

Stott's College
Bachelor of Business
Assessment Cover Sheet



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Assessment 4a: Business Plan (Group E)

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1.Executive summary

Eco cutlery Pty Ltd was conceived in vision to safeguard our natural environment from pollution. There are different types of pollution such as land, water and air, which we can control and manage. However, our company take pride to uphold huge responsibility to ensure and develop convenient bio-degradable cutlery and supply to Global supply chain to minimised pollution and carbon footprint

Eco-Cutlery is offering bio-degradable products at cheaper price with primium quality. Further, we noticed that most fast-food vendors use plastic disposable cutlery without giving second thoughts and finally land up either in land filled or in water bodies causing devastating impact on environments.

Use of such disposable cutlery are not sustainable in the future. Keeping all those pain in our mind. Our company will retail biodegradable cutleries at cheaper price in Australia markets. They are not only eco-friendly but also can generate economic value if decompose into garden manure.

Our company will make our products available to every valuable customer located in four major state of Australia at initial stage and wishing to expand to other remining stage later.

1.1 Vision Statement

Eco cutlery was bought into retail light by our company with a vision to pave the green road for sustainable future. It aims at reducing pollutions by retailing convenient biodegradable cutlery at reasonable and affordable price to customers

1.2 Problem identification and proposed solution

Problems

- ❖ Harmful and toxic chemicals are being emitted while making plastic cutleries
- ❖ Plastic cutleries take thousands of years to decompose and create different types of pollution

Solution

- ❖ Eco Cutleries are bio-degradable and easy to decompose. When they decompose, they do not emit harmful and toxic chemical substances.
- ❖ Eco-friendly and can be dispose with zero pollution

1.3 Business location

Business location plays important role in determining the revenue and the cost. Eco cutlery will be manufacture outside Australia such (South East Asia and China), determining the labour cost and the cost of the resources which will help in cutting down of revenue. Locating in Australia itself will lead to heavy losses because of high labour and resources cost.

However, our company head office will be located in Perth and will host numerous retail outlet within Australia.

1.4 Investment required

Eco cutleries is looking for total investment around **\$342,000** and in return offering **15%** equity from business

2.SWOT analysis

Strengths	Weaknesses
<ul style="list-style-type: none">❖ Biodegradable product and easily degradable❖ Significantly reduce environmental pollution❖ Waste products can be used as manure	<ul style="list-style-type: none">❖ Expensive❖ Inefficiency in manufacturing large quantities❖ Required huge quantity of raw materials
Opportunities	Threats
<ul style="list-style-type: none">❖ Supplying eco-friendly cutleries to families, trackers and picnickers	<ul style="list-style-type: none">❖ Entry of new competitors in the market producing similar products

3. Products and Services

3.1 The products

Eco cutleries focus on selling plant base products as an alternative for plastic cutleries. The product includes eco cutleries sets such as plates, forks, spoons and knives. These products are made of sugar cane waste, bamboos, corn and woods which can be dispose of easily and is easily decomposable.

With climate change and pollution concern, the global biodegradable cutlery market is currently experiencing a healthy growth. Looking forward, the market is anticipated to expand at a CAGR of around 5% during 2020-2025.

3.2 Market position

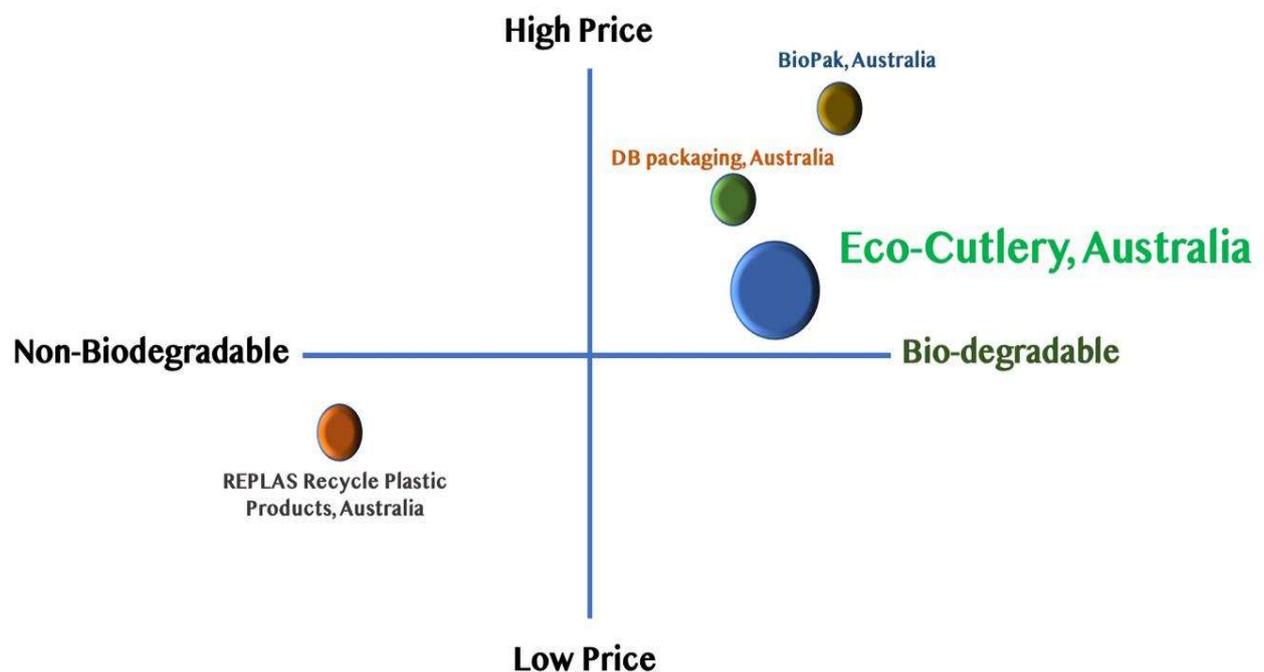
Since eco-cutlery is one-time useable cutlery, it has shorter life span. So, to fulfill the higher demand in the market, the production of eco cutlery is of very high volume with lower cost. The quality used will be of premium quality to over-take the plastic cutleries producers.

3.4 Unique selling proposition

Eco cutleries focus on sustainability of environment and produces goods from renewable resources. The product stands zero pollution and is bio-degradable thereby can be disposed anywhere anytime. With the climate change issues and global warming happening around, the purpose of eco cutlery needs no explanation in the society. Moreover, the products are priced, and quality set-up according to the need of the each and every individual.

3.5 Competitors analysis

Diagram below shows lists of our competitors. **BioPak Australia** produce bio-degradable cutlery, but their price is high. On other hand, **DB Packaging Australia** produce similar bio-degradable cutlery and their price is fairly high. Likewise, **REPLAS Recycle Plastic** produce high quality low price highly non-biodegradable plastic cutlery. However, **Eco-Cutlery** produce **high quality**, affordable and bio-degradable cutlery. Therefore, Eco-Cutlery has potentially highest competitive advantages over others company supplying similar products in the markets



4.Risk and Legal

4.1 Table below describe risk management and strategy to manage issue for our company

Risk	Likelihood	Impact	Strategy
<p>Financial risk</p> <p>This business risk may involve credit extended to customers or your own company's debt load. Interest rate fluctuations can also be a threat.</p>	likely	high	<p>Careful planning, building up a cash reserve and budgeting well can reduce harming cash flow or creating unexpected loss, but they can't eliminate it.</p> <p>Keep debt to a minimum and create a plan that will start lowering that debt load as soon as possible</p>
<p>Competitive Risk</p> <p>Competition from another firm selling similar products.</p>	Highly Likely	High	<p>Registering for Patent and creating a Trademark for our business.</p>

4.2 Legal considerations

Australia has various laws which protect business from being copied and taken advantage of. It includes Patent protection, trademark protection, design protection and copyright protection. A patent legally stops other competitors from manufacturing and selling the same inventions as yours for the period of time. Trademark shows the company's ownership of the brand and exclusively differentiates from other products.

By registering for a Patent and owning a trademark, Eco-Cutlery won't be taken advantage of by my other business and can become a successful business.

5. Human Resources Management Plan

5.1 Management and ownership

Eco-Cutlery is a small, newly established company with at least (04) partnerships. The head of the company is the most senior CEO holding followed by executive Directors having similar share. Other shareholders will hold an equal number of shares each. Every top-level manager has relevant experience at least (3) years in the manufacturing and service industry.

5.2 Organisational hierarchy of Eco-Cutlery Pty Ltd

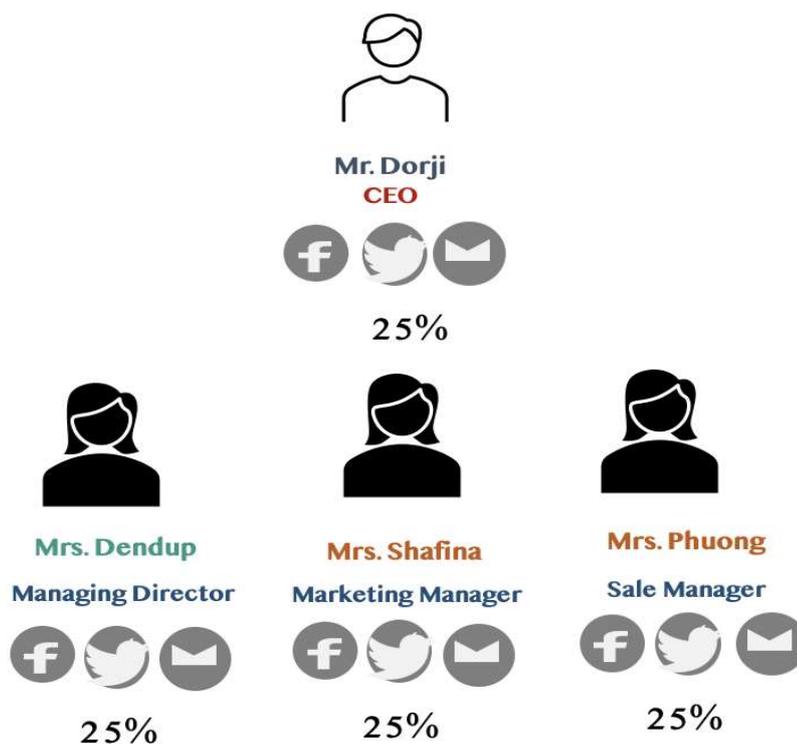


Table below shows terms of reference and Job role descriptions of company

Name	Job Title	Experience and qualifications of owners and management team	Percentage of share withheld
Mr. Dorji	CEO	Master of business administration, at least five-year experience as a top-level executive.	25%
Mrs. Dendup Pelmo	Managing Director	Master of business administration, at least three-year experience Bachelor of IT	25%
Mrs. Bibi Shafina	Marketing manager	Bachelor of business (Marketing), at least three-year experience work in Digital Marketing Agency	25%
Mrs. Hoang Ai Phuong Do	Sale manager	Bachelor of business administration and accounting, at least three years selling manager	25%

5.3 Staffs required

Job Title	Quantity	Skills necessary	Date required
Administration Manager	1	At least 3 years of experience in management, work administration, meetings, monitoring activities, handling reports, handling internal disputes.	3/2021
IT manager	1	At least 3 years of experience in the management of the technology department. ensure network and data security. Designing and maining a business website.	3/2021

5.4 Induction and Training programs

We are a young company with young but experienced leaders creating a recruiting training process to guide and train new employees to adapt to new jobs quickly, minimize guidance time of the manager, helping new employees to catch up with the work easier. In addition, we also have training courses for current employees to help them explain their difficulties and questions at work. Not only we are happy to listen to each other's opinions, conflicts but also find a good solution for both party because we are a team, we should be sharing our ideas, friendly listen, ready to help each other to develop the company.

Building a training process to help employees be aware of their position and importance. The template for staff training procedures in each department is different. Promoting the ability and professional expertise of each person will create a motivation to work enthusiastically, develop themselves, increase sales.

6. Operations

6.1 Key operational activities

Eco-Cutlery will outsource all manufacturing process to South-East Asia countries and China by developing close business friendship. All business and administrative activities will coordinate from Eco-Cutlery head office located in Western Australia, Perth.

Eco-cutlery will supply and retail all bio-degradable cutlery to business and customers. Our products are high quality, cheap and eco-friendly

6.2 Key suppliers

Eco-Cutlery key suppliers are manufacturing company based in South-East Asia and China. Bank, technology firms, retailers and small business owners

6.3 Sustainability plan

Eco-Cutlery company was started in mission to safeguard environment from pollution as business operate. Our company will minimise carbon footprint in any possible. Further, all waste produce that our company produce are free from harmful chemicals, plastic and additives. Moreover, waste produce can be further generated economic benefits such as converting into manures

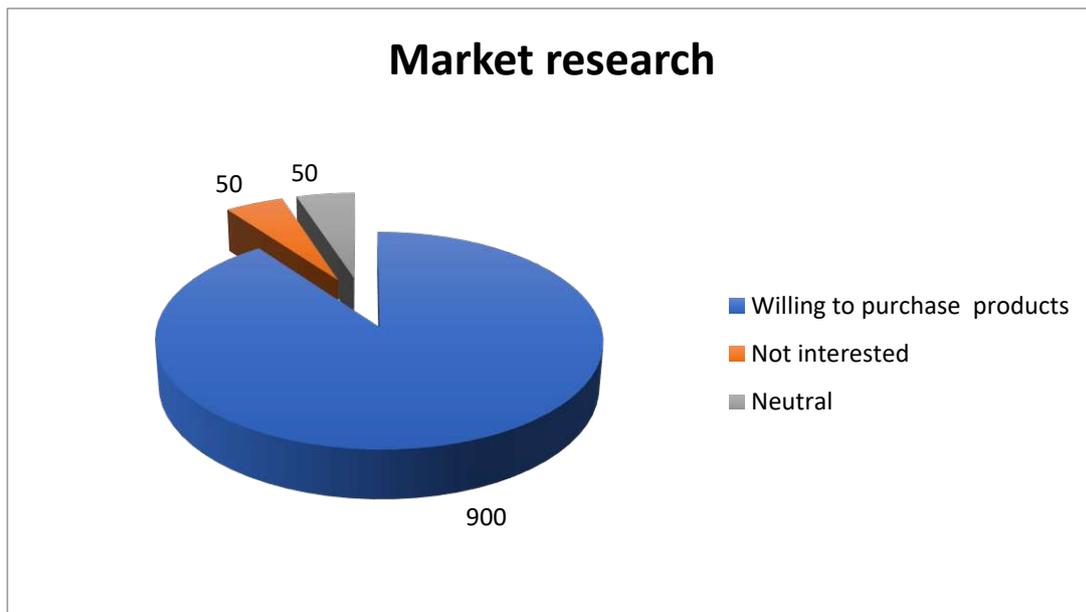
Picture1 & 2: All the products are made up of bio-degradable materials such as bamboos, leaves, tree barks and wood pulp



7. Marketing

7.1 Market research

Our company has conducted market research within College campus and CBD areas. Out of 1000 respondent 900 responded and complimented its great ideas and they are very happy to support our initiatives once products are in the markets. However, 50 responded that its wastage of time and further, 50 responded that do not have any comments.



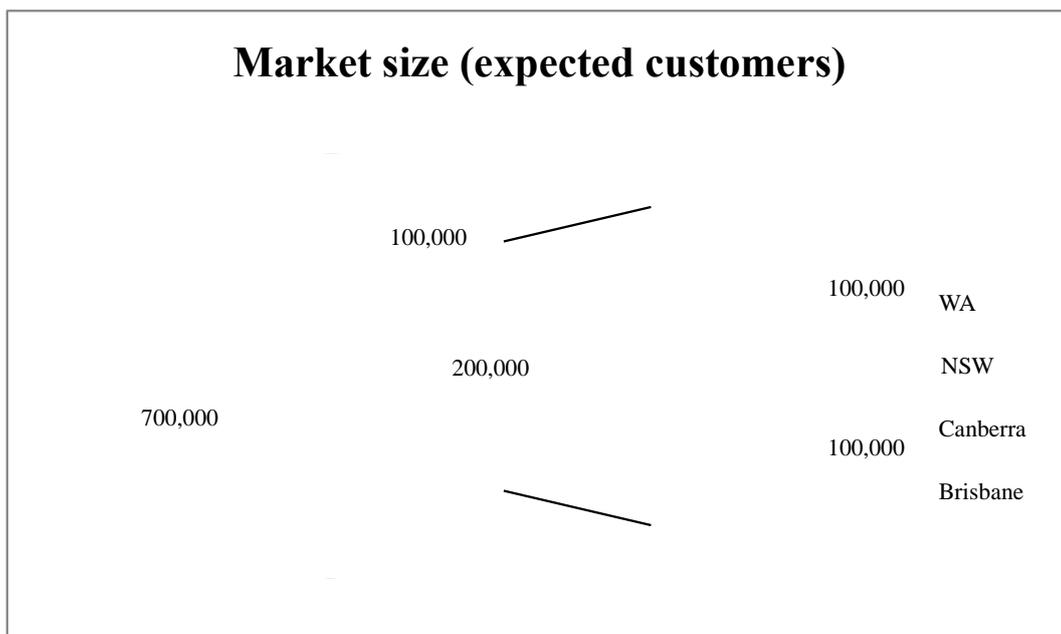
According to Oever, D, M., & et al (2017) stated that more people are participating in Global initiatives in safeguarding environment from pollutions. Eco-Cutlery is also parts of initiatives destine to protect and conserve our pristine natural environments from land, water and air pollution.

7.2 Market size

Diagram below shows eco-cutlery market share within Australia. Western Australia is expected to have highest market share with **700,000** customers with revenue \$0.7m (**70%**) of market followed by NSW **100,000** customers and revenue \$0.1m (**10%**), Canberra **100,000** customers and revenue \$0.1m (**10%**) and finally Brisbane with 100,000 customers and revenue \$0.1m (**10%**) respectively.



Below pie-chart shows how market share are divided within four major State of Australia



7.3 Our customers

Our main customers are families, picnickers, trackers, events coordinators, celebrations, students and conservation fanatics, who are more conscious about sustainability's and environmental pollution.

Following table explain different categories of customers that will use our products

Categories of customers	Size members	Age Groups
Families	3 - 10	5 - 50 years
Trackers	2 - 10	10 - 65 years
Picnickers	2 - 7	10 - 70 years
Celebration & large gathering	10 - 100	10 - 70 years

7.4 Advertising and sale

There are different paid and non-paid platforms for marketing channels. However, our company will market our products through paid and non-paid by two renowned social media platform such as Facebook and Instagram

Sale

Our products will sale and deliver through online services. Further, our products will be made available to customers by supermarket as well.

8.Finances

Our key financial objectives and milestone were to expand both profit and sale margin. Company will look into any marketing matters and adopt agile measure that will elevate efficiency of sales. Further, company will continuously improve its supply chain without compromising quality of products

8.1 Start-up costs

Table below shows initial start-up cost for Eco-Cutlery Company and it is estimated to cost **\$342,500**

Start-up costs	Cost (\$)
Purchase warehouse & office	\$100,000
Plant and production equipment	\$50,000
Office equipment	\$20,000
Vehicles	\$50,000
Insurances	\$10,000
Licences	\$2,500
Initial marketing costs before first sales commence	\$70,000
Salaries and wages during start-up phase	\$30,000
Other	\$10,000
Total start-up cost	\$342,500

8.2 Balance sheet forecast

Table below shows financial position of our company. Eco Cutlery will borrow **\$50,000** from Banks as long-term mortgage and current liabilities is **\$50,000**. Company is valued to **\$1.1 million**

Assets		Liabilities and Owners Equity	
Current		Current Liabilities	\$50,000
Cash at bank	\$200,000		
Inventories	\$50,000		
Receivable	\$30,000		
Total Current Assets	\$280,000	Total Current liabilities	\$50,000
Non-Current Assets		Non-Current liabilities	
Warehouse & office	\$400,000	Long term mortgage	\$50,000
Office equipment's	\$100,000	Total liabilities	\$100,000
Net fixed assets	\$320,000		
Total Non-Current Assets	\$820,000	Owners' Equity	\$1,000,000
Total Assets	\$1,100,000	Total Labilities & Equity	\$1,100,000

8.3 Profit and loss forecast

Table below shows profit and loss forecast of company. Eco-Cutlery projected negative return of **(\$20,000)** in the 1st year of business. In the following year company is expected positive return of **\$50,000** and **\$105,000** in 3rd year respectively. However, expenses remain constant at **50%** over those three years

	Year 1	Year 2	Year 3
Sales	\$200,000	\$300,000	\$400,000
Cost of sales / Manufacturing cost (50%)	\$100,000	\$150,000	\$200,000
Gross profit / net sales	\$100,000	\$150,000	\$200,000
Expense			
Advertising	\$30,000	\$20,000	\$10,000
Bank charges	\$10,000	\$15,000	\$20,000
IT costs (internet, web site, etc.)	\$20,000	\$15,000	\$15,000
Rent	\$30,000	\$30,000	\$30,000
Utilities (water, power, gas)	\$10,000	\$10,000	\$10,000
Other	\$10,000	\$10,000	\$10,000
Total expenses	\$120,000	\$100,000	\$95,000
Profit before tax	(\$20,000)	\$50,000	\$105,000

8.4 Expected cash flow

Table below shows expected cash flow of company. Eco-Cutlery net cash flow in the 1st year is expected **\$100,000** in the first year and **\$150,000** in second year and **\$200,000** in the third year respectively.

Expected cash flow	Year 1	Year 2	Year 3
Total Cash Inflows	\$300,000	\$400,000	\$600,000
Total Cash Outflows	\$200,000	\$250,000	\$300,000
Net Cash flow	\$100,000	\$150,000	\$200,000
Opening Cash Balance	\$150,000	\$250,000	\$400,000
Closing Cash Balance	\$250,000	\$400,000	\$700,000

8.5 Break-even analysis

Table below shows Break Even Analysis of Eco-Cutlery. Our Company will supply and retail eco-cutlery products at **\$30 per sets** and company will purchase at **\$15** or less from manufactures. Therefore, company is expected to profit **\$15** from each item we supply to business in the markets. Company is expected to run under loss of **(\$20,000)** in the first year of operation. However, company is expected to achieve **Break-Even Point** in the **2nd years**

Break Even analysis	
A - Average selling price per unit	\$30.00
B - Average cost per unit	\$15.00
C - Profit made on each unit sold (A-B)	\$15
D – Total annual fixed costs (from P&L)	\$120,000
E – Number units needed to be sold to cover fixed costs (D / C)	8000
F – Sales in break-even year (E x A)	\$ 240,000
In which year do you forecast to achieve Break-Even?	2 nd year

9 Conclusion

Eco-Cutlery Pty Ltd is seeking **\$342,000 thousand** with equity shares of **15%**. Global population trend who ate outside their home been increasing ever since. Most small food business vendors in Australia used plastic container and plastic packaging bag. All those plastic cutleries and wrappers land up either in dump side or in water bodies causing devastating environmental issues.

Our company felt this pain and responded with solutions to solve environmental problems created by all plastic cutleries. Therefore, Eco-Cutlery company was conceived to offer platform to begin mission by taking small steps closer to becoming plastic free world. Our company is destined to take active role in educating and offering alternative solution through smart green technology and innovation.

Our company felt huge responsibility to uphold and Global frustration battle in managing solid waste and environmental issues. Therefore, our company strategic plan in the future, to cover half of Globe and penetrating massive supply of Eco-Cutlery products and making sure most customers have easy access on our products either through online services or through supermarkets

10. Reference

Oever, D, M., & et al (2017). Bio-based and bio-degradable plastic: facts and figure. Retrieved from <https://library.wur.nl/WebQuery/wurpubs/fulltext/408350>