
Business Plan: How To Develop And Implement A Business Plan

Business Plan

Business Profile

With the increasing globalization and increasing demand for products in external markets, trading businesses are on a boom. It has been recognized that total bilateral trade of goods and services from Australia amounted to nearly USD64.4 billion in 2017(The guardian, 2019). Thus it can be observed that there is immense potential in the export of goods from Australia to other Asian countries which are observed as large potential markets. Moreover, Australia's GDP grew by 2.4% in 2017, which depicts that there has been continual, uninterrupted economic growth observed in the past many years (The guardian, 2019). The report talks about the significance of the export/import business and the benefits associated with starting a small start-up for supplying fitting parts of lab equipment and utilities to other parts of the world. Thus observing the boom in this sector, there has been an increasing demand for parts and accessories of lab equipment all across the world.

Objectives of the Business

Profit: As the chief motto of every business the, profit remains the central objective to be achieved. The objective of starting this business is to earn AUS\$100,000 in the first year and then increasing it every year at a rate of 10%.

Growth: Growth is the backbone of survival for any business. Without growth, no organization can compete and exist. Thus the objective is to grow at a manageable rate initially then at exponentially later. , requires taking challenges of all types to stand out the competition.

Community building: Besides profit and growth, the objective lies in building better networks and building a diverse network, even outside the domestic market.

Vision and Mission

Vision: The Company aims to establish an international identity in the trading business and develop into a big brand.

Mission: The chief mission is to start a business with minimum investment and make it profitable. The long term mission is to establish a stable global business and grow it manifolds to cater to the needs of various market segments.

Purpose: The purpose is centered at starting a venture to procure and supply parts and small accessories of a water treatment plant at highly cost-efficient prices and add value to the stakeholders by increasing the returns on investment every year.

Success factors

The chief success factors of trading parts and supplies of water treatment plant are:

Marketing: Marketing is the backbone of any business. Thus the aim lies in developing strong marketing strategies after thoroughly studying the market demand and needs of consumers.

Quality: Ensuring that best quality products are offered to clients to establish a strong presence in cutting edge competition in this sector.

Networking: Networking helps to build strong client-company relations. The more we are attached to clients the more we can understand their requirements which is extremely necessary for customer satisfaction

Follow up: Regular follow-ups from clients helps in identifying the weaker areas so that improvisation can be made and better services can be provided.

Growth: Regularly checking growth parameters will help in identifying whether the business is consistently expanding or not as per the set parameters

Marketing Plan

Market Summary

Since the parts and accessories belong to steel manufacturing plants and lap equipment machinery, the target clients will be the businesses dealing in steel manufacturing. However, potential clients have been segregated into four major categories:

- . Industrial clients
- . Retail clients
- . Manufacturing units
- . Service providers.

To cater to the needs of various sectors, it is crucial to reach the target customers to make them aware of our products and to stand the exceeding competition. Being in the mechanical industry, our target audience will be the mid-size companies and international agencies.

Marketing Strategy

The key strategy is to serve the niche market. The retail marketing strategy focuses on creating a brand that can be recognized in the future for the quality of goods. The core idea is to target the potential market niches in developing countries where the demand is usually very high, and it is anticipated in years to come.

Internet: The most prominent means of marketing in today's scenario is digital marketing. The online marketing has the greatest reach and is the best cheapest and the easiest way to market your products in geographically scattered areas. Since the company intends to increase its operations in the global market, this is the best strategy to reach international clients.

Trade Shows: Though such shows bear costs which are pretty higher, yet exhibiting products at industrial trade shows held internationally can give immense exposure and bring customers from other parts of the world too.

Press Releases: Press releases will benefit by reaching a larger crowd and mostly those who do not prefer to use social media.

Print Ads: The traditional yet effective way of sharing relevant information about the company.

Marketing Trends

Observing the increasing development and the setting up of new research and development institutions, it has been determined that there is an increasing growth in this industry. Moreover, big manufacturing companies have started their operations at multiple centers. Thus the requirement of these parts is increasing day by day. Hence observing these trends marketing strategy can be devised

Marketing mix.

The various components of the marketing mix will be set as follows:

- **Product:** The product range will include all the equipment and parts used in steel manufacturing and the lab equipment industry. Since there has been a growing demand for fitter parts that are used in steel production, the main focus will be on it. Products will be procured at less cost and then supplied in the manufacturing units.
- **Price:** Low pricing policy will be kept in the initial year but then observing the market response and the level of competition it can be enhanced.
- **Promotion:** Promotion will be done both in local and global markets using traditional and digital media.
- **Place:** Most preferably, the marketing will be done in domestic markets, initially expanding further in other Asian nations.

Budget

Initially, the marketing budget will be kept high to establish a strong market presence of the firm. Thus the budget set for marketing is 50000\$. This will be segregated into the type of marketing depending upon the respective benefits from each marketing type.

Purchasing Plan

The purchasing of the spare parts will be done from China and Japan, which are big manufacturers of quality spare parts.

- **Market Analysis:** In the initial market analysis will be done to obtain the information on types and number of suppliers. Then extensive research will be conducted to determine the prices and the policies of different suppliers which can adhere to our company's policies. This will take a time duration on 1-2 months.
- **Evaluating the goods:** After shortlisting the suppliers, goods offered by them will be

evaluated for quality and price.

- **Sending Queries:** The suppliers will then send queries regarding the products. In this process, suppliers shall be asked to submit their price quotations.
- **Evaluation and Selection of Best Quotation:** After a complete analysis of the cost and benefit, the suppliers with the best prices shall be selected.
- **Generating Purchase orders:** Final step is to place the orders for the goods.

Production Plan

Though the business is not completely a production unit, the chief focus will be on purchasing high-quality goods. However, parts procured from other countries are incomplete raw form and required small changes to be made, such as fixing of nozzles and caps in some accessories will be undertaken at the company's workshop. Also, the production will include proper packaging of the goods. These tasks add value to the products with which a larger profit can be earned.

1. The classification of spare parts range.
2. Identifying the decoupling point in the company.
3. The analysis of spare parts stock in the decoupling point.
4. The choice of an appropriate system of spare parts stock replenishment adjusted to the condition and type of the company.
5. Parameterization of the worked-out solution

Production plan schedule

Production Stages

Tasks to be accomplished

The classification of spare parts and the raw material procured

The items procured will first be segregated into different categories. The Pareto Method or the ABC method will be used for it. This means that the material will be grouped into 3 main categories A, B, and c; where A holds 20% of all items that generate 80 % of the sales, B includes the rest 30 % of items that can generate 15 % of sales and the last category C include other items that do not have high economic value but are required for the business

1-2 month

Checking whether all the groups are classified correctly and on time.

It is crucial to determine the gap between the supplier's lead time and the production cycle (Cyplik, Hadas, and Fertsch, 2009). Thus if the supplier's lead time is less as compared to the production cycle, the decoupling point can be shift accordingly. Also, we will determine the demand beforehand so that delivery of goods does not get delayed.

1-2 weeks

Identifying the decoupling point

Continuous monitoring of the production cycle to ensure that the final products are ready on time, and there are no lags in delivery. Also, regular checks on delivery and dispatch will be undertaken by obtaining client feedback. It will help in improving the production cycle and identification of the loopholes if any.

The analysis of the spare parts stock in the decoupling point

It is crucial to analyse the existing stock and identify surplus or deficiencies so that lags in timely delivery can be eliminated. The methods that will be used for stock analysis are:

- Indicator analysis
- Structural analysis

Indicator analysis gives more absolute results through indicators such as stock turnover and stock cover values. While the structure analysis helps in identifying the stock, which is having more economic value. Economic stock measures include:

- Safety Stock
- Cycle Stock
- Surplus Stock

The analysis can be carried out depending on the current stock values and future needs.

2-3 weeks

Monitoring the working of the warehouse department and the supply schedules

Replenishment of the spare parts stock adjusted to the demand patterns

Since the market demand is highly volatile, the replenishment of the stock depends on the needs of the customers. Also, different stock parts have different market demands. Hence the replenishment will vary accordingly.

1-2 months

After each replenishment procedure, the teams will monitor which parts are of high economic value and are running faster than others (Cyplik, Hadas, and Fertsch, 2009). It will help in stocking more of them so that the company does not fall short of supply at the time of high demands.

Personnel Plan

The success of any business depends upon human assets more than the capital assets. Hence it is crucial for the company to plan for the human resources that must be procured before the

commencement of business operations. The personnel planning is chiefly done with the core motto of increasing productivity and growing the business manageable with the help of expert professionals. This will also help in reducing operating expenses and boosting sales volume.

Personnel plan stages

Estimating the human resource requirement

The foremost task will be to determine the workforce that is required in the initial phases of business

2 weeks

Identifying the available resources

After evaluating the human resources resource requirement, the next task is to identify the existing team and their abilities

1 week

Determining the gap if any

If the already existing workforce is less than the required, the company must plan to procure more human resources for the smooth functioning of the organization

2 weeks

Recruiting and training new individuals

If it is identified in the previous stage that more staff members are required, than the company will start recruiting new talented individuals who can help the company achieve its goals.

4 weeks

It has been determined that the supply and trading business rely highly on the competencies of its sales team. Thus the company will be hiring proficient sales managers and executives who can look after both domestic and international sales.

The budget set for recruitment and planning is around 20000\$.

Financial Plan

Since it is a start-up business, the initial investment will not be very huge. First of all, a market analysis will be done, and accordingly, the investment and costs & expenses will be determined.

Financial Strategy:

- - The initial investment will be made at only \$100000. For which a minimum amount of debt will be taken.

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- More than 50 percent of the investment will be done through savings and owner's capital
 - Only about 20 percent of debts will be taken from financial institutions or banks.
 - Low-cost debt will be taken from other sources.
 - The company intends to take no profits until long term debt has been settled.
 - The profit if remains after the debt payment in the initial years will be invested to finance the business growth through procurement of more inventory.
 - The major part of expenses will include, asset acquisition and salaries and depreciation of equipment.
 - The company plans to grow slowly and finance all its growth expenses through direct cash inflows.
 - Initially, the strategy will be to stabilize the business and growth. Later on, when the company establishes its strong market presence, then it will plan out strategies for exponential growth and high profitability.

Financial Planning Steps

Market analysis

The first step of every entity is to perform a cost-benefit analysis. For this, it is necessary to know the market conditions and identify the probable sources of income. Thus the first step will be to extensively research market and identify potential sources. Comparing the costs and benefits of various available resources, one can find the best suitable alternative.

4 months

Evaluating the sources of investment

After identifying the sources from which long term debt can be procured, it is necessary to evaluate the policies and long term trends so that the company does not have to pay huge interest amount.

1 month

Determining the low-cost sources

Among the numerous available resources in the financial experts will determine the most feasible alternative which will redeem huge benefits at low costs.

2 months

Selecting the best investment portfolio

The most crucial step is to determine the resource portfolio (Svala, 2018). Thus the company, after an in-depth analysis, will opt only those resources which costs less and whose payback period is long so that the firm does not have to bear the unwanted financial burden.

2-3 months

Conclusion

Conclusively it can be stated that the trading business of spare parts and equipment used in the steel industry is extremely profitable. Observing the current global market scenario from the report, it has been recognized that there are increasing demands for these products in the market and also it will grow with time. Hence it is suggested that the entity must invest in the business which has immense growth potential both in domestic and international markets. Also, the investors can earn huge profits in not more than 2 years.

References

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