analyze potential alternatives to current distribution channels (Abrams, 2003).

## *2.2 Products and/or Services*

KWD's purpose can be split into three: 1) to generate profit for the business; 2) to expand the distribution business to other counties in New York; and 3) to nurture individual skills that the society will benefit from. The types of health and beauty care products for distribution will consist of seasonal and packaged approved products by the food and drug administration board. This will involve assortment products from skin care (from moisturizing to anti-aging), makeup, hair care (shampoos, styling products, straightening irons), fragrances (favorite scents for men, along with women), body and bath products, weight management (exercise and fitness plans in CDs and DVDs), diet supplement (vitamins, nutritional bars, sports supplements and dietary supplements). Others are medical special needs (listings for equipment's that meet the client's medical needs), hair removal (listings for scissors, clippers, shavers and razors), oral care (electric toothbrushes and whitening products), and health care (sleeping aids, first aid, family planning, and more).

Distribution of these products will be split into two basic services: 1) consultancy with retailers on identifying and sorting out unrecognized wealth-creating resources and how to move the available products into the market, at the same time utilizing them in daily operations and fund-development materials, and 2) managing the distribution of basic products from manufacturers to individual retail businesses for further delivery to consumers of the product using the best existing or new platform (O'Connor, 2010). KWD will also identify the best distribution channel to be utilized, which will maximize profit. KWD will also identify the best distribution practices that can be integrated into the business so as to compete favorably with rivals. This line of attack brings meaning to KWD and expands its mission, and at the same time making available value-added activities in the networking system.

As a socially sensible company, KWD will with intent build up the skills, along with the opportunities of its clients who distribute the finished products in all four counties, in New York. Additionally, the staff will incorporate their operations into the business sequentially to educate, nurture and make available opportunities for people who usually do not have this chance. This strategy is applicable since it incorporates multiple features and objectives into one project. The available products for distribution will be arrived at through consultation with retailers in the networking system. These products will include an approved assortment of beauty and health care products in the market. Unique goods will present the buyer with substances, which strongly meet the different customer needs with particular reference to consumer taste, preference and choice (Burns, 2005). Additionally, to help expands its network of active retailers; KWD will need to offer an assortment of products from the producers that are in demand by the customers.

Additionally, given that manufacturers have set up guidelines they use in deciding if a distributor can transport the already manufactured products. KWD will spend time analyzing what changes to incorporate into the business so as to attract crucial manufacturers that will help the business grow in terms of revenue. According to Warman and the New York Academy of Medicine (2004), the products include skin care products, makeup, hair care, bath and body, weight management, diet supplement), medical special needs, hair removal oral care and health care products. Alternatively, KWD will aim at training its retailers in some of the most effective and efficient ways of getting the right type good to satisfy a particular want. Additionally, KWD will also conduct market research so as to know the types of goods and services that are in demand, along with trending goods and services.

As a distributor, KWD cannot be profitable without an association of active retailers. KWD's profits will be directly tied to how many retailers it has in the distribution process, and how actively involved the retailers are at getting hold of new business. KWD will aim at maintaining a section of purchaser retailers, along with business-to-business re-sellers with the purpose of bringing together the largest if not the broadest retail network achievable. KWD's strength in this network of events is what will help to attract recognized manufacturer brands and other retail customers (Warman & New York Academy of Medicine, 2004).

### **3. Market Analysis**

#### *3.1 General Market Analysis*

Distribution channels generally play an important role in creating value for the customer. Given that KWD will be competing in a fast moving consumer market, KWD strives to provide the actual products and services to the consumer. This enables KWD to effectively position itself to serve the needs of its clients. In KWD's market, it is able to compete favorably with its competitors through. KWD employs the use of innovation, along with innovation to superior produce goods and services that are in demand with particular reference to taste, preference and choice. Good customer relationship is vital at this point. Good customer relationship enables KWD to produce goods and services that clients want.

Consequently, it increases demand for their products and, thus, the company makes profit (Dent, 2011). Additionally, the company aims at giving clients useful information on what will best meet their different needs, thereby adding value to their money rather than just purchasing a product because it is trending.

KWD stays true to its words when it comes to meeting customer deadlines, satisfying the needs of their clients, setting up a good source team, promoting and maintaining good customer relationships, fair to suppliers and respect for the work of an employee who contributes towards the growth of KWD. Furthermore, KWD believes in incorporation of innovation and creativity, becoming a solution based businesses and thinking differently (Barnes, 2003). The highest purpose is another core value of KWD. Higher purpose, aims at providing high quality products to customers. KWD believes in conserving and preserving the environment, and the environment's ability to make available for future generations. KWD supports those producers who promote sustainable production of approved health care and beauty products; those concerned with the network of distribution of healthcare and beauty products; and those that focus on matters of environmental stewardship, diet and health, and possibility of communities. Lastly, KWD believes in supporting its community. Regardless of the company's unit role, the goal of KWD is to ensure that the existing companies found in the distribution channel structure realize the firm's objectives. This includes; competitors, performance measurements, products or services and customers.

In this light, the marketing function of the distribution relates to the marketing activities performed by the distributors in relation to the manufacturers' products that enhance the 'offerings' value to the customer. Here, KWD will think of marketing tactics, service delivery (including product augmentations), in-store promotion, marketing relationship, market research and so forth. Additionally, KWD's analysis should aim at providing insights into the existing market trends and how they can be perfectly executed to realize maximum profits from the sale of goods. Provided that the company will function in a system of networking through active retailers, this project will need very little time as a result of the established networks. Through this venture, KWD and its partners will realize maximum impact (Covello & Hazelgren, 2006).

Given that the KWD' headquarter will be based in New York, and will operate four of its counties, namely; Rockland County, Dutchess County, Westchester County and Orange County make available a broader market for the distribution of the health and beauty products. Orange County is the center of population in New York. As of 2010, the population census of Orange County was 372,813. Rockland's population, as of the 2010 population census was 311,687. This represented an 8.0% increase from the population census of 2000 in which 286,753 people were counted. The population census of Westchester County was 961,670 people in 2012. The 2012 population census counted the inhabitants of Dutchess County as 297, 322 (Dent, 2011).As part of its market driven strategy, KWD recognizes five features in its market-driven strategy. These include: 1) grow to be market-oriented; 2) anticipate the market; 3) establish distinguishing abilities; 4) use an adaptive planning process; 5) achieve superior performance.

With particular reference to KWD growing to be market-oriented, a customer's knowledge and knowledge attainment are critical. Becoming market-oriented means paying close attention to consumer needs. Simply put, it entails being customer-focused. By listening to client's complaints and suggestion on the quality of goods being distributed, along with the price per tag, KWD will be able to come up with innovative means and activities that will satisfy customer needs to the success of KWD (Nijssen & Frambach, 2000). Additionally, KWD staff will undergo a series of instruction that will help prepare them with the necessary skills for shared diagnosis of problems, and at the same time promote creative solutions and actions. As a result, this approach will result in exceptional customer services and performance. They predict the market. The market determined organization brings together a clear-headed recognition of its competence and limitations with a largely informed point of view about the future of its markets (Burns, 2005). It brings a strong market-sensing capability in a wide-ranging dialogue that incorporates rebels and disappointed customers and makes use of situation thinking to recognize an array of possible future trends in the business environment. These firms see more possibilities and see them earlier than their rivals.

Establish distinguishing abilities. Before the client uses a good or service for its intended purpose, the good or service first goes through a series of transformational stages. These stages include product identification, invention, sale and distribution. In this light, the company ventures into the business environment with assurance of a system that will not only work but will institute and preserve personal, along with business dealings. This strategy exists as critical to the marketing plan (Covello & Hazelgren, 2006). Also, there exist different capabilities in the distribution process with respect to product development, development of good customer relationship with the business, distribution and retail experience, among others. The use of an adaptive process in planning will be observed by KWD. Different from the strategic budget-cycle planning employed by internal business focused companies; the market-driven establishment uses an adjusted planning process that focuses on real-time matters. This tends to keep the company strategic to the developing issues in the market. This helps to prevent the business from tripping into short-term, cost-conscious, deliberate planning (McCrea, B., & Entrepreneur Press, 2006).

Achieve superior performance. This is aimed at creating value for what customers pay. In this light, the profits realized from the sale of products, image, services and employees ought to prevail over money, time and psychological and physical costs incurred by the customer. Development of good business relationship between the client and the business is vital at this stage. Within this context, members of staff help come up with solutions to customer problems, as well assist them in making decisive decisions when shopping for goods and services that satisfy their needs (Stephens, 2009). From this plan, some of the benefits that can be realized include networking services, partnership, public relations and consulting expertise. As a well-established and market-driven distributor business, KWD will establish and grow a network, which will campaign for an insight of the market. This will ensure that their staffs become aware of the latest market trends, opportunities, along with threats. These issues make possible the right things to occur within the business (Schroeder et. al, 2011).

Additionally, the payoff from a superior strategic thinking capability comes when strategic choices are better informed, risks look more manageable and the employees are motivated to stretch their efforts by focusing awareness on preferred leadership thinking and frequently searching for new sources of advantage, the procedures and desires of the company are given significance. Given that, without the customer, the business ceases to exist, KWD must continue to promote, maintain and expand close customer relations through client education, accessibility, educating, making available benefits of the relationship such as networking and support. KWD is steadfast for streamlined processes, cross-functional synchronization and constant improvement.

#### **4. Porters Five Forces**

Porters Five Forces is a business model that is essential in analyzing the forces of the market in which the business will be operating. It encompasses the perspectives of the players in the market who are either directly in contact with the business or some who have influence on the operations of the business but act from a distance. It can be said that the forces are collective influence of each groups of the market stakeholders as they go about furthering their own interests in the environment of business. It therefore happens that a business that analyzes this part of the market assessment well and lay down means o going about the bottlenecks that are eminent are in the best place to succeed in the market as opposed to those that do other analyses and ignore this important part. KWD identified with the Porters Five Forces as they are usually categorized into the five. The threat of the new entrants may lead to dilution of the market shares thereby reducing profitability and so must be consider. The second force is the threat of substitutes that may be the products traded on or the dealing of counterfeits that competition can introduce with the usual unhealthy competition that come with it. The third is consumers bargaining power that can lead to forced price reduction below the cost of goods sold and so present with the problem of profitability while. The forth is the supplier bargaining power which also tends to force the pricing to their favor at the expense of those they supply while the fifth is the competitive rivalry brought about by the fight to gain the largest market share among the peer businesses. KWD has analyzed each of these forces as outlined herein (Zeithaml, Parasuraman & Berry, 2013).

#### **5. Threat of New Entrants**

Medicines and beauty products enjoy strictness to some extent in the possibility of new entrants getting into the same market. While the ability of new start-up enterprises to invest money in the venture is possible, there are several legal requirements that hinder many from dealing in the medicine sales and distribution as it is considered dear to human life and so taken very seriously by governments. Licensing of such a venture, for instance, takes a completely different and bureaucratic route that many investors cannot afford to go. They instead, take the other many easier routes to business such as the usual industries such as foods and beverages or customer services such as hotels and restaurants. KWD will, therefore benefit from this difficulty of the new entrants to get into the same market and compete with it for the same customers. It is expected that very few new players will come to upset the market forces in the



region that KWD will be operating as a territory. Nevertheless, it is admissible that beauty products are commonplace in the market that KWD will be operating.

However, most of the vendors of beauty products are only the small to medium scale businesses that will not be able to compete with KWD at the same scale. Indeed, these will be the market base for the medicines and beauty product wholesale and distribution business as they are the retailers who act as the consumer link for KWD product and services. The possibility of having large scale entrants into the same market is perceived to be low as there is the inability to raise capital for the many venturesome entrepreneurs who would venture into the business. The lowered chances of getting sufficient capital to compete with KWD at the same level is making the medicines and beauty wholesaler and supplier immune to competitors, especially new ones, that would reduce the market share of KWD in the region (Swayne, 2007). Despite this immunity that will benefit KWD to some extent, there is still the ability to have new entrants emerging in the same market competing for the same customer base that KWD will be serving.

However, it is expected that just like the current competitors, the service delivery by these business will be much lower than that of KWD in efficiency and so customer satisfaction among them will be also lower than for KWD leading to less influence on the consumer base for the new business. This will be made possible and actualized through the implementation of the appropriate strategies in sales and marketing, use of lean aspects in the operations to excellence and the use of proper people skills for the customer service experience and KWD to be one of its own kind the completion is not able to copy with ease due to trade secrets involved. The new entrants to the market will, therefore, be out-competed as explained leaving the new business of medicines and beauty products wholesaling and distribution as the king of the market. As Stewart (2010) puts it, KWD has to keep monitoring the market and its trends to ascertain the weights of the competitors in the business environment in order to keep changing own strategy to beat them at the game. Indeed, the new entrants that may be threats to KWD will also be source of strategy for the business as it evolves to conform to the consumer behavior changes that go with shifts in the product and service preferences and tastes. KWD will be using innovative methods in addition to the formal and proved marketing operational strategies to always keep ahead of the competition and remain profitable leading to attainment of competitive advantage and sustainability.

## **6. Threat of Substitutes**

Given that KWD will only be supplying products manufactured by other wholesalers, the threats of substitutes will only be expressed in the form of new other business that come to deal in the same lines of business and similar products. Some of these businesses, however, may be dealing in counterfeit products that replace the originals supplied by KWD in the market. These are potential threats to the new wholesaler and distribution business. The main way to counter them is to stick to original products that will meet the needs of the customers and so let them come back streaming for the same in repeat business made through credibility of products and excellent customer service system. By furthering trust among the consumers, KWD will be

putting itself at the center of client preferences regarding from the immediate sales agents who are the retailers to the end users who buy from the outlets. Credibility in both the products sold and the supply chain management will entrust the dealings among the business to business operations as appropriate to extend the show of truthfulness and originality for sustainability.

The substitutes will then be forced to get out of business due to little to no market and the end result will be favorable for KWD which will continue with the proved transparent ways of dealings with both retailers and end users. The linkages between both traders and consumers will be bonded by trust and sealed with credibility. This will be just one way of outdoing the effects of substitutes in the market that KWD will be operating. There are other means and ways that will be exploited as well (Keller, 2001, p. 10). These substitutes will come with lowered prices to appeal to the consumers as the cheaper options. But, the issues to do with health and beauty are very important to the individual consumers that they would rather pay reasonably for better body care than throw their money into easy deals that would leave their bodies deteriorated in the long run. The products may survive the market for a short while as the consumers themselves evaluate them, especially the beauty products, but will not last for a while before the clients as dubious and substandard disregard them.

Indeed, the consumers themselves will be in a position to judges, which products are genuine and which ones are counterfeits that are robbing them of their hard earned income. As demonstrate the will of the clients will take the substitutes products out of the market in systematic manner by mere boycotting of the purchase of such products due to the fact that they do not offer consumer satisfaction in line with the standards for the various products. Besides, the business owners who deal in authentic products, such as the KWD will be mobilized in the form of organization to also fight the substitutes that spoil the image of the products that are on the lines of medicines and beauty by taking little cost to create awareness among the consumers of the dangers of consuming such products. If this is done appropriately together with the other strategies, the substitutes will be taken out to of the market and the genuine products one will be dominating it. It is believed that the use of public awareness will reinforce the effects of the first point of proving credible among the audience and so positioning as superior to the substitutes. The use of the three strategies above will work in synergy to deliver customer loyalty for credible businesses including KWD for competitive advantage and sustainability (Jackson & Wood, 2013, p. 31).

## **7. Consumer Bargaining Power**

Though this business will be selling to other businesses, customer still remains the king as the rate at which they consume from KWD will determine volumes of sale and so returns. This gives the end users the power to control the market especially prices of the products and services. The truth that there is no way to force consumers to buy at your price means you as the supplier has to always go by the will of the consumers almost all the time abut not every time. KWD understands the power of the consumers that will be transferred to it by the businesses it will be selling to as a wholesaler and distributor and would like to curtail it as much as possible to ensure that the consumers do not abuse the power. There are various mechanisms that KWD

will put in place to do this and the results will be evaluated against the benchmarks created for the particular purpose of monitoring clients power to control the market especially prices (Porter, 1990).

One way that KWD intends to tame consumer bargaining power in the market is to use the strategies of marketing and promotion that lure the clients to buy from the business and at its prices. When advertising and other promotional elements are used with tact, the result is that the target population is convinced to buy and buy at the price of the supplier. This will mean that there is always business that favor KWD and not the consumers as opposing forces in the industry and the market. Besides the marketing and promotional means, the business will also be able to use other strategies such as strategic pricing and product quality and integrity all at one go to amass the support of the consumers who will always demand quality. It is found that when consumers are convinced that they are buying quality they associate this quality to be of higher value and are willing to pay premium for the goods and services (Nagle & Holden, 2002). The outcome will be consumer loyalty that will flow from the end user and stream upwards to KWD as the distributor as the retailers are used to buy from the business owing to its credibility, authenticity and quality in the products it trades on.

Considering consumer power to bargain in the market as the most worrying threat for the business, KWD will be employing a competent and up to the task work force that will also be removing the power of bargaining from the consumers to the business. For instance, the excellent customer relation by use of positive image by the workforce and the expression of the various interpersonal skills will be putting to the interest of the business ahead of that of the clients who work in isolation as opposed to the working team of KWD who operate as a group. People skills are identified as a key element in this regard and will always be used as a tool to reduce the bargaining power of the consumers. When the consumers are persuaded and enticed by the interpersonal skills of the business team, they will be feeling a sense of belonging that will lead to positive association with the KWD thereby amassing support of both moral and purchase from the stores that stock KWD products. In fact, the immediate clients of the business as retailers and small outlets will also be able to fall into this trap used by KWD and the business will be able to control prices in the market as opposed to the clients it serves (Moorman, 2012).

The last means of reducing the power of the consumers to regulate the market in which KWD will be operating is by the effective and efficient operational systems of the business. It has been found that efficient organizations are more attractive to the client despite the high pricing that they charge for their services and products. In such circumstances, the brand is used as the way to convince the consumers to purchase from a given business and not the other. This concept of operations is wide and encompasses all the elements of running the business from sales, marketing, supply chains management and store ambiance that affect the way the consumers perceive the quality of the products and services of a business. With this in mind, it becomes obvious that consumers would want to associate with the best and when KWD is that best they would prefer to buy from it rather than go to competitors. The result would favor the

business and its image for long-term sustainability.

At the same time, the power of consumers to have the last say in the way the prices and other factors are regulated in the market will reduce considerable. This will result to KWD remaining as the sole entity that can price at will and still get the clients nodding their heads due to the influence of the branding, quality and value as is the case in any brand continuum. KWD will not stop at that point. It will continue to implement lean principles that reduce waste such as that of time that is very essential in supply chains management as the logistics will be made efficient by the effective operation excellence thereby furthering the time and place utilities of the products to the clients. This will further help in achieving appropriate client loyalty and leave them at the mercy of KWD pricing and other benefits (Jackson & Wood, 2013, p. 38).

### **8. Suppliers' Bargaining Power**

KWD will be buying its supplies from established and bigger supplier of medicines and beauty products in the market already. This means that the suppliers will also have a huge bargaining power on the prices of the stocks and also the way business runs in the market. KWD has identified this as one of the threats to its consistency in business and also its profitability. It will, therefore, put in place measures to counter this influence that will make business go sore for KWD. One way of doing this is to do business with only the supplier that it is in good terms with as these are not likely to change their minds based on the moral obligation to keep the bonds between them and the KWD strong for more business relations. This will be of help to KWD, which will then be the benefactor of such relations. Also, the mandate of the suppliers will be put on black and white through signed formal contract agreement that will reduce the volatility of the prices and other factors in the partnership of business nature between the KWD and its suppliers. This agreement will be in force for a given period of time, preferably one year, within which no changes in prices or means of delivery can be change by either party.

The end result will be that the power of the supplier to fluctuate its stock price is reduced considerably that KWD will be able to take advantage and gain profits in line with the market demand. These measures fall under the operational excellence that will be wide and broad as it entails all the functional departments of the business from sales to supplier relations. KWD will then be in a position to control the prices instead of the suppliers who are sorted and satisfied (Monroe, 2003). The other option that will also be explored by the business to reduce the power of suppliers in determining and setting prices of the supplies is by having backup details of many other alternative suppliers who can supply at cheaper prices in the event that the current ones take up their prices unreasonably. This details of other suppliers will be kept for now owing to the lesser relations that now exist between the business owners and the suppliers but as soon as the signs that the current suppliers, who are in good relations with KWD owners already start showing signs of improper pricing, they will be contracted by use of contract agreement to suppliers of the business. This implies that KWD will be categorizing its suppliers in two types of first and second.

The first category will be the group of suppliers who are to start supplying the business the

moment it is established while the second category will be the backup partners in business. In fact, the second category of suppliers can be kept closer by purchasing stock in smaller quantities from in order to start making the relations be better between each one of them and KWD. This same strategy will also help against the competitors who may twist the minds of the supplier to supply them instead of the business. This will enable the competitor's keep off from influencing the suppliers to favor them as opposed to KWD. The use of the contract, the moral goodwill and the having the backup suppliers will work well to ensure that the power of the suppliers to determine prices and other aspects of trade in the industry is reduced considerably with the benefits that KWD will be having stable cost of goods sold and so be able to stabilize the prices for its customers (Narver, Slater & MacLachlan, 2004, p. 340).

## **9. Competitive Rivalry**

It is expected that all the factors above will create a competitive rivalry in the business environment in which KWD will be operating that also has to be put into consideration before embarking into the operations. The analysis of the market rivalry is essential for the business to know its peers and foes in amassing market shares and creating consumer base that can steer the business to sustainability. With the existing competitors having the advantage of incumbency, KWD will have to break the wall created by them that shield it from reaching the consumers. One way that KWD will use to perform this is by having channels of distribution that is more efficient than the competition. This will mean the time taken for products to reach the consumers sign the KWD channels is reduced comparably to that of competitors. The time and place utilities of the products will therefore be met better by KWD than it happens on the side of the competition. To ensure this happens the operations department will come up with a standard operating procedure that removes the flaws that may be experienced along the distribution channels and smoothen up the system for efficiency. While this will help out-compete the incumbent competitors, it will also work to deter new entrants from taking root into the market. The fight for clients will be fought by KWD in a new way not the usual and traditional methods that are obsolete and inefficient. Out-competing the incumbent rivals and keeping the new entrants at bay from the market niche is a fundamental focus of the business as one way of forging on means of survival in the region and market (Lamido, 2014).

The second tool that KWD will use against the competitive rivalry will be the many strategies of advertising proportions and sales. This will include many elements such as differentiation of the offerings and the use of lower affordable bulk sales that will be more convenient to the customers. To start with the first point of differentiating its offerings, KWD has specialized in given line of business that is twofold as medicinal drugs and beauty products. Within each of these lines, there will be wide choices for the clients to choose by both sizes and types. For instances, the male enhancement medicinal drugs will be of various types and sizes that would suit the needs of the customers and so will be the case for the beauty products such as hair care or skin care range of specialized items. On to the second point, the business will make use of the breaking of bulk to make its offerings more affordable for the clients as opposed to competitors. It is impossible to find a competitor that worked with sale units of cartons or just a

few of them such as three or six as KWD will be doing. This means that a retailer who needs to top up own stock of a product can easily purchase the amount of goods required from KWD and not from the competitors who will not agree to break the bulk for them to a given level that is affordable enough for the client. These two strategies will work to position KWD ahead of its competition and reduce the effect of the market rivalry on it. The possibilities are indeed, endless. For instance, the efficient supply chains management will be a supporting platform for the effective competition besides the two strategies mentioned. In fact, it can be said that every effort to improve operations is to be more competitive in the market (Jackson & Wood, 2013, p. 42).

## **10. SWOT Analysis**

An evaluation of the strengths, weaknesses, opportunities and threat model designed for business environmental analysis and so will offer another way of gauging the possible performance the businesses in the operational environment and sets out the manner in which challenges would be tackled. The faster the problems are identified the better their solutions can be. Also, the more the solutions are set out in terms of accuracy the better the remedy for them than when there is nothing done about them. The threats and weaknesses will be countered with possible solutions as the opportunities and strengths can be reinforced to create the advantage for the business. Each of these parameters of the model will be used one at a time to assess the situation that would be faced by the business with possible solutions and maneuver suggestions or each one (Osarenkhoe, 2010).

## **11. Strengths**

Favorable factors of internal nature to KWD are going to work as leverages through which the business will emerge as a successful start-up in the market and sustain it to growth and expansion. These are factors that are owned by the organization and that it can easily manipulate to its advantage. While the favorable ones are going to be outlined here, the internal and unfavorable ones will be discussed under the weaknesses. KWD expects to use its strengths to penetrate new market and establish customer base and loyalty in the region of Manhattan. The strengths identified by the business are threefold. The first is the policy of cash sales as part of the operational procedures with its advantage. The other is experience of its owners on the skills and expertise of sales and marketing as well as business management that is going to be of use to the business. The third is the size of the firm that is small enough to coordinate operations effectively. Each of these factors is looked into one after another (Jackson & Wood, 2013).

By using cash terms of sale, the business is going to be having cash at hand or at bank all the time to cater for the needs that may arise as a start-up. The collections that will be made for a given short period such as a day or a week will be turned into cash in a few days in the case of check payments from clients or immediately if the payment is made on hard cash. This ensures that cash inflow is always available for the immediate needs of the business such as the daily running costs that form petty cash for the business or that can be planned in the

medium term such as purchase of distribution van in the second year of operation. This constant cash inflow will also work as the basis of the business gauging its market share based on the real volumes of sale that has turned into cash rather than the invoice values, as is the case in much other start-up businesses. This means that even after the first month of operation, the business will be able to state the way cash can be attained in terms of returns that would foot the bill for the fixed costs such as rent and payroll or go into the variable costs such as utility bills and stock purchase. Indeed, the cash sale system will allow the business to be able to pay the suppliers promptly thereby instilling trust in them for better business relations. Also, it can be suing the credit terms from the suppliers as capital when the term arranged with suppliers is either thirty days or sixty months. Such stock will be turned into cash in the immediate time any sale is sealed with the customer thereby allowing the business to turn over stock before making payment to the suppliers. This is form of leverage for the company especially when it is starting up (Jerold, 2009).

KWD will be drawing its workforce from experienced and qualified owners and other outsourced experts. Given that one of the owners is a businessman with specialization in business management up to the master level of academics, the running of the business is going to be better than compared to enterprises managed by less qualified individuals. The skills of business management, sales and marketing that are vital to the running of any business are going to be from the real owners of the company who will be taking their time to ensure that the business succeeds. These skills of management are going to be part of the company assets from which it can rely to secure competitive advantage in the lines of business that it has chosen. The expertise of the owners will be reinforced by the interest as the investors in the venture to crate the motivation that is necessary to take the business off the ground to the levels of multinational s in just reasonable time period such as ten years. Apart from the actual owners, the business is also going to employee experts in every department that it is going to have. These are the likes of accountant, the sales persons and the driver. They are going to form a skillful team that is going to make the operations appear as though the business is not just starting but has been in business for a while.

Operational excellence of the business will stem from this expertise (Freiberg & Freiberg, 1998). This aspect is also going to be observable owing to the experiences of the team that will me in the workforce for the company. The first consideration that the one of the owners has had over ten years of experience in sales creates the confidence that there is going to be easy penetrating the market for the firm as the bottlenecks in sales will be navigated through very easily by the experience of the owner. Also, the best practices of the field are going to be implemented by the personnel thereby ensuring that all goes well in the sales department on which all the other organs of the business depend for continuity. The same is going to apply for the other workers who are going to be recruited on the basis of experience of at least five years in the same capacity that they would want to serve in KWD.

The third strength of KWD as business is its small size. With only less than ten workers and all are professionals who are not going to be trained on how to start in the job market and business in particular; the firm is going to benefits in the ease of coordinating the

organizational operations and activities with every possible detail. It is easier to coordinate workers less than ten than it is with hundreds of them as the leverage companies have. KWD will, therefore, be favored in the amount of outputs possible in a given time compared to larger counterparts in terms of operations. Indeed, time as a resource is going to be saved both in the execution of decisions and in the process of decision making itself. With only a few owners and also dedicated few workers. It is not going to be long bureaucracy in the firm in making any changes that may be appropriate for the business profitability and sustainability. This will mean that there is high flexibility and adoptability to new trends in the industry and in the market to keep up with the changes in customer preferences and tastes to the benefit of the business. Besides, communicating such change and monitoring outcomes will be much easier than it is for the leverage firms. KWD will, therefore, take advantage of this strength to keep ahead of the competition and secure competitive advantage, which will allow it to be the most preferred supplier of medicines, health and beauty products in the region.

## **12. Weaknesses**

The weaknesses that KWD will experience will be acting as the limiting brakes from achieving full potential. They are factors that can be worked on to be eliminated, or reduced as the strengths are reinforced for better performance. Weaknesses as the internal factors that are not favorable are twofold. The first weakness is limited capital availability to take full advantage of the business opportunity as wholesaler and distributor and the second one is the limitations and disadvantages as a start-up that means KWD has no benchmarks to gauge its performance against.

There is eminent opportunity to have wholesale business in the region and KWD moves in fast to grab this opportunity. It has managed to get the best management team, right lines of business and best location that aids the access to the market it is to serve. However, the limited capital base is putting a hindrance to the full realization of the benefits that can be drawn for this opportunity. KWD has only \$59,000 for the startup, which limits its size and volumes of business. If the capital as resources was unlimited then KWD would have started off as a bigger corporation that would have exploited the opportunity in the market to its maximum. For the short term, it seems there is no way of navigating around this weakness but it is projected that as a corporation it will be overcome with growth and expansion when the resources mobilized internally would be sufficient to meet the expansion needs of the business. Also, there will be availability of external funding from commercial banks after the business has traded for a certain period of time and has demonstrated through its books of accounts that there it is viable to be lent capital. As it is now, the capital has to come from its owners streaming from whatever sources that is considered personal such as personal loan, personal savings, contributions from friends or relatives and so on. This is a weakness that KWD must find a way out of very soon in order to keep up with the expanding demand for the products it will be dealing in. All possible solutions will be put forth in attempt to solve the problem internally (Gallagher, 2007).



The other weakness is seen as the general view that the company is starting up and so there may be elements of business operations or market forces that it has not combed properly in its analysis of the venture. This can come in the form of overstatement or understatement of the resources at its disposal with minimal margins or the fact that there are other many companies planning to start up in the same region and in the same line of business. This weakness is general and seems to be out of the control of the business since every business has to be started before it grows in to the sizes that attract attention of everyone. The only measure that KWD would be able to perform in the case of new entrants who are of the exact type and nature as itself, which is rare to happen, is to evolve through creativity and innovations in order to suit the demands of the consumers, as they are the reason KWD will be in business anyway. Also, extreme caution will be taken in any decision-making mechanism in KWD to ensure that there is no loophole that it plunges in that can lead to its downfall (Barney & Hesterly, 2010). This is essential in eliminating the negative outcomes that can arise due to the newness of the business and so some inexperience that associate with it.

### **13. Opportunities**

Externally, there are opportunities that KWD will exploit to ensure it is more successful than it would without the outside leverages. These are also threefold. The availability of such opportunities gives the company the means to expand faster as the returns are more efficiently used and the workforce well taken care of. One of the opportunities that KWD has is the tax relief from the zero-rated products that it would be dealing in such as the medicines and beauty products (Hekkert & Schifferstein, 2008). The second opportunity presents in the form of the critical location of the firm which enables it to serve a virgin market or its lines of business. The last opportunity comes in the form of the nature of company that has more favor in the eyes of lenders as opposed to sole proprietors and unlimited liability partnerships.

The business will be taking the advantage of staying on the safe side as far as the regulators are concerned. The products traded by the company are tax free meaning that there will be more amounts of money saved in the form unpaid amounts that would have gone to the tax master that will then be used for other productive purposes such as expansions and growth. On the other hand, the other cost implication of tax to filing tax returns every year will be avoided since these products would not be required to be reported for accountability and transparency as far as taxation is concerned. KWD will therefore, have more time with the accountant who will be able to concentrate on other aspects of the business accounting rather than engaging in the usually elaborate tax return and reporting. Also, there will be little need for the independent auditor and the firm will be able to use the internal accountant as much as it wishes from the first months of its operations or even into the second year of operations.

The location of New York that enables the company to serve several counties offers the opportunity for growth that can be qualified in terms of market base. The availability of several consumers' stores in the region is a promising outlook that KWD can take advantages to grow faster than many firms do in the wholesale and distribution businesses. The

elements of solid market from which the returns can be ascertained to sustainability I the strategies of marketing and sales are set out very well. The use of pricing strategy, advertising and promotion and the one-on-one contact that will be real time to discern the ear and worries o the clients or clarify points that may be confusing sets the stage or creating customer intimacy for stronger bonding between the clients and the business. This would be quite difficult in the business was located are from its target clients. The market is situated strategically in relation to the KWD headquarter thereby allowing the reach to the market easier and the exploitation of the market is better and faster than when the clients bases are scattered (Aquinis, 2013).

The third opportunity is the nature of the n business. Being a limited liability company means that after a few months it can be able to secure funding from the commercial banks by just showing that its books of accounts are promising and growth is projectable. This will offer the solution to the limitation of capital, which was identified as one of the weaknesses. Indeed, the use of outside sources of funding is inevitable of the business is to growth aster than it can naturally an d the faster the books of accounts improve to show potential to stability in the cash flows the aster the company will be able to convince the lenders to put their money in the venture instead of other firms also seeking the same favors form them. However, this will be after a while, as time has to pass as KWD trades to demonstrate the favorable books of accounts.

#### **14. Threats**

The external worries that are eminent to the business are hard to compose given the nature of business and the location. However, it is expected that there will be growing competition in the same market in the near future as many other potential investors come to realize the potential of the market and will be tempting to put the their money into the same kind of business. This means that competition is expected to increase to some extent in the niche market and so the need to be steadfast in employing the creativity and changes that must be used to stay ahead of the competition as outlined in the Porters Five forces and the marketing strategies. As said before, there will be constant competitor monitoring to either copy their working strategies or devise new and applicable ones generated internally to put KWD in the forward position as it garners higher market share than the competition (Inman, 2014).

There is also the possibility that the government policy on the regulation of the medicines and beauty products may change in the long run. This can come in the form of new tax rules or new licensing requirements. Either of these will put KWD in an awkward position and may means cost implication in that would dwindle the returns for the firm. For instance, tax reforms may come to offset the returns that were being realized by the business while the new licensing can lead to interruption of the operations if the deadline set for acquiring the new permissions to trade is not met. If this happens in the near future and before the business gets to know the market and operations well it may create significant impact on its performance. However, this may come long after the operations have been launched and the market trends are already gauged but it to know the best ways of going about such challenges. The last

thing expected is business interruption from the legal authorities for any breach of requirements, which is the least possible occurrence, anyway, given that KWD will adhere to all laid down statutory requirements for both the local government and the federal one. It is hoped that there will be no other threat eminent to the business apart from the mentioned.

## **15. Financial/Profitability Analysis (Economics of the Business)**

### *15.1 Start-Up Costs*

KWD plans to have its overhead costs covered for the first year of operation even though the break even analyses indicates that there would be net profits from the tenth month after the actual breaking even experienced in the ninth month. The start-up costs are going to be part of the initial expenses set on the cash flow planning (please see the projected cash flow excel spreadsheet attached) thereby forming part of the manner money leaves the enterprise. Also, the requirements for start-up costs will be treated differently depending on the part of the balance sheet that they fall in (please see the projected balance sheet attached as excel sheet). Like any other business, there will be need to acquire the first assets and out the bills for the utilities such as electricity and water. Payroll will form part of the start-up cost since several months will have to be covered by the business before it starts realizing any net profits. Also, the rent for the office and the first stock will be purchased from this amount. For the start-up, it is projected that the owners' investment of \$59,000 will take care of all the needed resources to take the business off the ground until it breaks even. From here onwards, the little net income from the net profits will offer the means of meeting the operational costs as the business starts becoming self-sustainable. The figures on the projected trading and profit accounts (also attached as excel spreadsheet) will show how the continuity of the business will take place from the break-even point onwards. The start-up costs will be catered for in many relevant books of account that it needs to be considered in order to maintain consistency and separate it from the ongoing expenses of the business.

### *15.2 Profitability*

The profitability of the business will be based on the sales margins that must be above the costs of goods sold (projected trading profits and loss account gives an insight into these variables and so is the cash flow statement forecasted). In fact all the variable costs and fixed ones are shown by the cash flow and break-even analysis. (Please refer to these excel sheets as attached and the ratio analyses on profitability). It is realized by KWD that being profitable does not necessarily mean that there would be money available to take care of the daily expenses of the businesses. Therefore, the business focuses on the cash flow statement rather than the trading profit and loss account in gauging its profitability.

### *15.3 Break-Even Analysis*

The business is to break-even on its ninth month of operation. Figure 1 shows the break-even point for KWD and it indicates the variable costs cumulatively for the period until the business starts getting profitable as derived from the cost as in table I (Please see the break-even analysis

excel spreadsheet).

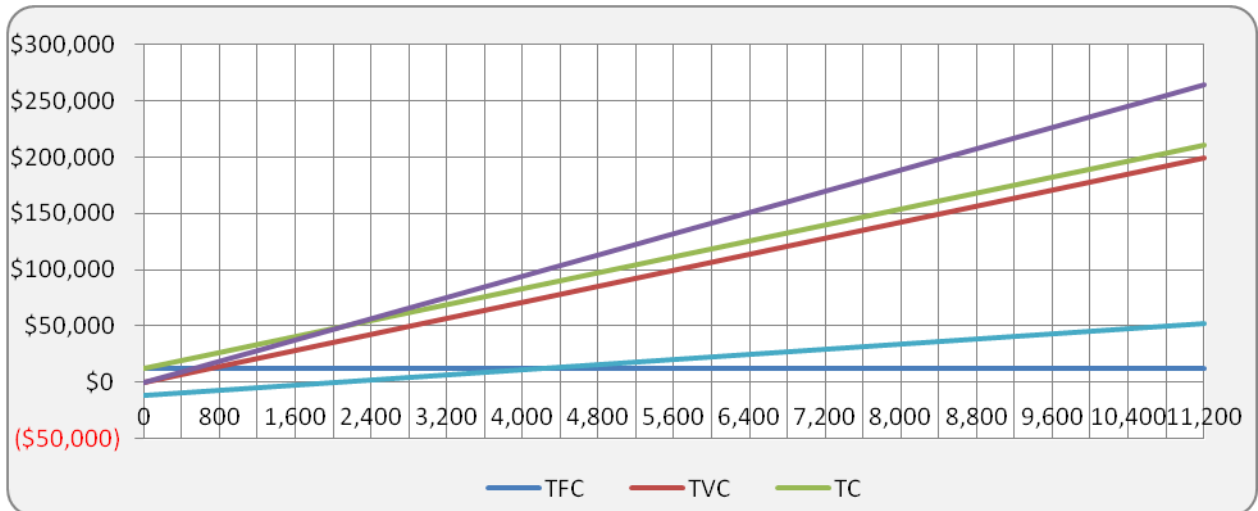
Table I. The values used in the costing for the break-even analysis

Products and Their Profits to Selling Prices			
Product	Average Cost Price	Profit margin/100	Selling Price
Health & Beauty	\$ 16.00	0.35	\$ 21.60
Lighter	\$ 32.00	0.1	\$ 35.20
Mouth care	\$ 20.00	0.35	\$ 27.00
Medicines (Over the Counter)	\$ 7.00	0.25	\$ 8.75
Male Enhancement	\$ 15.00	1	\$ 30.00
Eye care	\$ 14.00	0.25	\$ 17.50
General Merchandise	\$ 15.00	0.4	\$ 21.00
Energy drink	\$ 25.00	0.1	\$ 27.50
TOTAL	\$ 144.00		\$ 188.55
Average Selling price			\$ 23.57
Average Buying Price			\$ 18.00

## Contribution Income Analysis

Use this spreadsheet to prepare a contribution margin income statement. The contribution margin is found by subtracting all variable costs from revenue (sales). **Shaded cells have formulas...careful!** After you enter your numbers check the Break-Even Chart below.

Price Per Unit	\$23.57			
Number of Units Sold	590			
Total Sales	\$13,906	100%		
Less: Variable Production Costs	\$9,000	65%		
Less: Variable Selling Costs	\$1,500	11%		
Total Variable Costs	\$10,500	76%	\$17.80	Per Unit
Contribution Margin	\$3,406	24%		
Less: Fixed Production Costs	\$0	0%		
Less: Fixed Selling and Administrative Costs	\$12,000	86%		
Total Fixed Costs	\$12,000	86%	\$20.34	Per Unit
Income Before Taxes	(\$8,594)	-62%	(\$14.57)	Per Unit



**Break-Even Point (units) = 2,079**

**Break-Even Point (\$'s) = \$48,990**

Total Fixed Costs  
Variable Cost per Unit  
Sales Price per Unit

TFC = **\$12,000**  
VCU = **\$17.80**  
SPU = **\$23.57**

Formulas:  
BEP (units) = TFC/(SPU-VCU)  
BEP (\$'s) = BEP (units) \* SPU

Figure 1. Break-even Analysis Graph with associated parameters for KWD.

## 16. Marketing Plan

### 16.1 Market Segmentation

KWD's market comprises of five distinct segments. These are the points of contact for the consumers of KWD products where the person-to-person interaction will be happening. By identifying these markets, the business will be placing itself at the point whereby it can introduce the products and sustain its sales operations over time (Narver, Slater & MacLachlan, 2004, p. 334-340).

### 16.2 Convenience Stores

This segment of the market is characterized by their proximate distance to the nearest to residences. They are able to charge prices higher than the supermarkets and still be selling due to the convenience to the consumers (Armstrong, 2012). While some of these stores are located near the clients, most of them are run as chains that have several stores in various locations offerings the multiplicity of market and easier market penetration since contracting them can be done as the head quarter from which all the operations are relayed from. The advantages that they are statewide also add to the other advantage that they are run from a centralized location. However, some convenient stores exist as one branch and businesses that can easily be reached for contractual basis. It is true that most of the products that will be supplied by KWD such as the general merchants may be there is already, they offer prime market for the other products such as the medicines that can be sold without prescription and can be the best avenues for the health and beauty products. In the New York state, the four counties targeted by the business have numerous of these stores from which market can be attained. In fact, these stores alone

cater for almost fifty percent of the total market in the region for the lines of business and the products that KWD will be dealing in. KWD will take advantage of its relationships with owners of some of the convenient stores that exist already to reach its consumers who are widely populated and evenly distributed. This segment of the market will be considered in isolation from the gas stations that carry shops almost of the same nature as the convenient stores.

### *16.3 Supermarkets*

Their proximate distance to the nearest residences also characterizes this segment of the market. While they are sometimes far from the residential places, the means of accessibility is so high making them just as proximate and convenient as the convenient stores. They are able to charge prices lower than the convenient stores supermarkets and therefore realize high sales turnovers from the wide ranges of products that they stock and also still sell better than the convenient stores due to the same benefits to consumers of their convenience. While some of these stores are located at the urban centers, most of them are run as chains that have several stores in various locations offerings the multiplicity of market and easier market penetration since contracting them can be done as the headquarter from which all the operations are relayed from and contact persons are few enabling easier creation of a fruitful relationship. The advantages that they are statewide also add to the other advantage that they are run from a centralized location. It is again true that most of the products that will be supplied by KWD such as the general merchants may be there're already, they offer prime market for the other products such as beauty products that can be sold without prescription and can be the best avenues for the health and general merchandise products. In the New York state, the four counties targeted by the business have numerous of these stores from which market can be attained. In fact, these stores alone cater for almost thirty percent of the total market in the region for the lines of business and the products that KWD will be dealing in. KWD will take advantage of its relationships with owners of some of the supermarkets that exist already to reach its consumers who are widely populated and evenly distributed (Hunt & Arnett, 2004).

### *16.4 Gas Stations*

This segment of the market is characterized by advantage of being on the route the consumers pass through while driving or riding home from their various work places. They are able to charge prices higher than the supermarkets and still be selling due to the convenience to the consumers (Armstrong, 2012). While some of these stores are located near the urban centers, most of them are situated far off urban settings and so will help penetrate into the countryside and grassroots of the counties. Most of them still are run as chains that have several stores in various locations offerings the multiplicity of market and easier market penetration since contracting them can be done as the head quarter from which all the operations are relayed from. The advantages that they are statewide also add to the other advantage that they are run from a centralized location. However, some stores exist as one branch and businesses that can easily be reached for contractual basis. In the New York state, the four counties targeted by the business have numerous of these stores from which market can be attained. In fact, these stores

alone cater for almost twenty percent of the total market in the region for the lines of business and the products that KWD will be dealing in. KWD will take advantage of its relationships with owners of some of the convenient stores that exist already to reach its consumers who are widely populated and evenly distributed. This segment of the market will be considered in isolation from the convenient stores that carry shops almost of the same nature as the gas station stores. The other advantage with these stores are that they can be combined in delivering the supplies to the customers as they allow for planning of delivery that is also done by road in KWD.

### *16.5 Grocery Stores*

Grocery stores offer another segment of the market that is also characterized by their proximate distance to the nearest residences. They are mostly selling the foods of fresh nature but diversify to other products that go with them as Fast Moving Consumer Goods such as the health products such as the toothpastes. They are strategically located for convenience to the consumers (Armstrong, 2012). While some of these stores are located near the clients, most of them are run as chains that have several stores in various locations offerings the multiplicity of market and easier market penetration since contracting them can be done as the head quarter from which all the operations are relayed from. The advantages that they are statewide also add to the other advantage that they are run from a centralized location. However, some grocery stores exist as one branch and businesses that can easily be reached for contractual basis. It is true that most of the products that will be supplied by KWD such as the general merchants may be there're already, they offer prime market for the other products such as the medicines that can be sold without prescription and can be the best avenues for the health and beauty products. In the New York state, the four counties targeted by the business have numerous of these stores from which market can be attained. In fact, these stores alone cater for almost ten percent of the total market in the region for the lines of business and the products that KWD will be dealing in. KWD will take advantage of its relationships with owners of some of the convenient stores that exist already to reach its consumers who are widely populated and evenly distributed.

### *16.6 Other Smaller Retail Shops*

This segment of the market comprises of all the other retails shops types that sell direct to the consumers. In this category there are business exam-les of the street vendors who carry small amounts of products and are locate at a pint or move from one place to another periodically in search of consumers. Also, the small shops in the real grassroots of the rural and the places far from the towns such as in forest reserves can be considered here. This segment of the market is not very large and could be left without consideration. However, the niche market that they offer can amount to substantial market that can be exploited in the near future when the distribution system is expanded to go further away from the business headquarter. The availability of this segment is going to offer distraction to the other competitors who will venture wholly into the market leaving no place unreached at the expense of the primer places than the small retails shops (Borgerson, Schroeder, Magnusson & Magnusson, 2009). KWD on the other hand, will focus less on this market segment to take full advantage of the

more promising market parts of the first four mentioned above. The use of online marketing, however, may enable some of the sales be done to these businesses and depending on the proximity of the customer outlets location to KWD headquarter whether delivery by KWD is possible or cannot will be judged from time to time. Also, arrangement to use the courier system where viable can be explored to serve this part of the market that is willing to do business with KWD and the same benefits and customer experience accorded the rest of the market segments will be given to this one as KWD will unified its brand identity across all he market segments.

## **17. Targeting**

The market target of Kiswani Wholesale Distribution will be convenience stores, health supply and beauty supply. Each of these targets is a potential market for certain class of goods that KWD will carry, for instance convenience stores will be supplied with goods like toothpaste, deodorants, tooth brush and body lotion. Kiswani Wholesale Distribution, targets to cover four different counties in New York. The counties that are targeted by KWD include Rockland, Dutchess, Orange and Westchester counties. Within these counties, KWD targets to reach hundreds of towns that are found within these counties and thousand of individual retailers who operate within the town found within the targeted counties. Beauty is a major feature to both men and women and because of this recognition, KWD aims to distribute the best of proven health, beauty and medical products that are designed to meet the needs of targeted customers (Zimmerer, Scarborough, & Wilson, 2002).

Apart from this regional targeting, the business will also consider the various market segments that are within its jurisdiction. From the five market segments outlined above, KWD will specialize on only the first four of them for the first year of operation. One of these segments is the consumer outlets that are set on the gas stations. It is expected that they will make substantial amount of avenues through which the business can reach its consumers as end users of its products. The other market segment that the business will focus on is the supermarkets that also retail the health and beauty products in the region in which KWD will be operating. Given that they are numerous and scattered in the various urban centers of the business territory, it would be appropriate if the segment is also focused on right from the onset from business. The third market segment that the business will consider is the grocery stores that have the health products on stock. These are also as widespread as the supermarkets in the urban centers and so will also offer the avenue through which the market penetration and growth can be realized. These segments will sum up as the first focus for KWD in the first year of operation as it assesses the other market segments by type that are also available such as the small scale retailers of the beauty products such as street vendors and other retails hops on the suburbs of the town in the New York state. By targeting the specific market segments, the business will be putting itself in the position of a superior wholesaler and distributor as opposed to its peers that may be considering all the market segments thereby reducing own efficiency in serving the clients and wasting time on segments that offer little returns compared to others (Keller, 2001).



## 18. Positioning

KWD would position itself as the regions favorite wholesaler and distributor for the medicines, health and beauty products. This will be achieved through branding that will take the form of all elements of operations to achieve excellence customer care and experience. The marketing mix plan that has been outlined will ensure that the competitors are outdone in the scramble for the market share as the branding on the various value terms such as quality products and efficient supply system would lead to more sales and improved image of the business as a whole as one of its own kind in the market. Indeed, it is this positioning that is going to secure a competitive advantage for KWD (Narver, Slater & MacLachlan, 2004).

Given that KWD will only deal in branded products. The sense of value will be furthered to the customers who will associate this value high quality and so will be willing to pay premium for the service delivered. In fact, the ability of KWD to capture the market and out-compete the rivals despite the market's cheap substitutes that come in the form of generic drugs and counterfeit beauty products will rely on the manner the value chain system is managed by the business. Since value is associated with price and the vice versa, it is believed that this brand continuum will help KWD secure the trust among the customers to enable them become loyal clients of the business and help it get an edge above the competitors (Rafiq & Ahmed, 1995, p. 5). The positive image that this branding will create will mean that the business is placed at unique position as compared to its peers who take the traditional way of branding mostly skipping it and instead doing only hard sales to live on the immediate revenues from impulse purchases from the customers.

KWD also intends to integrate e-business within its supply system thereby making its supply chain efficient for the clients. The procedure for placing orders will be done with the coordination and help of both the physical visits of the sales force to the doorsteps of the outlets and also the electronic mails and order placements that may be sent via these mails safer which they will be scrutinized by the various personnel who are taking charge of the invoicing and accounting in the KWD office. The e-business is going to place KWD at the heart of modern business operational model that is effective in reaching diverse clients' base and aids expansion and growth that is expected to come faster than in the firms that observe the old analogue marketing and sales plans. The positioning created by the e-business will be placing the business in the next generation types that are the future is businesses as the older and obsolete strategies are forcing the businesses to close down or increase prices to cater for the inefficiency within the operations that leads to costs of goods sold. As a distributor, having faster movement of goods from the stores to the customers display is essential for the business. For instance, the faster the toothpaste moves to the retailers' display the faster it would be found by the consumer who would buy it to leave more space on the shelves for other toothpaste to be displayed. This faster stock turnover rate means money comes in at a faster rate also and so is the rate of returns from the business. KWD will ensure that the movement is swift enough to meet the place and time utility of the product in favor of the end users thereby placing the business ahead of its peers in meeting consumer demands and so increase the rate at

which money invested returns to the business for more trading (Rafiq & Ahmed, 1995, p. 10-14).

## **19. Advertising and Promotion**

### *19.1 Convenience Store and Gas Station Promotion Budget*

The capital that is available to establish the business is limited. Nevertheless, KWD wants to become a recognized and a specialized distributor of health and beauty products. In order to achieve this, KWD has to be popular in the targeted areas, be accessible to the targeted customers, which will be achieved through extensive promotional activities (Wood, 2008). Convenience or accessibility is ensured through establishing the place of business in the regions where the customers can access with ease (Straus, Fost & Ansary, 2009). KWD ensures the convenience of its products and services by establishing partnerships with retailers across all the towns that are within the counties where KWD intends provide goods and services. KWD will achieve this through establishing effective networks with retailers across the target counties and within all the towns in the targeted counties. To ensure convenience to the targeted customers, KWD intends to carry out effective market analysis that will be covered by strategic marketing processes and plans where the information obtained from the market will be used to determine the main areas of distribution in terms of channel functions, forms of channel alternatives, and value addition within the distribution (Hiebing & Coopers, 2009).

Promotion budget covers the modes of promotion that are effective for the products that KWD will carry. In addition, the promotion modes have put into consideration the geographical coverage of the market to ensure that the information reaches all the targeted customers in the targeted regions. KWD is self-funded and therefore, the capital that is available to conduct all these activities is limited. However, an inclusive promotion budget is necessary in order to carry out proper marketing of the products and services that KWD will carry (Zimmerer, Scarborough, & Wilson, 2002). The promotion budget of KWD will comprise of the following promotion methods:

### *19.2 Public Relations*

KWD intends to prioritize the interest of the public in order to create a good image of the business to the public. The aim of this is to help KWD to persuade the public to form a positive view of KWD and its products and services. This will help KWD to create positive image to the public (Abrams, 2003).

## **Personal Selling**

KWD will highly make use of personal selling in promoting the products and services. This will involve use of KWD staff to reach the potential customers and make the presentation of the products and services. This promotion method will help in obtaining first hand information about the market and in handling customer issues. Additionally, this method will help to communicate the information about KWD to the potential customers. Although this

method is relatively time consuming, it cannot be ignored because of its effectiveness in marketing of a new business (Zimmerer, Scarborough, & Wilson, 2002).

### **Use of Brochure Catalogues**

KWD intends to make use of catalogues and brochures to the potential customers to enable them see the prices that they are charged and compare them with the prices that will be charged by KWD. It will send catalogues to convenience stores and salespersons. The intention of this will be to trigger orders because they will indicate the items that it will carry with the fair prices that it will charge and assurance of timely delivery. Catalogue also helps the customers to see the product features because they will contain pictures of the products. Comparison of prices by the customers will bring in new customers in the business because KWD intends to charge fair prices, which will be relatively lower than those of other competitors (Jain, 2000).

### **Competitive Price**

KWD will apply this market penetrating strategy where by the prices of the products and services will be relatively lower as compared to those of competitors. Lower prices will give KWD a competitive advantage over the existing businesses within the industry. This will bring new customers into the business (Zimmerer, Scarborough, & Wilson, 2002).

### **Quality of Items/Products**

Modern businesses operate in the era of information where quality means a lot to the customers. KWD will adhere to high quality standards of the product thus, assuring customers of quality products and making them to feel that they have obtained value for their money.

### **Flexibility**

Flexibility will ensure proper response to changes in market and customers' tastes and preferences. This will be achieved through market surveys to obtain information about the changes in the market and carrying out the necessary adjustments to cope with the changes. This will help KWD to retain and attract new customers (Wood, 2008).

### **Delivery**

KWD will be making on time delivery of the products to the customers whenever such products are needed. This will be achieved through ensuring that goods are in the right stores and at the right time. This will help to develop reliability (Cohen, 2006). KWD will be ensured through creating effective networks of customers and suppliers. Timely delivery will give KWD a competitive advantage that will help in creating customers' loyalty (Abrams, 2003).

### **Distribution of Items**

In order to ensure reaching the customers at their convenient places, KWD will be

distributing some of the products to the convenience stores, health and beauty supply in all the counties that will be served. This will be achieved through consultation with retailers in the networking system. The products to be distributed to the convenient stores and beauty supply include, mouth care, tooth paste, tooth brush, eye care, and shampoo, styling products, fragrances, deodorants, hair care and makeup. Other products like medicine, Advil Tylenol, vitamins, nutritional bars, dietary supplements, sleeping aids, first aids family planning among other medical care will be delivered to health supply.

### **Pricing Strategy**

Kiswani Wholesale Distribution recognizes beauty needs for both men and women in the targeted countries, in New York. It prompted the need to use proper pricing strategy. The company desires to use the low active price and the psychological pricing strategy. KWD used the extensive promotional activities to reach their target market areas. With the aim of reaching out to retail business dealing with beauty and health products, the company uses the low cut active pricing, and the psychological prices are the effective pricing strategy.

### **Low Active Pricing**

The low active pricing strategy used by KWD was ensured during promotional activities. The promotional strategies used the brochure catalogues, quality adherence, personal selling, and public relation, marketing strategies, among other strategies to inform the customers in the market of the products' pricing. These promotional tricks were active, in a way that will allow KWD to, gain market position with its low entry price strategy (Abdul, 2006, p. 313). The low price combined with high quality of the product, delivery, and flexibility helps form an active marketing mix in the market. The low active strategy of pricing helped KWD consumers compare prices with the other competitors in the market. It made the customer prefer the products released from KWD. The catalogue and brochures comprised of the pictures and the prices of the product to ensure the potential consumer understand the strategy that will be used in pricing (Abdul, 2006, p. 318). The use of low-active price strategy allows KWD to have a profit margin of approximately 30%. The company targets hundreds of individual retailers. However, the profit margins realized from medicine sold over the counter and beauty and Health product is expected to be realized at approximately 35%. The low active pricing strategy helps the company uses promotional mix, which assures potential consumers of the performance and the attributes of the products in the marketing programs (Abdul, 2006, p. 320). The Vision of KWD is to ensure long-term and mutual value relationship with the developed network of distributors and suppliers. The core value of the organization of creating opportunities also is critical in supporting the community. This marketing strategy makes the community members have a positive image when it comes to purchase of the products from the company (Abdul, 2006, p. 322).

### **Psychological Pricing in KWD**

Psychological pricing is a marketing strategy, which concentrates on the theory associated with a psychological impact on given prices. KWD realized that; the prices of retailers

normally assume an odd pricing method, which involves a less figure, but around a given price such as \$ 4.99 price tag on the catalogue. This makes the consumers assume that the odd prices depict a significant reduction in prices when compared to the actual or intended price (Caldwell, 2012, p. 112). However, in the real sense, these prices have just reduced to the extent that is round the next lowest unit in terms of money. KWD used the psychological price of \$4.99 to increase sales. The customers held that; the price is linked to the use of \$4 dollars, as opposed to the intended \$5. Caldwell (2012) suggests that; his theory that supports psychological pricing infers that lower prices lure higher demands, as opposed to the case where the consumers are considered perfectly rational (p. 124). This pricing strategy causes price points.

## **Research and Development**

### **Market Research**

Market research is one of the important aspects of any business that wants to stay up to date with the trends in its market. KWD will be carrying out regular market research by use of secondary sources to assess the performance of the peers in the market in relation to its own. This market research will include the consultation of key and experienced professionals in the field of marketing, wholesale and distribution industry. It is believed that such information on the market trends will help in forecasting the future trends and likely shifts in customer demands that may be necessary for the business to remain relevant in the lines of business and the industry. Through this market research, KWD will be able to make appropriate changes that would adjust its operations and image expresses to the public for better gains that before and the nature and extent of such change will depend on the need at any given time. There will be systematic models internally that KWD will employ to analyze market data and or the information from the experts for own information systems processing thereby enabling it to stay ahead of its competitors in predicting and reacting to the market trends and forces as appropriate. These information systems will include project management software and analytical tools that will be used by professionals such as the project management specialists outsourced on short term contract or the accountancy to would be able to have the hands on the measures as of accounting principles to weigh the future of the firm as far as financial performance is concerned. The results of these research will be availed to the relevant authorities such as the executive team to evaluate and plan with informed decision-making model and system for the better execution of plans to prosperity (Gaskin, 2011).

### **Developments and Growth**

Market research will offer the avenues for development in the business. The business will be carrying out plans for development based on the findings of the market research. As the executive make decisions based on the information on the results of the market research, they will be making the development plans that may include but not limited to introducing new product ranges into the firm to increase returns, change some lines of business by abandoning the unprofitable ones and picking new ones that are found to be profitable in order to improve

the firm's revenue, or have the business expand on some lines of business and reduce others that may be showing signs of reduced demand or profitability (Kaphingst, Dejong, Rudd & Daltroy, 2004). These developments will have massive impact on the firm as they may mean employment of more workers than currently available or changing the composition of the workforce from time to time depending on the requirements of the new direction that business will take. However, such development will not be carried out haphazardly but will be done on a quarterly basis with the changes planned and effected in the next quarter. Also, the first years of study being extremely crucial for the business to start up and pick in the market will be dedicated to taking the operations off the ground and smoothing them in order to have the system in place and familiar among the workers before the new development can be incorporated into the business. Research and development, therefore, coexist as elements that would help steer the business to new levels as it scales up from the small size and lower operational activities than after the expansions by the proposed developments. This is just the plan on how the expansion or readjustments will be done in the business but the actual reviews and re-strategies will come in real time and in their actual nature.

## **Operations Plan**

### **Inventory and Distribution Management**

KWD intends to use own distribution systems and delivery system. The supplies will be transported to the premises of KWD by the supplier as all of them do for those firms in their supplier proximity, and the inventory will be managed by KWD staff from there onwards. The incoming stock will be verified by the receiving staff at KWD stores and then signed as good or corrected as appropriate. This process will include communication with the representatives of the suppliers or with their office in case of any clarification. The received stock will be stored awaiting sales in the store for the KWD. However, KWD would like to reduce the amount of time the stock take in its store given the limitation in the store capacity. It will, therefore, be taking orders before the supply is revived from the suppliers. This will mean that some products will just be recorded as revised at KWD as a formality and passed immediately to the customers who require them. This way, space will be used more economically and many products will be able to be handled by KWD in a given period of time more than it would be if it had to store the entire inventory before sales. This may require a store keeper and inventory management worker, who is specifically skilled in tracking inventory and recording them accurately, in order to ensure that no stock is misrepresented in the books of accounts. Also, the store will need to be set in accordance with the Occupational Safety and Health Act requirements and other regulations that affect the size and nature of any storage and workstation in the state or country (Collier & Evans, 2009). All regulations will be adhered to by KWD to have clean business operations.

The driver employed by it on part-time basis will deliver the good moving out of KWD. This driver will be in charge of the distribution van, which will be taking the orders as per the invoices to the doorsteps of the clients who order. They will be giving the driver the back invoice that they have signed accordingly to acknowledge the receipt of the goods or call

back in case of any disparities in the contents of the consignment sent by KWD to be in proper agreement with the placed order going by the invoice. This way, the changes in the goods packed and sent to the customers will take the manner and nature required by them. The driver will be taking various routs as per the days of the week according to the sales plan as will be seen in the sales plan section. This will allow the distribution system to be consistent and enable both KWD and its customers plan stock or inventory management according go to the anticipated demands of their consumers. Also, this will mean that KWD is able to have its reorder levels tracked well and kept at the minimum in the store to reduce storage costs but maximize the volumes of sales and rate of stock turnover that is necessary to be as high as possible for profitability. Apart from its own delivery, KWD understands that some far clients who may purchase from it occasionally will be put in to consideration and in these cases other delivery systems such as courier would be used where viable for KWD. However, these markets may not be considered by KWD in its first year of operation as they fall in the fifth market segment that it had decided to consider only in the subsequent years. This will help the business stay focused on year first four market segments that are almost similar in nature and operations for ease of aligning its operational efforts to efficiency (Russell, 2010).

### **Sales and Delivery Plan**

All the parties concerned will do sales operations from the KWD to ensure the sales deals are sealed and successful. The sales team will be the business development personnel who will be generating business for the wholesale and distribution business. The sales team and end by the KWD accountant will initiate this process. The sales person will be making pre-visits to the stores owned by the targeted customers and create the first impressions demonstrating how KWD does business, explains its product ranges to the business and why it is important to buy from it. This will include all the marketing strategies mentioned in the many other sections of this document. The sales persons will get a key contact person from the customer store and if they are convinced to place a business, they will send electronic mail to the company with the proposed order in an attached local purchase order document. The sales person can also carry the document back to the KWD or relay this information in by any means possible as what it requires is to make the sales process fast and efficient while upholding integrity throughout its stages (Edmund & Byrne, 2002).

The local purchase order will be entered into the accounting system by the accountant and passed to the store keeper who will also check it to see if the ordered stock is in store and if there is anything not currently in store the information will be sent to the purchases and procurement department to make order from the supplies. If the items required are all in store, the storekeeper will back them ready for delivery to the client. The accountant will generate the relevant documents of invoices in triplicate and delivery note in duplicate. These documents are produced in this number as the three invoices will be given to the client in one copy as the other two are retained by the business for inventory department and sales department as the delivery notes shared between the client and the inventory department. The

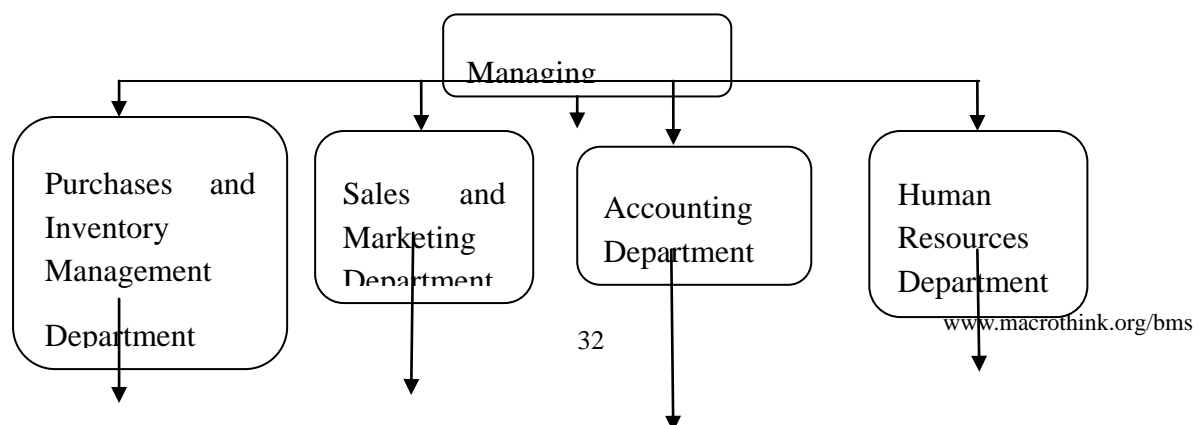
accountant will crosscheck the consignment before they leave the KWD premises. This is to ensure that there is no oversupply or undersupply that may arise from the packaging done by the storekeeper.

The KWD driver will load the consignment and leave for the delivery to the client with the delivery note and the invoice in single copies. Upon reaching the client’s premises, the driver will be giving the goods to the customer and generating the delivery note and the invoice signed as a way of acknowledging the receipt of the items and the driver will collect the hard cash or check for the payment of the products and leave returning to KWD. In case of any realized disparity, the driver will come back the office for clarification. The returned invoices will be cross checked with the retained one and entered into the books of accounts as sales upon the presentation of hard cash or check for the payment as KWD intends to deal strictly on cash and enter only sales that are turned into cash into the accounting systems. The money, in hard cash or check, will be deposited into the safe deposit box or safe meant for the custody of the immediate cash before banking it on the various days of the week planned for this. KWD plans to bank twice a week on days that it will decide and not make public for security reasons. This system will be repeated in every sales operation carried out at KWD.

The sales and delivery are planned to be on specific days of the week for convenience on the side of the customer and KWD. Rockland County will have its sales done on every Monday of the week and delivery done on the Wednesday following the Monday in the same week. This will be true for the first year of operation before the customer base increases. However, after the expansion in the second year, delivery will be done on Tuesdays for Rockland County. Westchester County will also have its delivery done on Wednesday like Rockland County but its sales will be done on Tuesday. The delivery days for the county will maintain into the second year of operation. Orange County will have its sales day on Wednesday and delivery on Friday. The delivery day for the county will be brought forward to Thursday in the second year of study. Dutchess County sales day will be done on Thursday and delivery on Friday until the second year of operation in which it is going to maintain the schedule. This schedule will be stuck to in order to maintain the operational efficiency in the sales and delivery part and also in the other organs of the business (Davis & Rodgers, 2010). This plan will help other forms of business operations such as work plans; staff from time to time including national holidays may take official vacations.

**Management Team**

**Organizational Structure**





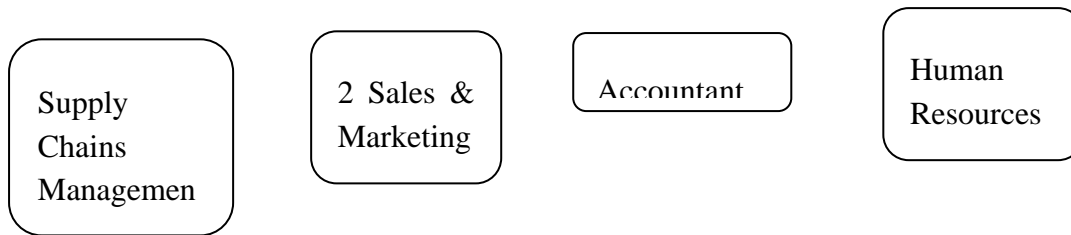


Figure 2. Organizational Structure of KWD.

The business will be headed by the two owners who will also be the managing directors planning and executing all the duties at their capacity as the leaders of the management team and the full workforce. The department heads will be reporting to the directors as appropriate. There will be four departments in KWD. The first one will be the purchases and inventory management department. This department will be in charge of the purchase both for stock, assets and other office supplies that will be required from one time to another. This department will also be in charge of the inventory management and asset tagging. The persons who will be assigned to this department include the storekeeper and he supply chins management personnel. So, there will be only two personnel in the department for the start-up. The second department will be the sales and marketing one. The owners will be taking double tasks by acting as the sales persons for the first year of operation. This department will be involved in the business development task and making the relationship between the business and the customers. The driver who will be taking the products to the customers will also be part of this department as this person will also have the direct contact with the customers and handle business documents. This department will have three persons for the first year of operating. The third department will be the accounting one that will have the personnel responsible for keeping the books of account and advising the business on the financial matter as appropriate. This person will also offer the link between the company and the external auditors who may be outsourced on contract to ascertain the financial position of the business and offer insight into the future of the business in terms of its financial performance. This department will only have one person. The fifth department will be the human resources personnel who will be in charge of the workers welfare in general. Make the schedules and shifts if there is any and present the payroll to the accounting department every month or as deemed appropriate. This will also be a single person for the first year of operation (Stanonik, 2013).

### **Management Personnel**

There will be two managing directors who will be at the top management. They will be having the heads of department report to them as appropriate and will be in charge of the major decisions of the firm. The two directors will share powers as the owners of the business and enjoy benefits as directors who are separate entities from the business considering that the business will be limited liability form separating itself from the rest of the persons. Each of the directors may be in charge of a number of departments apart from taking direct roles in the business as it starts up. This can mean that two departments are under one director but this

decision will be based solely on the agreement between the directors as they have direct interest into the business as the investors. The means of assessing or renewing the tenure of the directors will be as per the companies laws of the state and federal government and the payments from them shall be subjected to any tax deduction as it happens for any formally operating corporation. Management personnel will head the department when the business grows bigger in the subsequent years. These entities will be reporting to the directors (Price Waterhouse Coopers, 2008).

### **Remunerations**

The business will take the payment system for its employees into account after considering the various aspects that determine their pay rates. One of the factors that KWD will consider is the level of experience of the new recruits into its workforce. It is believed that the more a person is experienced the higher the worth and the value that such as person will bring into the business. This means that the recruits with very few years at the same capacity as assigned in KWD will earn lower as compared to those who will be having higher number of years in the same capacity. Also, the management will consider the academic qualifications of the applicants. This means that all those who qualify for a job must attain a given minimum academic levels and their salaries would be directly related to this level of education. Therefore, master's degree applicants will have higher salary than a bachelor's degree holder who applies for the same job. Apart from the two considerations, skills are also considered as part of the means of setting the remunerations for the workers at KWD. Those with relevant and varied sets of skills will have higher pay than their counterparts who may have lower sets of skill combinations. For instance, an accountant who has both QuickBooks skills and additional financial management certificate earned as on-the job training will have a higher salary than one who has only an accounting certificate. These skills are usually attained at the work places as additional training and may not be considered as part of academic qualifications. It so believed that by considering the three variables the business will be able to set appropriate remunerations for each of its worker leaving them satisfied and motivated to produce at their optimal for the benefits of the company and themselves (Pulakos, 2009).

### **Sustainability and Impact**

#### **Sustainability**

Sustainability in this business will come from the triple strategies of stakeholder analysis and customer relation's management and corporate social responsibility. By doing stakeholder analysis, the company will be able to categories its important entities with interests or effects in the business. While market research and development will offer a means of sustainability, KWD will have the suppliers, customers, employees and the investors as the main shareholders who will be considered in the stakeholder analysis. The model in figure 3 will be used to assess the influence and interests of the stakeholders (Jacquire, 2010).

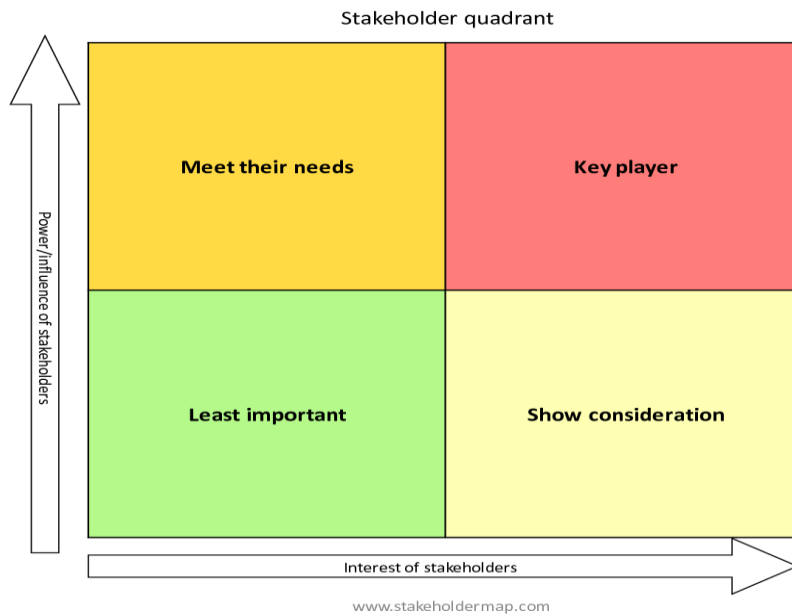


Figure 3. Framework for Stakeholder Analyses. Source: Google.com/images

The investors will be the first investors to be considered since the business cannot happen without the money invested in the business. Then, the consumers will be the next one to be considered as profitability of the business directly affects profitability of the business. The other stakeholders such as the employees will be considered in the corporate social responsibility section as a way of sustaining the workforce that is a vital part of the business as well (Blas & Sivasankara, 2010).

Since the consumers are the second most important stakeholders after the investors who are the owners of the businesses, they will be considered in the customer relation's management (CRM) part of the business. CRM will be falling in the category of the customer care system of the business and the public relations aspects of the business. The corporate social responsibility set by the business in the form of employee welfare and customer welfare will form part of the sustainability for the business. The strategies will enable the business to operate in harmony at the environment of its market by crating ample relationship with the stakeholders (Sirslly, 2009).

**Impact**

The company will be offering employment to many workers. The rate of unemployment in the country will be reduced by the business taking some of the unemployed citizens. This implies that the employees will have financial capability gained through the business. They will be fending for their families and purchasing from the consumers goods thereby contributing to the national income tax as a way of generating revenue for the government for general development. The products and services that will be traded by the company will also change the lives of the consumers for the better. For instance, the health products will enable the

citizens have better health and so contribute to the reduced disease burden in the country. Also, the beauty products will enable the country have a better social life than it would without the products. The consumers will also benefit from the welfare schemes that will be devised within the corporate social responsibility of the business. This will be in the form of health benefits for the employees and welfare of the consumers through loyalty schemes that will be designed from time to time by KWD. Therefore, there will be financial, economic and social benefits to the concerned parties. Consequently, the sustainability of the business will depend on the relationship between it and its stakeholders and the impact it has on them. The impact that the company creates will be assessed from one period to another while the market research is carried out to know if there is any need to readjust the plans of corporate social responsibility such as the employee welfare and the consumer loyalty schemes. The reports of the assessment will offer an insight into how the new plans should be designed (Stockport, 2005).

### **Overall Schedule**

The schedule will start by the writing of the business plan and end at the time of launching the business. Within the two activities there will be the recruitment of staff, the acquisition of the bank loan and many others as can be seen on the Gantt chart attached. The schedule for the timing of when each activity will be done is as shown by the attached Gantt chart on the MS Excel attached. The schedule of every business entity should be as specific as possible to allow for effective planning activities. As such, the business plan will be drawn up within the first week. However, it will not be adopted before thorough scrutiny and approval by all of the company's stakeholders. An expert in business setting up in order to obtain an expert position on the same projects the scrutiny to last for one month with some provision for analysis. Once an expert position has been arrived at on the type and content of the business plan to be adopted, the recruitment of members of staff should commence instantly and the process should be conducted within a month.

The body to conduct the recruitment of workers should be one that is independent and most preferably, it will be a recruitment agency, with proven track record, and whose charges are friendly to the new entity. Because the entity will require a bank loan, an application should be made at the bank in order to be able to adequately finance the activities, as listed in the business plan. Once all these have been done, time will be ripe to launch the business plan and undertake all of the activities that are required of the new entity. The launch is projected to take place after a month from the approval of the bank loan, which will be relatively fast because of the fact that most of the requirements will have been met.

### **Potential Risks, Prioritization and Mitigation**

The risks that may arise from the business are gauged from the SWOT analysis as outlined above. These risks are weighted as are in table II. This will help KWD prioritize its risks and mitigate them accordingly.

Table 2. Risks prioritization by use of color coding for KWD

<b>Likelihood and Impact of each Risk</b>	Low	Moderate	High	Extreme
Certain				
Likely				
Possible		Lowered profits due poor management	Legal interruptions	
Unlikely				
Rare			Lack of market for its products and services	

Source: Risk Management Template in CAPLAW (2011, p. 3).

Lack of market for its products and services is the number one most worrying risks for the business. However, this risks is only indicated as rare and impact is high given that it can affect profitability and so the sustainability of the business. It falls in the yellow color zone for “not that dangerous” and so it will be given little consideration in terms of priority. The other risk is “lowered profits” due to poor management, which is possible since experience, and as academic qualifications are not the ultimate determinants that business will be managed well. This has a moderate impact as it can be realized in good time and corrected internally. It therefore falls on the yellow color scheme for moderate severity that means it will be prioritized as the second most important risk for the business. The third and last risk identified by KWD is the [possible legal interruption from the authorities such as the licensing and operations surveillance agencies of the government. This risk has high impact and possible likelihood that puts it in the amber color zone for “take care” meaning the business will be ensuring that all licenses and other legal requirements are met in good time to eliminate this risk and avoid its occurrence (CAPLAW, 2011).

## **The Financial Plan**

### **Projected Cash Flow Statements for the First Year of Operation**

KWD assumes that it will be using \$50.00 as the initial cash at hand. At the same time, the business does not expect the cash to go below \$20.00 to be safe with its petty cash needs. With these regards, the wholesale business will be having cash flow as shown in the excel sheet attached and the appendices under the corresponding title of “projected cash flow.”

### **Projected Balance Sheet for the First Year of Operation**

In the first year of operation, KWD will have \$51, 500 as cash and additional \$10,000 and inventories to make its current assets. Fixed assets will be \$ 6,240 after the depreciation of \$260 is catered for in the property and machinery. Total assets for the year will be \$ 67,740. The

liabilities will include the bank loan of \$24,000, the credit term from suppliers of \$15,000 and the owners' equity of \$ 20,000. These will total-to-total capital employed of \$59,000. The interest rate for the loan is assumed to be factored in the incomes statement and cash flow as an expense, and so is not included in the balance sheet. Please see the attached spreadsheet and appendices for details.

### **Projected Trading, Profit and Loss Account for the First Year of Operation**

KWD expects to have gross sales in the first year totaling \$848,520 and the gross profits to reach \$200, 520, which translates to net profit of \$50,771.79 after deducting the expected expenses of \$107, 185.20. The assumption is that business operations will remain stable with regard to prices of stock and the expenses for the first year of operation. Please see the attached spreadsheet and appendices for details.

### **Best and Worst Case Scenario**

KWD assumes that sales will be increasing by 10% in the second year of operation. Also, the third year is expected to have an increase in sales by 20% above that of the second year and the fourth year increase of 25% of the third year. On the other hand, operational costs are expected to be increase by 10% every year as the cost of goods sold increase by 25% every year. This is the most likely case scenario. Please see the attached spreadsheet and appendices for details.

In the worst case scenario, the increase in sales would stand at 5% in second year, 10% in third year and 15% in the fourth year. Operating expenses would be up by 20 % in the same worst-case scenario each year as compared to the previous year and the cost of goods sold would go up by 25% in every year. Ideally, this is a case scenario of worst economic downturn when inflation is highest.

In the most favorable case scenario the sales would be increasing by 15% in the second year, 25% in third year and 30% in fourth year respectively. Operating expenses would be increasing at only 5% per year as the cost of goods sold also increase by only 10% per year. This case scenario would be best explained to be in the economic boom aided by favorable government policies and incentive in the key industries such as health and consumables goods that KWD will be dealing in.

### **Proposed Funding Requirements**

#### **Capital Budgeting**

The total for the start up will include owner's contribution of \$20,000, credit terms from the suppliers in the form of inventories of \$ 15,000 and a bank loan of \$24,000. It is planned that the business will have continuity as it uses its net profit ploughed back to cater for the slow but steady expansion in the first year of operation. Please see the attached spreadsheet and appendices for details, especially the balance sheet that contains the various aspects assets and liabilities.

#### **Ratio Analyses**

KWD will have a return on investors' equity of 158.19%. This means that it will take less than one year to have the investors' capital back. This would be used to expand the business. Also, profit margin is will be 10.99%, which is higher than the industry average by the 0.99%. This means that KWD will be suitable for competition in the market and be profitable to the investors. This is the same value for the net profit margin, which measures the revenue for the business. The gross profit is going to be 23.63%, which means the operating expenses, will be about 12% for the business. Many business of wholesale in Fast Moving Consumer Goods category have operating expense taking about 15% of the total sales. KWD, therefore, is well off than many of the peers in the industry. On the other hand, equity ratio, which gives the comparison of owners' equity to borrowed equity, tells that it is 1:2.95. This is the only unfavorable feature as many businesses are expected to have a ratio of 2:1 in the order of owners' equity to borrowed capital. KWD will have to compensate for the risk of insolvency by using the forecasted higher profitability to cover up the borrowed expenses in a shorter time than planned herein. Table III shows the values in more accurate measures.

Table III. Ratio Analyses for KWD for the first year of operation.

<b>Profitability Ratios</b>	<b>Year One Values</b>
Return on Capital Employed (%)	158.1946
Return on Investment (%)	158.1946
Profit Margin	10.99972
Asset Turnover (%)	1438.169
<b>Revenue Ratios</b>	
Gross Profit Ratio (%)	23.63174
Net Profit Ratio (%)	10.99972
<b>Capital Ratio</b>	
Equity Ratio	2.95
<b>Liquidity Ratio</b>	
Current Ratio	4.1
<b>Activity Ratio</b>	
Sales to Fixed Assets Ratio (%)	13598.08

### **Exit Plan**

The possible strategies of exit to be adopted by the company will be through the sale of the company to a rival firm, which will have won in the application of competitive tools. Some of the competition aspects, which may be adopted by the rival entity, are drastic reduction of prices through what is termed as price wars and other dirty tricks, as acquiring other firms in order to operate as a virtual monopoly. Alternatively, the business entity may be acquired or may merge with another in order to enhance its competitive advantage, through increased market power. By merging with another entity, KWD will be able to expand the scope of its operations and quit being a single entity, to benefit from the economies of large-scale operations. On the other hand, if another acquires it, it will be at an excellent position to

relieve itself of the huge responsibilities of management of organizations.

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## Appendices

### Appendix A. Sample Invoices

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Preview



June 30, 2014

Description	Quantity	Rate	Amount
ToothPast Colgate 100ml,3 oz	12	\$1.75	\$21.00
Clear Alcohol 16oz	12	\$1.35	\$16.20
Lady speed stick 1.4oz	6	\$2.25	\$13.50
Listerine 250ml Coolmint	12	\$2.75	\$33.00
Duracell AA-4.....	12	\$1.99	\$23.88
Duracell AAA-4....	12	\$1.99	\$23.88
Advil PM 20ct	6	\$4.50	\$27.00
Motrin PM 20ct	4	\$4.50	\$18.00
Trojan Magnum Lubricated	6	\$1.45	\$8.70
Trojan Brown Ultra Ribbed	6	\$1.49	\$8.94
Trojan Ecstasy Brown	6	\$1.85	\$11.10
Trojan Magnum Thin Large	6	\$1.79	\$10.74
Advil PM 50ct Box	1	\$18.99	\$18.99
DayQuil pouch Box	1	\$14.99	\$14.99
Claritin Tab Box	1	\$24.99	\$24.99
Pepto Bismol original Box	1	\$11.50	\$11.50
Dove Bar Blue	1	\$1.15	\$1.15
5-Energy Orange.....	1	\$18.95	\$18.95
5-Energy Extra strength Berry	1	\$20.50	\$20.50
Flash light	12	\$2.99	\$35.88
Blistex Lip Medex .25oz, 12ct	1	\$12.50	\$12.50
Chapstick 24 ct Display	1	\$24.00	\$24.00
Vicks Inhaler .5oz	12	\$1.75	\$21.00
Neosporin Antibi .5oz	3	\$4.99	\$14.97

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Subtotal	\$435.36
Shipping	\$0.00
Total	\$435.36
Paid	\$0.00
<b>Balance Due</b>	<b>\$435.36</b>

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Preview



Ship Date	Ship Via	Tracking No	FOB
January 24, 2014			

Description	Quantity	Rate	Amount
Hair spray	6	\$1.69	\$10.14
Listerine 250ml Coolmint	6	\$2.75	\$16.50
Baby Wipes Towels 80 ct	6	\$1.09	\$6.54
Tampax Super plus 10'S	6	\$2.25	\$13.50
Tampax Regular 10'S	6	\$2.25	\$13.50
Stayfree Maxi Reg 10'S	6	\$2.50	\$15.00
Krazy Glue	12	\$0.95	\$11.40
Trojan Brown Ultra Ribbed	6	\$1.45	\$8.70
Pepto Bismol original 30 ct	6	\$3.59	\$21.54
vivarin	6	\$3.25	\$19.50
Advil Liq-Gel 20 ct	12	\$3.99	\$47.88
Advil 24ct Tablets	12	\$3.59	\$43.08
Advil PM 20ct	6	\$4.50	\$27.00
Alka Seltzer Plus "day"6'S	6	\$5.95	\$35.70
Vicks Inhaler .5oz	3	\$1.09	\$3.27
Bee Original Playing card	12	\$1.65	\$19.80
Clear Eyes relief .2oz	12	\$1.59	\$19.08
Afrin Nasal Spray	3	\$4.75	\$14.25
Aleve Pouch Box 48ct	1	\$11.95	\$11.95
Advil Liquidgels Box 50ct	1	\$14.99	\$14.99
NyQuil Pouch Box	1	\$12.50	\$12.50

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Subtotal	\$385.82
Shipping	\$0.00
Total	\$385.82
Paid	\$385.82
<b>Balance Due</b>	<b>\$0.00</b>

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Preview



mkiswani2000@gmail.com

Due Date: January 29, 2014

**Bill To:**

 citgo  
 1400 rout 302  
 circleville, NY10915

**Ship To:**

Ship Date	Ship Via	Tracking No	FOB
January 29, 2014			

Description	Quantity	Rate	Amount
Winter earing cover	12	\$1.00	\$12.00
Winter gloves	12	\$1.25	\$15.00
Winter gloves heavy	24	\$2.50	\$60.00
Winter gloves insulated	24	\$2.99	\$71.76
Winter gloves for lady	12	\$2.75	\$33.00
Winter hat insulated	12	\$3.00	\$36.00
Winter hat-ny	12	\$2.75	\$33.00
EZ Wider 1 1/4 Reg 24ct	2	\$28.50	\$57.00

Subtotal	\$317.76
Shipping	\$0.00
Total	\$317.76
Paid	\$317.76
<b>Balance Due</b>	<b>\$0.00</b>

**PAID**

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Preview



Trojan Pleassure Pack Purple	6
Trojan Magnum Lubricated	6
Trojan Blue....	6
Trojan Fire & Ice	6
Trojan Ecstasy Brown	6
Trojan Enz Dark Blue	6
Trojan Pleasure Purple	6
Trojan Ecstasy Black	6
Trojan Charged	6
Krazy Glue	12
Duracell AAA-2	12
Duracell 9V...	12
head set regular	6
head set package	5
phone charger i-5	6
Air Freshner Little Tree 24ct	3
halls	3
Aleve Pouch Box 48ct	1
Bic Lighter Mini 50ct	1
Bic lighter Regular 50ct	1
5 flags	1
Shopping Bag Black 1/6, 600Ct	1
Shopping Bag Black 1/10, 1500ct	1

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 Subtotal

Shipping

Total

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Preview



Logic Cartridges	1		\$00.00	\$00.00
Trojan Pleassure Pack Purple	6		\$1.75	\$10.50
Trojan Magnum Lubricated	6		\$1.45	\$8.70
Trojan Blue....	6		\$1.45	\$8.70
Trojan Fire & Ice	6		\$1.85	\$11.10
Trojan Ecstacsy Brown	6		\$1.85	\$11.10
Trojan Enz Dark Blue	6		\$1.49	\$8.94
Trojan Pleasure Purple	6		\$1.75	\$10.50
Trojan Ecstacsy Black	6		\$1.85	\$11.10
Trojan Charged	6		\$1.85	\$11.10
Krazy Glue	12		\$1.00	\$12.00
Duracell AAA-2	12		\$1.00	\$12.00
Duracell 9V...	12		\$2.25	\$27.00
head set regular	6		\$3.00	\$18.00
head set package	5		\$4.50	\$22.50
phone charger i-5	6		\$4.50	\$27.00
Air Freshner Little Tree 24ct	3		\$12.75	\$38.25
halls	3		\$12.75	\$38.25
Aleve Pouch Box 48ct	1		\$11.95	\$11.95
Bic Lighter Mini 50ct	1		\$28.99	\$28.99
Bic lighter Regular 50ct	1		\$37.50	\$37.50
5 flags	1		\$17.00	\$17.00
Shopping Bag Black 1/6, 600Ct	1		\$12.75	\$12.75
Shopping Bag Black 1/10, 1500ct	1		\$13.00	\$13.00

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Subtotal	\$544.93
Shipping	\$0.00
Total	\$544.93
Paid	\$544.93
<b>Balance Due</b>	<b>\$0.00</b>

**PAID**

### Appendix B. Minimum Invoicing at KWD

No.	Product Category	Sale Units (Minimum Invoiced)
1.	Medicine (Over the counter)	5 to 7 boxes mixed items
2.	Male Enhancement	1 to 2 boxes
3.	Eye care	1 to 2 boxes
4.	General Merchandise	7 to 8 boxes
5.	Energy Drink	2 to 3 boxes
6.	Health and Beauty Supplies	8 to 10 boxes
7.	Lighter	2 boxes
8.	Mouth care	2 boxes



Appendix C. Projected Cash Flow Statement for the First Year of Operation

SMALL BUSINESS CASH FLOW PROJECTION														
KWD														
Starting date	7/8/2014													
Cash balance alert minimum	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00	\$20.00
	Beginning	7/1/2014	8/1/2014	9/1/2014	10/1/2014	11/1/2014	12/1/2014	1/1/2015	2/1/2015	3/1/2015	4/1/2015	5/1/2015	6/1/2015	Total
Cash on hand (beginning of month)	\$50.00	\$70,710.00	\$94,054.57	\$94,899.13	\$95,743.70	\$96,588.27	\$97,432.83	\$98,277.40	\$99,121.97	\$99,966.53	\$100,811.10	\$101,655.67	\$102,500.23	
Cash on hand (end of month)	\$50.00	\$94,054.57	\$94,899.13	\$95,743.70	\$96,588.27	\$97,432.83	\$98,277.40	\$99,121.97	\$99,966.53	\$100,811.10	\$101,655.67	\$102,500.23	\$103,344.80	
CASH RECEIPTS	Beginning	1	2	3	4	5	6	7	8	9	10	11	12	Total
Cash sales		\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$848,520.00
Returns and allowances		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Collections on accounts receivable		\$10,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$10,000.00
Interest, other income		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Loan proceeds		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Owner contributions		\$20,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$20,000.00
TOTAL CASH RECEIPTS		\$100,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$878,520.00
Total cash available	\$50.00	\$171,420.00	\$164,764.57	\$165,609.13	\$166,453.70	\$167,298.27	\$168,142.83	\$168,987.40	\$169,831.97	\$170,676.53	\$171,521.10	\$172,365.67	\$173,210.23	
CASH PAID OUT	Beginning	1	2	3	4	5	6	7	8	9	10	11	12	Total
Advertising		\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$2,000.00
Commissions and fees		\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$707.10	\$8,485.20
Contract labor		\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$200.00	\$2,400.00
Employee benefit programs		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Insurance (other than health)		\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$1,000.00	\$12,000.00
Interest expense		\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$140.00	\$1,680.00
Materials and supplies (in COGS)		\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$54,000.00	\$648,000.00
Meals and entertainment		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Mortgage interest		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Office expense		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other interest expense		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Pension and profit-sharing plan		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Purchases for resale		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Rent or lease		\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$2,000.00	\$10,000.00
vehicles, equipment		\$6,500.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$6,500.00
Repairs and maintenance		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Supplies (not in COGS)		\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$166.67	\$2,000.00

Taxes and licenses		\$1,000.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$1,000.00
Travel		\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$1,500.00	\$18,000.00
Utilities		\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$125.00	\$1,500.00
Wages (less emp. credits)		\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$12,000.00	\$144,000.00
Other expenses		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other expenses		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other expenses		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Miscellaneous		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>SUBTOTAL</b>		<b>\$79,505.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$72,005.43</b>	<b>\$871,565.20</b>
Loan principal payment		\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$2,140.00	\$25,680.00
Capital purchases		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Other startup costs		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
To reserve and/or escrow		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
Owners' withdrawal		\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.00
<b>TOTAL CASH PAID OUT</b>		<b>\$77,365.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$69,865.43</b>	<b>\$845,885.20</b>
Cash on hand (end of month)	\$50.00	\$94,054.57	\$94,899.13	\$95,743.70	\$96,588.27	\$97,432.83	\$98,277.40	\$99,121.97	\$99,966.53	\$100,811.10	\$101,655.67	\$102,500.23	\$103,344.80	
<b>OTHER OPERATING DATA</b>	<b>Beginning</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>	<b>10</b>	<b>11</b>	<b>12</b>	<b>Total</b>
Sales volume (dollars)		\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$70,710.00	\$848,520.00
Accounts receivable balance														\$0.00
Bad debt balance														\$0.00
Inventory on hand														0
Accounts payable balance														\$0.00
Depreciation		-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$21.67	-\$260.00

### Appendix D. Projected Balance Sheet for the First Year of Operation

<b>Balance Sheet</b>		
	<b>FY-2014</b>	<b>FY-2015</b>
<b>Current Assets</b>		
<b>Cash</b>	<b>\$ 52,760.00</b>	<b>\$ -</b>
<b>Investments</b>	<b>\$ -</b>	
<b>Inventories</b>		
<b>Accounts receivable</b>		
<b>Pre-paid expenses</b>		
<b>Other</b>		
<b>Total</b>	<b>\$ 52,760.00</b>	<b>0</b>

<b>Fixed Assets</b>		
<b>Property and equipment</b>	<b>\$ 6,500.00</b>	
<b>Leasehold improvements</b>		
<b>Equity and other investments</b>		
<b>Less accumulated depreciation (Negative Value)</b>	<b>\$ (260.00)</b>	<b>\$ -</b>
<b>Total</b>	<b>\$ 6,240.00</b>	<b>\$ -</b>
<b>Other Assets</b>		
<b>Charity</b>		
<b>Total</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Total Assets</b>		
	<b>\$ 59,000.00</b>	<b>\$ -</b>
<b>Current Liabilities</b>		
<b>Accounts payable</b>	<b>\$ 15,000.00</b>	<b>\$ -</b>
<b>Accrued wages</b>		
<b>Accrued compensation</b>	<b>\$ -</b>	
<b>Income taxes payable</b>		
<b>Unearned revenue</b>		
<b>Other</b>		
<b>Total</b>	<b>\$ 15,000.00</b>	<b>\$ -</b>
<b>Long-term Liabilities</b>		
<b>Bank loan</b>	<b>\$ 24,000.00</b>	
<b>Total</b>	<b>\$ 24,000.00</b>	<b>\$ -</b>
<b>Owner Equity</b>		
<b>Investment capital</b>	<b>\$ 20,000.00</b>	<b>\$ -</b>
<b>Accumulated retained earnings</b>		
<b>Total</b>	<b>\$ 20,000.00</b>	<b>\$ -</b>

## Appendix E. Projected Income Statement for the First Year of Operations

<b>Income Statement</b>			
<b>KWD</b>			
<b>7/7/2014-7/7/2015</b>			

Financial Statements in KWD			
<b>Revenue</b>			
Gross Sales		\$ 848,520.00	
Less: Sales Returns and Allowances		\$ -	
Net Sales			\$ 848,520.00
<b>Cost of Goods Sold</b>			
Beginning Inventory		\$ -	
Add:	Purchases	\$ 648,000.00	
	Freight-in	\$ -	
	Direct Labor	\$ -	
	Indirect Expenses	\$ 10,000.00	
Inventory Available		\$ 658,000.00	
Less: Ending Inventory		\$ 10,000.00	
Cost of Goods Sold			\$ 648,000.00
<b>Gross Profit (Loss)</b>			
			\$ 200,520.00
<b>Expenses</b>			
Advertising		\$ 2,000.00	
Amortization		\$ 25,680.00	
Bad Debts		\$ -	

<b>Bank Charges</b>				<b>\$ 100.00</b>	
<b>Charitable Contributions</b>				<b>\$ -</b>	
<b>Commissions</b>				<b>\$ 8,485.20</b>	
<b>Contract Labor</b>				<b>\$ -</b>	
<b>Depreciation</b>				<b>\$ (260.00)</b>	
<b>Dues and Subscriptions</b>				<b>\$ -</b>	
<b>Employee Benefit Programs</b>				<b>\$ -</b>	
<b>Insurance</b>				<b>\$ 12,000.00</b>	
<b>Interest</b>				<b>\$ 1,680.00</b>	
<b>Legal and Professional Fees</b>				<b>\$ -</b>	
<b>Licenses and Fees</b>				<b>\$ 1,000.00</b>	
<b>Miscellaneous</b>				<b>\$ -</b>	
<b>Office Expense</b>				<b>\$ -</b>	
<b>Taxes</b>				<b>\$ 42,563.01</b>	
<b>Postage</b>				<b>\$ -</b>	
<b>Rent</b>				<b>\$ 24,000.00</b>	
<b>Repairs and Maintenance</b>				<b>\$ -</b>	
<b>Supplies</b>				<b>\$ 2,000.00</b>	
<b>Telephone</b>				<b>\$ -</b>	
<b>Travel</b>				<b>\$ -</b>	

Utilities				\$ 1,500.00	
Vehicle Expenses				\$ 18,000.00	
Wages				\$ 11,000.00	
Total Expenses					\$ 149,748.21
Net Operating Income					\$ 50,771.79
<b>Other Income</b>					
Gain (Loss) on Sale of Assets				\$ -	
Interest Income				\$ -	
Total Other Income					\$ -
Net Income (Loss)					\$ 50,771.79

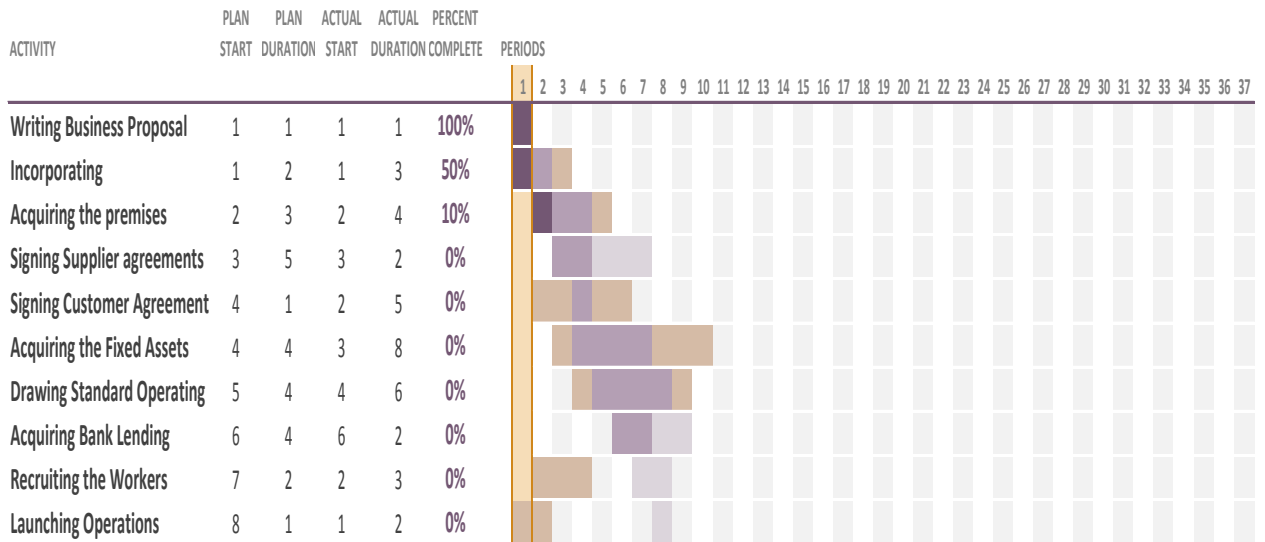
**Appendix F. Projected Income Statement for the First Four Years of Operations**

<b>Four Year Profit Projection</b>				
KWD				
	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
<b>Sales</b>	\$ 848,520.00	\$ 933,372.00	\$ 1,120,046.40	\$ 1,400,058.00
<b>Cost/ Goods Sold (COGS)</b>	\$ 648,000.00	\$ 745,200.00	\$ 819,720.00	\$ 901,692.00
<b>Gross Profit</b>	\$ 200,520.00	\$ 188,172.00	\$ 300,326.40	\$ 498,366.00
<b>Total Expenses</b>	\$ 107,185.20	\$ 117,903.72	\$ 129,694.09	\$ 142,663.50
<b>Net Profit</b>	\$ 93,334.80	\$ 70,268.28	\$ 170,632.31	\$ 355,702.50
<b>Assumptions</b>				
Sales will increase by 10% in second year, 20% in year three and 25% in year four.				

Operating costs will increase at the rate of 10% per year				
Cost of goods sold will increase by 15% per year.				

Appendix G. Overall Schedule on Gantt chart adapted from <http://office.microsoft.com/en-us/templates/project-planner-TC001219773.aspx>

# Project Planner



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