

MANAGING ENTERPRISE IN THE 21st CENTURY (BMSW4006_LON)



BUSINESS PLAN CLEANING SERVICE TSD

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COVER LETTER/EXECUTIVE SUMMARY

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COVER LETTER

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Mrs Molly Jack

Cleaning Services TSD

Kennington Park

Dear Mrs Molly

My name is Analuis Mendoza and I am the manager of Human Resources of TSD Cleaning Services, I am writing this letter on behalf of my team and myself. I would like to introduce our company and the great cleaning services we provide.

We are a brand-new company based in Central London, the idea of opening this business came from the need of a couple of friends with their own business that required effective and specific cleaning services. We decided to create this company with the purpose of providing customize cleaning service, effective, fast and with a great customer service. We believe we can provide this because we identify or customers needs with surveys and in this way, we will make sure we are providing the best experience and also and effective work, we want to make sure our customers are satisfied with our services.

As a new company we want to innovate the cleaning market with our proposal, lower prices, personalize cleaning service, ecological products and professional staff trained to provide the best cleaning.

TSD cleaning service we are confident to that we can deliver a professional work and also make a difference in the market, to our new customers interested in our proposal we will give you 10% off in your first experience with us, we guarantee an effective work and pleasant experience.

Sincerely,

Analuis Mendoza.

0.- EXECUTIVE SUMMARY

TSD is a cleaning service company that is located in the heart of one of the biggest cities in the world, London. This location allows us to identify other businesses that need our services. We are a business with the a very clear vision, we want to provide the best cleaning service, to provide this service we can say we count with a professional cleaning staff , they are trained to give the best service and satisfy our customer with their needs, also we use ecological products that reduces environmental pollution, moreover we want to provide our new customer with a personalize customer service as a company our priority is to keep the customer satisfy that is our motivation to make surveys and ask our customers how can we improve our services and also make sure they are pleased with the service and the will choose us again as their cleaning providers.

This company focus the services in the small and medium retail and commercial offices around central of London. To start we want to focus getting this businesses attention with our 30% off with their first experience with us. Our company wants to focus mostly in retail and commercial offices because we believe it will be more manageable since our location is the best to found this kind of business also because our company have the right cleaning products and machines for this surfaces, besides we can have a faster respond since our office is located in Central London as well our offices count with a trained staff with a great customer service which is responsible of the calls we receive that takes care of the calls we receive and take notes of the reservations that customers want to make or even take complaints or suggestions, everything with the maximum professionalism.

We want to make sure our company is very competitive compare to our competitors, for that we want to bring new ideas and innovate the market with the next steps:

Lower prices

Trained staff

Customize Service	Professional machines
Teamwork	Ecological products
Surveys	Great experience

The prices of our competitors are too high for the market also some of our competitors have a poor reputation or the business are not aware of their services. TSD is aware of this and we want to cover their weaknesses and bring the best of our services. To get a better respond from our customer we will be in platforms such as Facebook, YouTube to advertise our services we will also make sure to have our own website, in this way the customer will be aware of our services, products and our latest offers. In addition to this we want to be able to provide the new customer with 10% discount with our first service and insure with a survey the experience they have received with us to make sure they will want our company to be their cleaning services providers.

The team in TSD is effective and well trained. We focus our team in to having a good communication, enjoy their roles and deliver the best customer service. We work as a team in this way we are making sure of our effectiveness as a group, we want everyone to take part and bring new ideas, and we want to develop their skills insuring their progress within the company. Having an effective team work will help us for a to have an organise team that will provide good performance whilst delivering the best cleaning services

Our mission is to provide a great customer services, the vision we have is to have a well structure company to expand our clientele, as new company we want to bring values and make sure this are followed. Our values are a good communication, deliver the best service and make sure our clients are satisfied with the service and also to ensure that the employees are covered with their needs and a fair payment.

1.- BUSINESS DESCRIPTION

The reasons of the need of cleaning service are different and growing, and with this it grows the need of reliable and effective company with reasonable and fair prices. (Morrow, 2008).

TSD cleaning services is based in Paddington Park; London. This business is full of new and exciting changes for the cleaning market. Our business is focus in small and medium business in Central London; the main target is retail and commercial offices. We want to focus in this since our machines and products are specific for this kind of surfaces later on we would like to increase our clientele. The main objectives of the company are to deliver a great customer experience, to exceed their expectations and to expand our business in a short future.

The way we want to make the difference is covering the customer needs with our effective team and new technologies so they will be more involve with the company and the growth of this one, we will advertise the company in different platforms such as YouTube, Facebook and we will have a website and

we will provide the customer with information about our company, how to make booking, the different way the can contact us, also we will be provide with the different range of the cleaning ecological products we use, our location and also how we will cover their expectations with the COVID-19. Due to the virus many companies can provide with the right services but as a new company we are aware of this situation and we have taken action. Our staff is trained to clean the surfaces extremely careful; we will make sure to use the right products to prevent the virus. We train our staff with the purpose of a satisfactory performance, TSD provide high standard cleaning services and we want to reach these expectations for that we give our staff the supports they need and the right training.

We work as a team, for that we have an open and clear communication, support other ideas and encourage them on taking ricks; we also have a common goal and team trust. (Shoultz, 2017) TSD cleaning services is based on strong values, we believe in the equal respect, it is very important for the company to keep the staff satisfy with their role, we can provide a fair payment, full training and we want our staff to progress in their career within the company.

The main objective for TSD is the customer satisfaction, we want to get the full experience if our customers and their feedback in our performance with the purpose of developing the company weaknesses. We provide our customers with surveys at the end of their experience and the aim of this effort is to collect data regarding the customer satisfactory, this study shows the most important aspects of the customer experience. (Grigoroudis and Siskos, 2004). We provide our customers with a fast respond because of our central operational, we can communicate fast and effectively with the customers on the phone, via email and also through our website, we want the experience of our customer to be the best in the cleaning service area.

2.- BUSINESS STRUCTURE

TSD is a general partnership company; this means that every member of the company has assumed their responsibility and liability in the company (Staff, 2020).

Our business structure is vertical structure; meaning that we equally share the responsibilities of the company, this will help our company to focus in a specific market for the type of customer we want to attract. Our organization provides services to a specific client with the purpose of to provide the best cleaning service, we are focus in small and medium business in our location with the aim of expand. We are focus in these businesses because our aim is to maximum effectiveness.

The vertical structure is a chain that goes from the top to the bottom, the decisions are often directed from the top down, the people that are in the bottom do not have autonomy, and this structure is supervised by one directly above them. The vertical line follows a clear line of authority, this help for a faster decision making and a better designation of tasks to be made for the employees. The roles and responsibilities are well defined in the vertical structure, this encourages high production effectively. Because of the lack of autonomy employees will have more difficulties into bringing their own ideas and creative proposals, besides this the layering of power it will make harder a quicker respond to problems. (General Introduction to Vertical Organizational Structure | Org Charting, 2016).

The objectives of this structure are to simplify work and the effective guidelines that this one follows, as a new company we want to have the control and the final decisions to be made we have decided is the best to keep the business running smoothly. As a growing and progressing company we want to develop more roles to give the opportunity to others in the company to progress and develop their skills and bring new ideas, also I would like to mention that teamwork and the communication is vital in our company, even though the company is vertical we are open to suggestions and ideas that can improve the business. The business vertical structure will allow as to have a minimum number of professionals that will cover the needs of our customers.

TSD Cleaning Service is a company founded with a very specific objective of bringing to the cleaning market an innovation and the best customer experience, that is why the structure of the business is very important, this will keep an organize format and efficient work, with this structure we want to aim to profits and to deliver a professional and refine cleaning service to our clients.

We build our own company to satisfy our clientele and to make the best out of everyone in this company, we build trust with a good communication within all the staff , manager and director included, we provide the training and briefings two times a weeks to keep the company in the best shape, we also read our customers surveys and get the feedback to improve our services, this is our motivation for a good and smooth process of having happy customers and a satisfy stuff and also to make the profit. With all this we will ensure the structure of our business follows a guideline that everyone follows and they are satisfied with, in TSD we provide the best of our self to make sure we are doing a very good and professional work.

3.- SERVICES & PRODUCTS

3.1.-SERVICES

Our service is a cleaning company focused on all the companies in the city center, which have a high volume of sales and therefore many staff working in them needing an impeccable daily cleaning of surfaces, windows and bathrooms helping to have a good working environment and giving a good image thanks to the good service that we can offer (Dan Galai, 2016).

Our company is focused on office cleaning because we are specialized in deep cleaning of surfaces. In the city center, companies have a high volume of work and need to work in a clean environment that gives them confidence and comfort, increasing the performance of their employees, ensuring benefits, we also ensure a quality result so that our clients do not waste time worrying for cleaning matters when they can give it to their businesses. Thanks to our long-lasting results, our clients can save money...

The service that our company offers is maximum professionalism and meet all the expectations of our clients, giving them good customer service, being very easy to contact us quickly, having information for all their doubts.

To achieve this, the first thing we will do is send a manager who is in charge of speaking with the client to find out exactly what type of service he needs and which are his priorities to cover thanks to the service we offer.

Once our company knows the client's requirements, the next thing we will do is create a plan that will serve as a guide for our workers where they can find exactly all the products they will need and exactly the requirements of the clients to be focused on that and cover all the demands.

We offer the service with authentic professionals where skills such as punctuality and perfection together with hard work are their main objective. We want employees who do not waste time and during their working hours the only thing they are thinking about is doing a good job, not just going to work what matters is that they do it in the correct and effective way.

After having worked for different clients, showing them all the potential we have and leaving them totally satisfied with our service, our goal is to expand the company through advertising on social networks, giving potential interested customers the opportunity to see the good service we have thanks to customer feedback on our website.

We want to be able to work throughout London and in any medium and small companies, buying new machinery to do a different service regardless of the number of services we have to cover.

3.1.1-Control of the service provided

There will be a manager who will be in charge of supervising that the service has been done in the correct way

We will conduct surveys every week to find out the customer satisfaction with our service.

Training will be carried out to all the employees of the company to learn about customer service, handling of the cleaning machines that we have, handling of cleaning products in an optimal way so that there are no poisonings and that the environment is protected even more and using what is necessary for each surface.

3.2.- PRODUCTS

Our products will be purchased from providers that guarantee us a fast delivery of a maximum of two days and a return in the event that the product is not what we are expecting, will also be important that the providers have good customer service where to contact immediately.

It must be a cleaning product that has all the ecological cleaning requirements and all the necessary information on the labels such as the name of the substance, all the information about the manufacturer of the product, danger indicators and what risks they have, and handling tips.

With this type of ecological products what we make sure is that the cleaning products that we are going to use do not leave residues that are harmful to health (Burleson, 2017).

We will always be updated on new laws and regulations of new products to maintain safety and respect for the environment

We will have different types of cleaning products depending on where they are going to be used and according to the type of company in which we are going to work (Colin Barrow, 2018).

LIST OF OUR PRODUCTS (Colin Barrow, 2018).

DISPOSABLE MATERIAL	Gloves, masks, hats, dressing gowns.
CLEANING CONSUMABLES	Garbage bags, air fresheners, toilet paper, hand paper, sanitizer
FURNITURE	Wipes, Spray Cleaners
FLOOR	Cleaners, Brighteners, Neutral PH, mop, bucket, mop drying signs of cleaning in progress, floor polish

BATHROOMS	Antical, non-scratch scouring pads, descaler, disinfecting gels
WINDOW	Leifheit Window cleaner, Window cleaner, Crystal clear window cloth
MACHINERY	Hoover, Electric Spin Mop

PRICES PRODUCTS:

PRODUCT	PRICE	PRODUCT	PRICE
Gloves 50/100 units	4 Pound	Sanitizer 5 Litres	25 Pounds
Hats pack	6 Pounds	Wipes 225 Units	23 Pounds
Dressing gowns	23 Pounds	Spray cleaners	1,5 Pounds
Garbage bags pack 30 units	2,90 Pounds	Brighteners 250 ml	13 Pounds
Air fresheners pack 6 units	7,9 Pounds	Neutral PH 5 Litres	20 Pounds
Toilet paper 30 units	16 Pounds	Mop	6 Pounds
Hand paper 16 units	24 Pounds	Floor squeegee	4 Pounds
Signs	4 Pounds	Hoover	35 Pounds
Bucket 4 Units	1 Pounds	Floor Polish 5 Litres	15 Pounds
Antical 1.000 ml	2 Pounds	Spin Moop	20 Pounds
Non-Scratch 10 packs	3,50 Pounds	Leifheit Window Cleaner	10 Pounds
Descaler 5 Litres	5 Pounds	Window Cleaner 5 Litres	5 Pounds
Hand Sanitizer 5 Litres	20 Pounds	Crystal clear window cloth	2 Pounds

Our products will try to differentiate themselves from the rest of the market, always following an ethic of protecting the environment (Bob Nelson, 2019).

That is why most of our products are biodegradable and ecological cleaning to protect the environment as much as possible and avoid highly polluting products (Sallid-Times, 2016).

All our products will be stored in a large warehouse that is part of our company building, which also has a private parking for the vans that we use to transport the products to the place where we have to work.

Only the right product that is needed is transported following the plan made for each type of service (Sallid-Times, 2016).

4.- MARKET ANALYSIS AND TRENDS

4.1.-AUDIT MARKET

In order to achieve improvements in the capital that we normally spend the proper functioning of the company, we are going to invest periodically in online advertising, which is where we are going to get a high volume of clients, creating a fully updated website that offers a fast service with All the necessary information with only one click trying to solve all the doubts of our clients without delays (Poshcleaners, 2019).

Our company is going to study customer behavior to know what they are looking for, because that is going to be one of our main objectives. We do not want only to give a good service; we want to give exactly what they need so as not to focus our efforts on something that does not interest them. We will do online surveys, and we will have web spaces where they can write comments and evaluations, apart from customer service always ready to listen to the requirements (Poshcleaners, 2019).

London is the best place to start a business thanks to the financial support that can be received from the state and thanks to that, new entrepreneurs find many facilities to open their businesses. The startup program is one of the different programs that the government has (Patel, 2018).

Our clients will be able to choose the products that best adapt their needs thanks to an online catalog that will be available on our website with all our products, machinery and a description of all of them.

4.1.1.- Prices

The price will be according to the type of service that each client wants, having the option of acquiring an individual service or scheduled services over a long period of time. Our clients will have the opportunity to receive special offers for long-term services or for recommendations.

Our company will do studies of the type of client we have to find out if we have a specific type of client or we have a variety of different clients that do not resemble each other to know if our product is of interest to a particular type of client or if we get to capture the attention of all the potential customers.

Thanks to knowing what type of client is the one we have the most, we will be aware of what type of advertising is the best and what places are best to carry out our advertising so as not to focus on the same type of advertising and get only the same type of clients, because what we want is to show ourselves to a great variety of clients.

Social networks are an excellent place to advertise having the opportunity to connect with customers and our company will take advantage of that opportunity by being active on both Instagram and Facebook apart from our website with constant updates and news to always offer the latest and the best.

4.1.2.- Marketing research

Customer type:

Our company offers a service especially aimed at clients who own businesses such as offices, with many workers where deep cleaning of their workplaces is very important, thus achieving high performance, creating a comfortable place to work (Ekanem, 2017).

Customer type: (Ekanem, 2017):

Customers who know us thanks to the internet and our website or advertising on social networks.

Clients who own companies with offices in the city center and who regularly need cleaning services.

Marketing research:

Annual growth increased to 1.3% in 2018 (Partington, 11) (Partington, 2020)

Annual growth increased to 1.4% in 2019 (Partington, 11) (Partington, 2020)

UK economy grows 1.8 in may 2020 (Wearden, 2020)

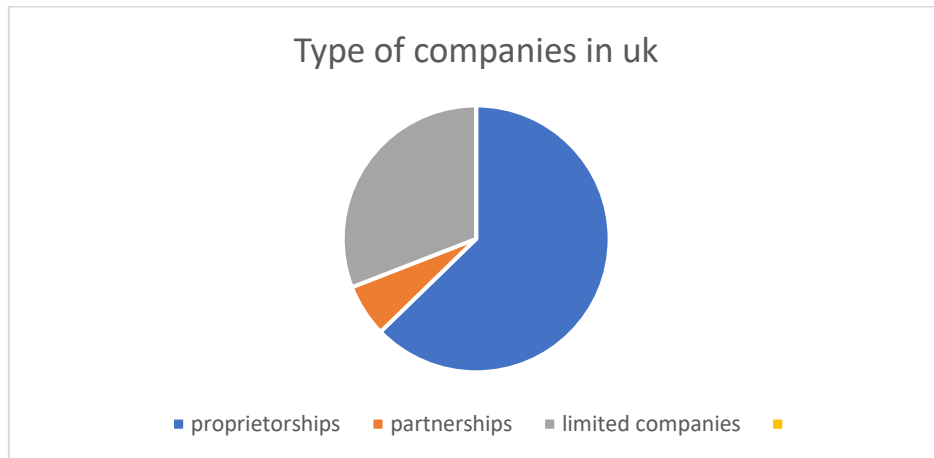
In the last months of 2019, the economy grew slowly due to Brexit and political indecision. Apart from this, the economy continues to grow and the service sector continued to increase its activity. But due to the coronavirus pandemic the economy has slowed by a quarter and studies predict that recovery will be slow (Wearden, 2020).

4.1.3.- Type of Companies in UK

Proprietorships: 3.5 million (69%) (Companybug, 2020)

Partnerships: 405,000 (7%) (Companybug, 2020)

Limited Companies: 2 million (34%) (Companybug, 2020)

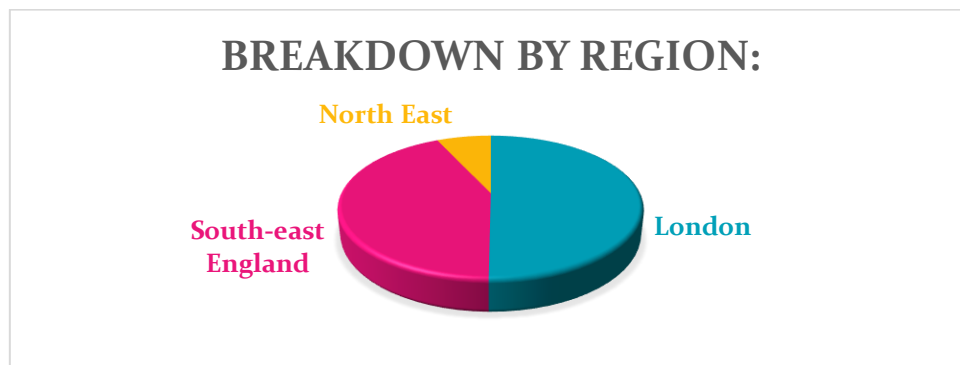


Breakdown by region:

London: 1.1 million businesses (Companybug, 2020)

South-east England: 940.000 (Companybug, 2020)

North East: 152.000 (Companybug, 2020)



4.1.3.- Marketing Strategy

We will make an in-depth study of our most direct competitors and of the new competitors in the market to discover our weaknesses as a company comparing ourselves with others and knowing where we are stronger than them to reinforce those parts (Finch, 2016).

Some of our most direct competitors:

- Zing Cleaning Services: will be one of our main rivals being a company with an experience of more than 30 years (Andrew Sieradzki, 2015).

Swot analysis Zing Cleaning Services:

STRENGTHS • Good Reputation • Managers doing customer service • Many service options	WEAKNESS • rising cost • Service That Is Not Personalized • Limited Reach • high prices
OPPORTUNITY • High Customer Retention • High Staff Retention • Security On Their Website	THREATS • Many Competitors • Rising cost • High Price Of Website Maintenance

- Covid HyClean: will be another of the companies that we are going to have to compete with the most because they are professionals in cleaning related to the coronavirus and this is something of vital importance for all companies (HyClean, 2020).

Swot analysis Covid HyClean:

STRENGTHS • Experienced in what the market needs today • Quick response to market change • High product quality	WEAKNESS • Poor reputation • Inexperience • Little customer service
OPPORTUNITY • Offers to clients • Online sales • They are more specialized than their competitors	THREATS • Plagiarism of their service • Sudden change in market needs • Little variety of service

- BizClean Commercial cleaning: it is a big cleaning company that covers all areas of London and all types of premises or establishments (Bizclean, 2019).

Swot analysis BizClean:

STRENGTHS • Personalized service • Good customer service • Good work team	WEAKNESS • Dependency on vital staff • Little reputation • Few employees
OPPORTUNITY • Their business is expanding • Importance to customer service • Clients are looking for personalized service	THREATS • Many competitors • Customer service only online • High cost of technology

During the year 2019 there has been a complete revolution in the cleaning services market. The new trends in this type of market are now focused on increasing the productivity of its customers thanks to the cleaning of the companies. Creating an environment around the employees that improves their way of working while being more comfortable (Poshcleaners, 2019)

Revolutionary years in this sector also await us due to the new technology that will become part of it, being a technology capable of giving us information about, for example, the state of a towel, among many other things (Poshcleaners, 2019)

Unlike before, more and more cleaning companies use social networks to advertise the company (Poshcleaners, 2019). This service offers constant customer demand and customers can choose the payment method they prefer

STRENGTHS AND WEAKNESSES OF OUR COMPANY

SWOT ANALYSIS:

STRENGTHS • Strong customer service team • Team involved in the company • Good relationship with providers	WEAKNESSES • Lack of partners • Many competitors • We do not have years of experience
OPPORTUNITIES • Important value to environmental care • Flexibility to buy new products • Predisposition to innovate and achieve better things	THREATS • New competitors • Price increase • Political instability

OPPORTUNITIES:

There are more and more companies in which the cleaning of their buildings is of vital importance, especially now because of the coronavirus, which makes it essential to work in a safe and totally clean place thanks to professionals.

Economic predictions indicate a slow but steady recovery in the economy, so we may have an opportunity to expand our business in the future.

More and more companies believe that working in a clean and fresh environment increases the productivity of their employees, making them work more comfortably. This causes business opportunities to increase.

KNOWING THE CAUSES OF DECLINING SALES:

The first thing that will be done is a deep analysis of all the areas that may have been affected to know exactly where the problem is, something we will do is look at the past not only what is happening in the present to know exactly what is happening. failure and what can we do to stop it from happening also trying to talk to get information and solve the problem with the people most directly involved with the parties that are causing the decline in sales.

Our company will also make a deep analysis of the areas that are working well to reinforce them more and to be in constant improvement of our company.

4.2.- MARKET TARGET

The Business Plan Proponent has selected London, United Kingdom as its Market Target. It has been identified as the best place to start its business primarily due to various important factors such as follows:

- Equality in key of SME (small and medium enterprise) outcomes within the local authorities (*Bone and Haley 2017*).
- Based on the regional view, London is the most productive region in the UK which shows three and half times more productive than Wales, the region which is the least productive part of UK (*Bone and Haley 2017*).
- At a local authority level, the City of London shows 26 times more productive than its least counterpart, West Somerset (*Bone and Haley 2017*).

Listed below (Rhodes, 2020) table shows the businesses in the UK by size (the number of employees per business).

Private sector businesses in the UK by number of employees, 2019						
	Businesses	Employment	Turnover	Businesses	Employment	Turnover
	1000s	1000s	£ billions	%	%	%
No employees	4,458	4,835	305	76%	18%	7%
SMEs (0-250 employees)	5,860	16,630	2,168	99.9%	60%	52%
Of which: Micro (0-9 employees)	5,613	9,041	900	96%	33%	22%
Small (10-49 employees)	211	4,117	629	4%	15%	15%
Medium (50-249 employees)	36	3,473	639	1%	13%	15%
Large (250+ employees)	8	10,868	1,982	0%	40%	48%
Total, all businesses	5,868	27,498	4,150	100%	100%	100%

The small and medium sized businesses are defined by the number of its employees. To be categorized as such, they should have fewer than 250 employees. The 5.9 million small and medium businesses in the UK as surveyed in 2019 represent the 99% of all businesses in the region. While the 5.6 million mini businesses in the same year represent 96 % of the total business population. Mini or small businesses have 0-9 staffs. Despite the fact that majority of enterprises in the UK hire fewer than 10 people, this kind of enterprise only has 33% of employment and 22% of turnover (Rhodes, 2020).

There 8,000 large businesses have more than 250 staffs, considering it for 0.1% of enterprises but 40% of employment and 48% of turnover, as following charts presents (Rhodes, 2020).

4.2.1.- Segmentation

TSD cleaning service will focus on retail industry as shown in the charts below. The number of retail businesses in UK will reach 547 in the UK by 2019. This type of industry will generate a lot of opportunity to gain clients since as its number increases, the demand for the cleaning service also increases.

Secondarily, it will be highly ideal to target commercial offices as shown in the related informational chart. Offering cleaning services to financial & insurance offices, administrative & support services, and in educations will also be viable prospect. For sure every single business industry must have offices that needs cleaning necessities which will require our services.

The following chart (Rhodes, 2020) shows the businesses in the UK by industry, the percentage shows how many numbers of businesses are in each industry. Again, based on the information below, TSD cleaning service market target is big, and this indicates a favourable option to extend services to different and various type of industries.

Businesses by industry in the UK, 2019				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	194	3%	3%	6%
Manufacturing	276	5%	10%	15%
Construction	1,037	18%	8%	9%
Total services	4,360	74%	79%	71%
<i>Of which:</i>				
Retail	547	9%	18%	34%
Transportation	360	6%	6%	5%
Accommodation & food	202	3%	9%	3%
ICT	370	6%	5%	7%
Financial and Insurance	91	2%	4%	-
Real estate activities	113	2%	2%	2%
Professional and scientific	868	15%	10%	9%
Administrative & support service	512	9%	11%	7%
Education	307	5%	2%	1%
Health and social work	361	6%	7%	2%
Arts and recreation	290	5%	3%	2%
Other service activities	340	6%	3%	1%
<i>Total</i>	<i>5,868</i>	<i>-</i>	<i>-</i>	<i>-</i>

The market for office cleaning services in the central London may vary from small office (1-5 employees), medium offices (6-30 employees) to big offices that can have 21 employees and up.

The company shall start to offer cleaning services to small businesses e.g. small office and retail that can employ between 1-10 employees.

4.2.2.- Positioning

TSD cleaning services will position themselves as professional, reliable and trustworthy firm.

To maintain the highest level of competitiveness and competence, all staff of the firm shall undergo regular training in every single aspect of the services being offered to its clients such as follows: There shall be an Induction Day for new staff and Regular Orientation regarding certain basic protocols in the proper use of different kind of hoovers to avoid breaking it, how to wash properly the cloths after using it, and how to clean mirror and windows perfectly without having a mark.

Team Building for all the staff to attain organizational objectives without compromising quality services and expectation of the clients through working interdependently with one organizational objective to achieve.

Customer Satisfaction Orientation. Hence, every staff will be oriented to the feedback mechanism the firm employs so that everyone will be made aware of what is expected of them and at the same time of the expectation of the clients he/she serves to provide them satisfactory services. This will provide good feedback and gain referrals as satisfied clients love to spread good things with friends.

The company shall utilize quality and health hazard free chemicals for the environment. It shall disclose to its client's what chemicals are used by the firm so that they are properly informed and made aware of the product though other competitors may have been using it too.

Uniforms will be provided to staffs with our logos attached, so staffs will have more professional appearances.

The confidence to offer a professional, reliable, trustworthy and immaculate cleanings service will always be one of the firm's highest goal, though, other competitors have several cleaning services, the company will be the only one that targets a certain industry that requires or demands professional cleaning services since companies are willing to pay for a service that they can trust 100% which are provided by professional skilled workers to clean their businesses without worrying about the cleaning standards.

4.3.- MARKETING STRATEGY

The Company shall utilize the following strategic marketing strategies in promoting its business interest:

1. Email Marketing

Electronic and Automatic System in the delivery of personalized messages to visitors of company website will be utilized to respond to relevant queries from prospective clients through their email. Building an email list of right people and targeting them with messages that will promote the services of the firm through informational updates to its offer of discounts and incentives such as but not limited to giving such incentive during initial months of service available to drive business growth.

2. Post Mail Campaign/Leaflet Distribution

Post Mail Campaign and the production of related leaflets for distribution to different target companies shall be undertaken properly. An additional staff shall be hired to perform this related task.

3. Paid Social Media Advertisements

The firm shall engage itself to paid advertisement using Google, YouTube and Facebook platforms since they have huge number of users who can be potential clients.

4. Public Places/ Transport/Shopping Centres/ Advertisements

Displaying advertisement in shopping centres, trains, train stations or bus stops will surely gain public attention and promote the business to greater number of prospective clients.

4.3.1.- Marketing Mix

TSD uses Marketing Mix Approach more particularly about the services it offers to its clients which are as follows:

- **Product** - it offers services to its prospective clients using the right chemical cleaning ingredients, qualified workers, and ethics and quality standards.
- **Price** - It is competitive and maintains customer satisfaction as the value of their money is optimized.
- **Promotion** - provide reliable and trustworthy information on their services focusing not only on profits but in establishing themselves as leading industry which provides quality cleaning services.
- **Place** - (Distribution) adopts systematic approach in allowing the product reach the point of sale on time and establishing product brand loyalty.

4.4.- COMPETITION AND BUYING PATTERNS

Commercial cleaning business is not hard to start up as this business does not require any professional training to achieve, anyone could set up this cleaning services whenever they have the required capital money (Martins, 2020).

Even though that there are a lot of cleaning businesses existing already, the good thing is cleaning services are on high demand. Other companies might have waiting list because they are not able to meet the demand due to staff shortage. Clients want good and quality services and not everyone can offer such quality. Therefore, there are companies that are not satisfied with the cleaning and might go to the other company rivals.

The retail and offices cleaning niche aim for a larger cleaning business. Within this cleaning industry there are residential cleaners and house cleaners. TSD is like a janitorial service that offers a general cleaning, carpet cleaning and window cleaning.

The residential and house cleaning market are particularly worked by independent companies, they are divided into 2 kind of groups: maid or house cleaners, that can offer a window cleaning, carpet cleaning and more services that are mostly not on high demand.

TSD as a commercial cleaning company offer a wide range of services not just the in general cleaning, but can offer a wide range of services, which means that we have more options to offer for a client. We will charge fair enough, and people would be willing to pay for our unbeatable level of professionalism, reliability and the most amazing experience.

4.5.- SALES STRATEGY

Funders will be in charge for looking for the clients, from all their previous jobs. As a start all of the five small retail businesses and five small offices have already agreed to move to this company. This will be the beginning part of the business.

The process of the sale will start thru email, giving a quotation for the service, setting up a formal meeting for contract signing providing details to the monthly rate of the company. To provide them staffs to clean their offices or business. Afterwards clients will be approached to give a feedback to improve all staff members.

To have a regular staff, they shall be properly compensated for them to stay with the firm and do their job properly after receiving a good feedback from clients.

4.5.1.- Sales Forecast

The sales for first year are expected to gradually increase, however with the situation right now due to Covid-19, the growth of the businesses, generally, will not be good as it used to be. But if everything will be back to normal, the sales forecast might continue to target a medium size of businesses to increase sales or gain more clients.

Proceeding to larger size of businesses, there will be a need to hire more staffs, so then networking will be required and so are the friend referrals.

Direct costs including the labour of staffs and cleaning supervisors, cleaning supplies or any other expenses like staff travel cost will be properly monitored and evaluated. Cleaning supervisors are expected to be the 5% of sales while the cleanings staff members will be paid by hourly wages is expected to cost the 30% of sales.

To guarantee the sales that it would bring benefits, this company will not be compensated by sales but by profits, that keep the margins around 65%.

4.5.2.- Expense Forecast

Marketing expenses will be properly budgeted in advance to manage and control its viability for its first three months in the market. Succeeding months will show stability and control until the end of the year.

As shown in the following tables are estimated expenses in marketing for the next three years.

MARKETING EXPENSE

	Year1	Year 2	Year 3
Printed material	£600	£1,000	£1,200
Paid advertisement campaign	£1,000	£1,500	£2,500
Economic incentives (for referrals)	£1,200	£1,500	£1,800
Total marketing expense	£2,800	£4,000	£5,500

5.- TECHNOLOGY PLAN

Due to the type of business that the company carries out, the technology is not directly related to the cleaning service.

The main problem that **Cleaning Service TSD** faces is: how to communicate between different departments. This is because the finance, marketing and human resources departments work from home. This fact delays internal communication in the company. At the same time there is a lack of physical connection with the operational department.

The company will solve this problem thanks to the creation of a computer software. For the development of this computer app, the company "APPY MONKEY" (based in London) will be hired. The costs of this computer application can be found in the section 7.4 *Operating cost*.

For every worker will be created a virtual profile in this app and they will be enabled to do the following functions:

- Internal communication between departments
- Monitor scheduled services
- Monitor current process of services
- Check the staff shifts
- Send customer satisfaction surveys
- Issues and results
- Send and received internal mails

Cleaning Service TSD will have its own website. The potential customers will find all the information related to the company, services, offers and ways to contact with us.

To creating the website, "APPY MONKEY" will also be hired.

6.- MANAGEMENT & ORGANIZATION

6.1.- MANAGEMENT SUMMARY

Cleaning Service TSD is a small business that, in its beginnings, will have ten fully trained professionals, who will provide a high quality and efficient service. They will always keep in constant contact with the client, looking for their feedbacks. It will also respect the environment as much as possible due to the choice of its products and its working methods.

The company will be in charge of establishing the necessary prevention protocols against the pandemic caused by Covid-19.

6.2.- STRUCTURAL ORGANIZATION

The structural organization of a company is the key to a successful development, it will allow the identification of tasks and responsibilities of the different departments or areas. The division of tasks will allow a synergy to obtain an effective growth in **Cleaning Service TSD**. (Maund, A., 2017)

Cleaning Service's top position will be for the business director (owner). Under his direct command, there will be four main functional areas: finance, human resources, marketing and operations. (Machela, T., 2019)

These 4 areas will be intercommunicated thanks to the company's software. This software will allow to sharing information between the different departments.

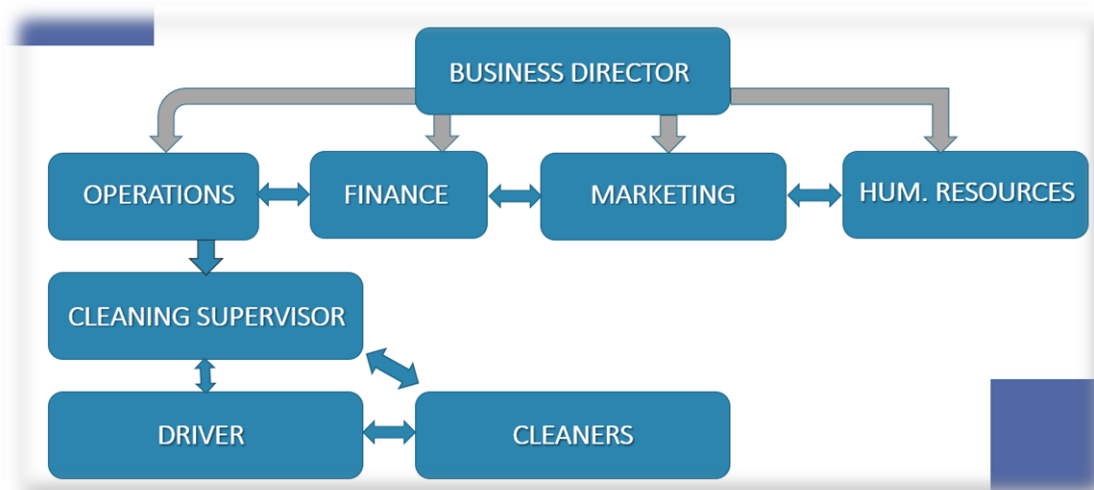
All company workers will have a full-time contract, except human resources and one of the drivers, who will have a part-time contract.

Internal communication in the company will be pyramidal, the workers will report their concerns and labour problems to their supervisor, who will communicate it to human resources. In turn, he will report the actions to management. This formal communication will be sent via email. These actions will be recorded for possible legal requirements.

This organizational structure will be the basic one to face the first months of the company's life and will be revised according to sales criteria.

The following diagram shows the corporate organization of the company in a graphic way.

ORGANIZATIONAL STRUCTURE



6.2.1. - Marketing

The marketing department is worried with finding out the needs and requirements of potential clients and promoting the company' services.

In its initial phase, this department will be formed by a single person. This position will be a full-time position that will take place from home. Working hours will be from 9 a.m. to 5 p.m. from Monday to Friday. This person will be in charge of:

- attracting customers to the company
- promoting the business through different routes already reported in the marketing section
- building long-term relationships with new and existing customers
- Communication of services contracted by the client
- customer support
- storage of feedbacks of services provided by the company

The requirements necessary to occupy this job position will be:

- proven work experience in business development, sales and marketing and related fields
- ability to build lasting rapport with current and new customers
- having impeccable command of the English language both spoken and written
- highly articulate with strong communication and negotiation skills
- well organised, methodical with strong attention to detail

6.2.2. - Finance

The finance department will deal with all the financial aspects of the business. In its initial phase, this department will be formed by a single person. This position will be a full-time position that will take place from home. Working hours will be from 9 a.m. to 5 p.m. from Monday to Friday. This person will be in charge of:

- be responsible for ensuring intercompany and bank reconciliations are performed on a weekly basis
- manage the whole Accounts Payable Process

- review processes, policies and procedures recommending and implementing improvements where necessary
- responsible for managing the Accounts Payable function.
- driving timely and accurate payments
- ensuring payment instructions and approval limits are maintained and appropriate
- maintaining accounts/mandates on UK bank accounts

The requirements necessary to occupy this job position will be:

- Experience with management of accounts payable processes and procedures.
- Ability to demonstrate initiative and take responsibility.
- Strong attention to detail, time management & prioritisation.
- High level of self-motivation with the ability to work within an environment subject to change

6.2.3.- Human Resources

Cleaning Service TSD will have a single person to carry out the tasks assigned to this job position. This worker will have a part-time job, with a schedule from 9:00 a.m. to 1:00 p.m. from Monday to Friday. This worker will be working from home. This person will be in charge of:

- Ensuring the correct interpersonal functioning of the different workers of the company
- Supports the relationship between the employer and the employee
- Making the necessary arrangements to carry out trainings and its supervision
- Making management plans known to our employees
- Carrying out the personnel selection processes
- Dissemination of job offers through different platforms
- Ensuring that all staff work within the guidelines set out in the appropriate health and safety legislations

The requirements necessary to occupy this job position will be:

- Working knowledge of the recruitment industry

- Experience working independently and remotely (home-based)
- Experience dealing with businesses at key decision-maker
- Excellent verbal and written communication skills in English
- Very good working knowledge MS Office and Office 365 environments including Team
- Access to own suitable workstation with a stable internet connection

6.2.4.- Operational staff

Operations will cover all the stages of providing our service. This department will ensure that the service has enough quality to satisfy the customer.

This department will be headed by a supervisor, in charge of 3 cleaners and 2 drivers.

For Cleaning supervisor position, **Cleaning Service TSD** is looking for a person with vast experience in cleaning services, with strong leadership skills. This position will be a full-time position from Wednesday to Sunday. Working hours will be from 9 p.m. to 5 a.m. This person will be in charge of:

- Service Quality Control
- Organizing the work and supervising its fulfilment
- Linking with Human Resources
- Organizing the shifts of the month for cleaners and drivers
- Assisting on staff recruitment
- Establishing the schedules for the contracted services

The supervisor must have exhaustive knowledge of the products used by the company and their correct application to achieve excellence in service.

CLEANERS AND DRIVERS

The company will have three cleaners with a full-time contract. The work shift will be from 9:00 p.m. to 5:00a.m. Work days will be established weekly by the supervisor and will be rotated among employees attending to workload. All workers will have a minimum of two days off.

Cleaners will be in charge of executing the services contracted by clients with high quality standards.

Cleaning Service TSD will have at its disposal 2 drivers. The first of them will have a full-time contract from Wednesday to Sunday from 9:00 p.m. to 5:00 a.m. The second driver will have a part-time contract from 9:00 p.m. to 5:00 a.m. (Mondays and Tuesdays).

Drivers' tasks will be the same as for cleaners; also, they will drive the van and they will take care of its maintenance.

6.3.- STAFF PAYROLLS

Wages are subject to times of high workload in which extra hours, paid by the company, would be requested.

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Business director	-	-	-	-	-
Accountant	24,000	26,000	27,000	27,000	27,000
Marketing & Sales	24,000	26,000	27,000	27,000	27,000
Human Resources	11,000	12,000	12,500	12,500	12,500
Supervisor	22,000	22,500	23,000	23,000	23,000
Driver 1	21,000	21,500	22,000	22,000	22,000
Driver 2		8,500	9,000	9,000	9,000
Cleaner 1	19,000	19,500	20,000	20,000	20,000
Cleaner 2	19,000	19,500	20,000	20,000	20,000
Cleaner 3	19,000	19,500	20,000	20,000	20,000
Cleaner 4		8,500	9,000	9,000	9,000
Cleaner 5		8,500	9,000	9,000	9,000
Cleaner 6			9,000	9,000	9,000
Cleaner 7			9,000	9,000	9,000
Cleaner 8			9,000	9,000	9,000
Total payroll cost	159,000	192,000	225,500	225,500	225,500

6.4.- STRUCTURAL VIABILITY

The organizational structure will have the professionals mentioned previously. Their skills will achieve the successful execution of the services provided by **Cleaning Service TSD**. (Marcos Eguiguren, 2006).

This organizational structure will allow to have a minimum number of professionals, but at the same time, it will cover operational needs to provide an effective and expert service.

This opening organizational structure will allow the development of the company. This company structure will expand when sales forecasts increase.

7.- OPERATIONS

7.1.- LOCATION AND FACILITIES

Considering the global circumstances due to the Covid-19 pandemic, the company will not have a physical office and will use technology for continuous contact between workers and workers with clients.

Being a small company, our meetings will take place at free coworking spaces. The company will locate these possible meetings at Kennington Park "workspace". This headquarter is located next to Oval underground station (London). Through this decision the costs of renting a space will be objectively reduced and the company will adapt itself to the current business market.

If the business progression is growing during the second year, the implementation of a physical office will be studied (as long as it is necessary due to sales volume and external conditions).

The company will rent a small warehouse close to the aforementioned coworking space. This physical space will be used to store our products and car. **Cleaning Service TSD** needs this space as a meeting point for workers. From this point they will travel to the places where they will do the cleaning service. The choice of this operational space is due to economic reasons, also it is a strategical place well connected with central London.

7.2.- LOGISTICS SUPPLIERS

SUPPLIER 1:	
Organisation:	Relationship status:
ALKIMI	CONTACT UNDER NEGOTIATION
Service provided:	Key terms of the relationship:
SUPPLYING ECOLOGICAL CLEANING PRODUCTS	ACHIEVEMENT OF GOALS MERCHANDISE DISTRIBUTION SPEED QUALITY PRODUCTS

SUPPLIER 2:	
Organisation:	Relationship status:
LAUNDRYHEAP	CONTACT UNDER NEGOTIATION
Service provided:	Key terms of the relationship:
CLEAN AND DRY UNIFORMS	PRICE QUALITY SERVICE

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SUPPLIER 3:	
Organisation:	Relationship status:
ECO EVERYDAY	1 YEAR CONTRACT
Service provided:	Key terms of the relationship:
FACE MASK HAND SANITIZE GEL FACE SHIELD	PRICE QUALITY PRODUCTS

7.3.- ADDITIONAL OPERATIONAL INFORMATION

The finance and marketing departments will have a working day from Monday to Friday (9 a.m. to 5 p.m.).

The human resources department, having a part-time contract, will start its working day at 9a.m. and end it at 1a.m. (Monday to Friday).

The services contracted will be carried out from 9:00 p.m. and will end at 5:00 a.m. from Monday to Sunday (this schedule is for workers in the operational department). From our warehouse, they will begin to distribute the service offered to the clients.

The appointments to carry out the service will be managed by operations department. Marketing area will negotiate contracts with our potential customers. They will communicate the contracted services to the supervisor and he/she will do so to the workers.

For internal communication between employees a computer software will be used. This application will also be used to communicate our team with customers. For the development of this computer software, the company "APPY MONKEY" (based in London) will be hired.

All contracted services will be sent via app to the supervisor one week before they are scheduled.

The supervisor will be in charge of actively monitoring services and sharing information with customers through the application.

To reduce congestion charge costs, we will try to avoid restricted hours as much as possible. This will be possible because the services provided by **Cleaning Service TSD** will be carried out at night when the offices are empty.

A quality and customer satisfaction survey will be sent to customers at the end of each service. This survey will be sent through the computer application. The issuance of invoices will also be carried out digitally (through the app).

Once the service ends, the workers will return to the warehouse, where the uniforms will be left for washing and disinfection.

Invoices of services will go directly to the accounting department through the app.

Company workers will receive 1 training every 3 months. Attendance at these trainings will be mandatory. If these trainings are not scheduled during the working day, they will be paid as extra hours.

At the end of each month an inventory of the products in stock will be done.

7.4.- OPERATING COST

As **Cleaning Service TSD** do not have a physical office, our operating costs will be greatly reduced. They will be those related to the storage of products. This is one of our main advantages with our competitors, we will be able to make a substantial reduction in the price of the service, as it has been reported in the marketing section. (Stutely, R., 2012)

The following table shows the annual estimation of operational costs:

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Electricity	840	860	880	900	920
Water	420	425	430	435	440
Warehouse rent	24,200	24,350	24,500	24,600	24,800
Council tax	7,000	7,200	7,400	7,600	7,800
Van maintenance	800	1,000	1,500	2,000	2,000
Van fuel	2,800	2,800	4,000	4,200	4,500
Congestion charge	1,200	1,300	1,600	1,600	1,800
Uniforms	600	800	1,000	1,200	1,200
Laundry	6,000	6,500	7,500	7,500	8,000
Anti Covid-19 measures	2,000	-	-	-	-
Training	4,000	4,500	6,000	6,000	6,000
Company Management Application	5,000	1,500	1,500	1,500	1,500
Marketing	10,000	10,000	5,000	5,000	5,000
Total operating costs	64,860	61,235	61,310	62,535	63,960

8.- FINANCIAL PLAN

The financial plan for “TSD Cleaning Service” will explain the key components of the businesses forecasted financial statements and cover other important financial topics such as funding, break even, and scaling up strategies for the company.

8.1.- FUNDING AND START-UP COSTS

The cleaning business will use funds of the director and will also apply for a bank loan at the onset. The business is a start-up company and therefore it will be difficult to obtain a loan for all of the initial start-up capital, as the business is not making any profits to cover interest and has no historic trading accounts. Therefore, majority of the initial start-up funds will come from the director. A significant investment of initial start-up funds by the director of the company will also entice banks to provide a loan as it shows that the owners have a direct interest in the success of the business.

The owner has prior experience in successfully managing a laundry business which he has sold and obtained the £200,000 to invest in this new venture.

The costs covered by this funding will include initial set up costs such as warehouse rent for example. Additionally, we will reserve £25,000 for essential cleaning products as part of opening inventory supplies. The rest of the investor funds will be used to finance any cash short falls incurred from operations that occur in the initial years since start up. This is because the company will not generate enough sales to cover operating expenses such as staff costs, training and marketing in the initial years. In total the start-up capital amounts to £250,000, which comprises of £200,000 owners funds and a £50,000 bank loan.

The bank loan will have a five year term with a 5% interest rate and the repayment of the principal of the loan will take place gradually throughout the five year loan period.

8.2.- SALES OVERVIEW AND PROJECTIONS

We will try to secure long term and one-off contracts with our clients, from which we will earn sales revenue. These contracts will be secured from the marketing campaigns that will take place as soon as the business is set up, using our marketing and sales consultant.

The pricing of the contracts will depend on the price and quantity of products required for the cleaning contract, the number of staff required, staff pay and how much space is covered in terms of cleaning amongst other factors. Transport costs will not be significant as we will be covering the London market

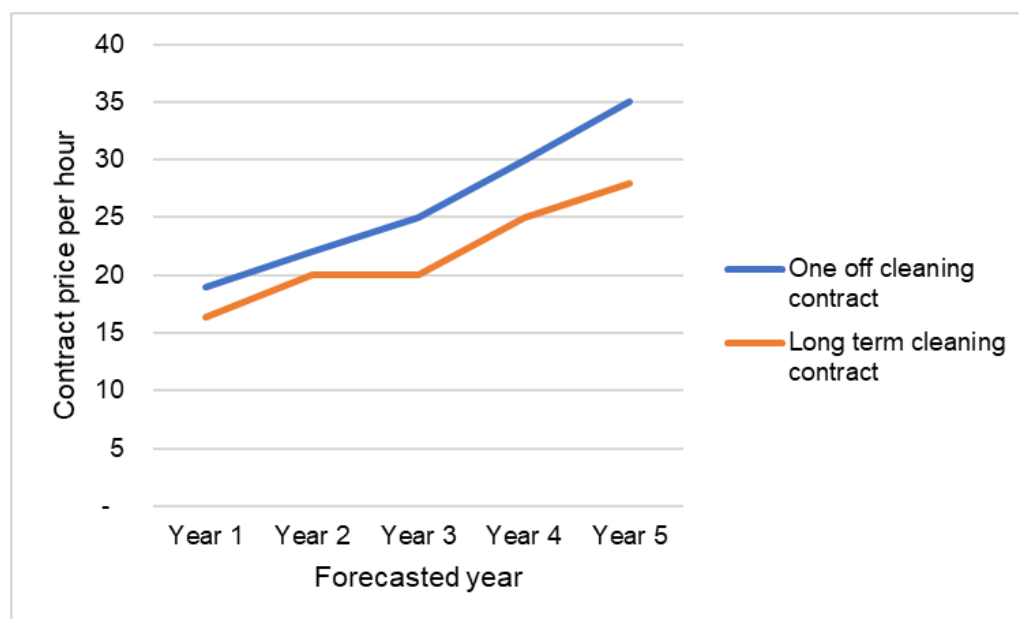
at the onset. We will use an hourly rate to charge for contracts and this hourly rate will capture the direct and indirect costs involved with cleaning mentioned above. (Universal Class, 2020)

In addition to this we will analyse the pricing used by popular competitors in our target market. As we are a start-up we will try to use a lower pricing point to that of the competition, so that we can compete better from a contract price point of view. This pricing will initially not be able to cover costs however as sales increase and we build a strong track record, we will be able to break even and also charge higher prices. The pricing will differ from long term and one off contracts, with long term contracts been offered a discounted price to that of a one off contract to entice customers to take on long term contracts with the company.

The market rate for commercial cleaning one off contracts on an hourly basis is understood to be priced close to £20 per hour at a minimum. (Bidvine, 2020)

Therefore, we will price the one-off contracts at £18 per hour at the onset and the long term contracts at £15 per hour. We will increase the pricing of one off contracts at a faster rate in the five year forecast period compared to long term contracts. This is in order for us to entice more customers to take on long term contracts at the discounted price as we grow our focus towards securing long term contracts.

Contract price per hour trend



Below is the sales schedule. The first year is broken down into months to show that we will not achieve any sales in the first month and will gradually start to build sales, thereby been conservative and realistic in our forecasts.

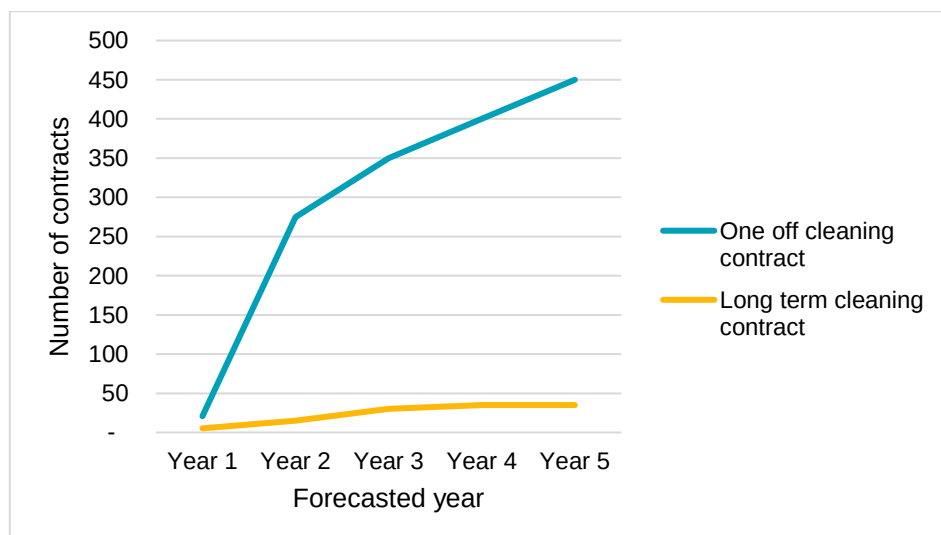
(Lasher, 1994) We have not forecasted years 2-5 on a monthly basis as we are not able to accurately predict monthly sales two years or more into the future. Through winning one off contracts, we will attempt to convert these contracts into long term contracts, as customers begin to trust the quality of our service. Therefore, we have assumed securing 5 one off contracts in month 2 and a steady increase within the first year. As the marketing strategy takes effect, we will see a faster increase in growth of one off contracts from years 2 to 5.

It will be more difficult to secure long term contracts at the start of the business, until we have built a stronger brand image. Therefore, we have forecasted that we will start securing long term contracts from month 4 onwards. The growth of long-term contracts will increase at a slower pace than one off contracts, as we believe it will be harder to secure longer term commitments with clients.

Sales schedule

Sales forecast	Year 1												Year 2-5			
	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Month	Year	Year	Year	Year
	1	2	3	4	5	6	7	8	9	10	11	12	2	3	4	5
Number of contracts																
One off cleaning contract	-	5	10	10	15	15	20	25	30	35	40	45	275	350	400	450
Long term cleaning contract	-	-	-	5	5	5	5	8	8	8	10	10	15	30	35	35
Cleaning hours																
One off cleaning contract	-	5	5	10	10	10	10	20	20	20	20	20	30	30	30	30
Long term cleaning contract	-	46	46	46	46	46	46	46	46	46	46	46	600	640	660	720
Price per hour																
One off cleaning contract	18	18	18	18	18	18	18	20	20	20	20	22	22	25	30	35
Long term cleaning contract	16	16	16	16	16	16	16	16	16	16	16	20	20	20	25	28
Sales																
One off cleaning contract	-	450	900	1,800	2,700	2,700	3,600	10,000	12,000	14,000	16,000	19,800	181,500	262,500	360,000	472,500
Long term cleaning contract	-	-	-	3,667	3,667	3,667	3,667	5,867	5,867	5,867	7,333	9,167	180,000	384,000	577,500	705,600
Total Sales	-	450	900	5,467	6,367	6,367	7,267	15,867	17,867	19,867	23,333	28,967	361,500	646,500	937,500	1,178,100

Number of contracts secured trend



8.3.- COST OVERVIEW AND PROJECTIONS

For cost of goods sold which will include the direct costs relevant to the cleaning service such as cleaning products and equipment, we will assume a higher percentage of 30% on one off contracts and a lower percentage of 25% on long term contracts. This is because for one off contracts we may have to purchase additional products depending on the type of cleaning contract, whereas for long term contracts we can negotiate discounts because of bulk purchases with suppliers, as the contract requirements are already known well in advance. (Petty, 2016)

Operating costs will include staff costs, a schedule of which is shown below. The business will have 3 cleaners and 1 driver at the onset who will be working full time. We will gradually increase our staff as part of our scaling up strategy.

Staff schedule

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Business director	-	-	-	-	-
Accountant	24,000	26,000	27,000	27,000	27,000
Marketing & Sales	24,000	26,000	27,000	27,000	27,000
Human Resources	11,000	12,000	12,500	12,500	12,500
Supervisor	22,000	22,500	23,000	23,000	23,000
Driver 1	21,000	21,500	22,000	22,000	22,000
Driver 2		8,500	9,000	9,000	9,000
Cleaner 1	19,000	19,500	20,000	20,000	20,000
Cleaner 2	19,000	19,500	20,000	20,000	20,000
Cleaner 3	19,000	19,500	20,000	20,000	20,000
Cleaner 4		8,500	9,000	9,000	9,000
Cleaner 5		8,500	9,000	9,000	9,000
Cleaner 6			9,000	9,000	9,000
Cleaner 7			9,000	9,000	9,000
Cleaner 8			9,000	9,000	9,000
Total payroll cost	159,000	192,000	225,500	225,500	225,500

The only rental payments will be for the leased warehouse. We assume a 10 year contract at a rent of £24,200 at the onset. This rent increases by a certain percentage on an annual basis.

We also assume high training costs for our staff members throughout the forecast period to ensure that they are trained to a very high professional standard and this would help us significantly improve the quality of our services.

Marketing costs will be comparatively higher in the first two years, as the brand name for the business is enhanced using a website, advertising material (brochures and leaflets) etc. These costs will then be at a lower level in the following years.

Operating cost schedule

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Electricity	840	860	880	900	920
Water	420	425	430	435	440
Warehouse rent	24,200	24,350	24,500	24,600	24,800
Council tax	7,000	7,200	7,400	7,600	7,800
Van maintenance	800	1,000	1,500	2,000	2,000
Van fuel	2,800	2,800	4,000	4,200	4,500
Congestion charge	1,200	1,300	1,600	1,600	1,800
Uniforms	600	800	1,000	1,200	1,200
Laundry	6,000	6,500	7,500	7,500	8,000
Anti Covid-19 measures	2,000	-	-	-	-
Training	4,000	4,500	6,000	6,000	6,000
Company Management Application	5,000	1,500	1,500	1,500	1,500
Marketing	10,000	10,000	5,000	5,000	5,000
Total operating costs	64,860	61,235	61,310	62,535	63,960

A complete income statement projection that incorporates the above sales and cost items is shown below.

Income Statement Projection					
	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue					
One off cleaning contract	83,950.00	181,500.00	262,500.00	360,000.00	472,500.00
Long term cleaning contract	48,766.67	180,000.00	384,000.00	577,500.00	705,600.00
Total revenue	132,716.67	361,500.00	646,500.00	937,500.00	1,178,100.00
Cost of Sales					
One off cleaning contract	25,185.00	54,450.00	78,750.00	108,000.00	141,750.00
Long term cleaning contract	12,191.67	45,000.00	96,000.00	144,375.00	176,400.00
Cost of goods sold	37,376.67	99,450.00	174,750.00	252,375.00	318,150.00
Gross Profit	95,340.00	262,050.00	471,750.00	685,125.00	859,950.00
TOTAL INCOME	95,340.00	262,050.00	471,750.00	685,125.00	859,950.00
EXPENSES					
Operating expenses					
Electricity	840.00	860.00	880.00	900.00	920.00
Water	420.00	425.00	430.00	435.00	440.00
Warehouse rent	24,200.00	24,350.00	24,500.00	24,600.00	24,800.00
Council tax	7,000.00	7,200.00	7,400.00	7,600.00	7,800.00
Van maintenance	800.00	1,000.00	1,500.00	2,000.00	2,000.00
Van fuel	2,800.00	2,800.00	4,000.00	4,200.00	4,500.00
Congestion charge	1,200.00	1,300.00	1,600.00	1,600.00	1,800.00
Uniforms	600.00	800.00	1,000.00	1,200.00	1,200.00
Laundry	6,000.00	6,500.00	7,500.00	7,500.00	8,000.00
Anti Covid-19 measures	2,000.00	-	-	-	-
Training	4,000.00	4,500.00	6,000.00	6,000.00	6,000.00
Company Management Application	5,000.00	1,500.00	1,500.00	1,500.00	1,500.00
Marketing	10,000.00	10,000.00	5,000.00	5,000.00	5,000.00
Total payroll cost	159,000.00	192,000.00	225,500.00	225,500.00	225,500.00
Depreciation	5,000.00	5,000.00	7,000.00	7,000.00	7,000.00
Interest expense on long-term debt	2,243.50	1,791.06	1,316.00	817.19	293.44
Total operating expenses	231,103.50	260,026.06	295,126.00	295,852.19	296,753.44
TOTAL EXPENSES	231,103.50	260,026.06	295,126.00	295,852.19	296,753.44
TAXES					
Income Tax	-	607.18	52,987.20	116,781.84	168,958.97
Other Tax (specify)	-	-	-	-	-
TOTAL TAXES	-	607.18	52,987.20	116,781.84	168,958.97
NET PROFIT	- 135,763.50	1,416.76	123,636.80	272,490.97	394,237.59

8.4.- PROFITABILITY AND BREAK EVEN

We will assume that it will take six months to ensure that strong marketing captures a wide audience of clients and will see growth in sales then onwards. We will therefore assume the first month of no sales and the following 11 months at a comparatively low level of sales. After this, sales will see higher growth in terms of number of contracts secured and contract pricing.

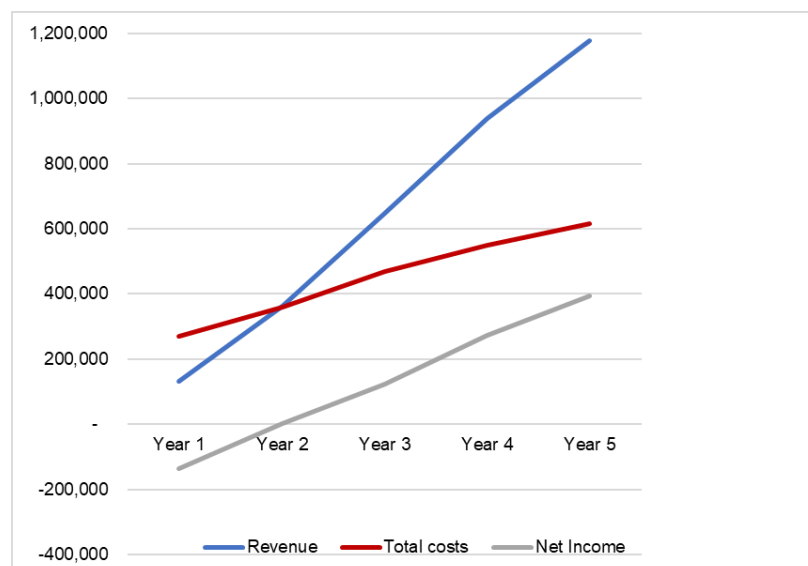
As we secure more customers and build strong brand recognition through positive customer reviews, we will be able to steadily increase prices for our services.

In the forecasted first year the company will make comparatively less revenue than the other 4 years. Given this factor and as all the revenue will go towards funding operational costs, the company will not make a profit. We will use director financing and bank financing to cover any cash short falls operationally during the first year.

The company will then gradually increase profits because of a gradual increase in price per hour and number of cleaning contracts which translates into higher sales revenue.

Profitability summary

	Year 1	Year 2	Year 3	Year 4	Year 5
Revenue	132,717	361,500	646,500	937,500	1,178,100
Cost of goods sold	- 37,377	- 99,450	- 174,750	- 252,375	- 318,150
Gross profit	95,340	262,050	471,750	685,125	859,950
Operating expenses	- 231,103	- 260,026	- 295,126	- 295,852	- 296,753
Net Income	- 135,763	1,417	123,637	272,491	394,238



The above graph shows the trend of revenue, total costs and net income over time. Total costs been cost of goods sold and operating costs. The graph shows that the business will break even in year 2, where it will not earn a profit nor make a loss. (Wentworth, 2010)

8.4.1.- Balance sheet

Below is the balance sheet for the company and it shows the assets owned by the business and what the business owes other parties such as suppliers and banks. (Gray, 1995)

Balance Sheet Projection						
ASSETS						
Current Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Cash and short-term investments	200,000.00	55,187.76	12,103.34	127,763.90	366,779.82	777,018.61
Accounts receivable	-	-	-	25,000.00	25,000.00	25,000.00
Total inventory	25,000.00	30,000.00	60,000.00	40,000.00	70,000.00	50,000.00
Prepaid expenses	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Other current assets	-	-	-	-	-	-
Total current assets	225,000.00	85,187.76	72,103.34	192,763.90	461,779.82	852,018.61
Property and Equipment	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Buildings	-	-	-	-	-	-
Land	-	-	-	-	-	-
Capital improvements	-	-	-	-	-	-
Machinery and equipment	25,000.00	25,000.00	35,000.00	35,000.00	35,000.00	35,000.00
Less Accumulated depreciation expense	-	5,000.00	10,000.00	17,000.00	24,000.00	31,000.00
Total Property and Equipment	25,000.00	20,000.00	25,000.00	18,000.00	11,000.00	4,000.00
Other Assets	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Goodwill	-	-	-	-	-	-
Deferred income tax	-	-	-	-	-	-
Long-term investments	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Other long-term assets	-	-	-	-	-	-
Total Other Assets	-	-	-	-	-	-
TOTAL ASSETS	250,000.00	105,187.76	97,103.34	210,763.90	472,779.82	856,018.61
LIABILITIES						
Current Liabilities	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Accounts payable	-	-	-	-	-	-
Accrued expenses	-	-	-	-	-	-
Notes payable/short-term debt	-	-	-	-	-	-
Capital leases	-	-	-	-	-	-
Other current liabilities	-	-	-	-	-	-
Total Current Liabilities	-	-	-	-	-	-
Debt	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Long-term debt/loan	50,000.00	40,951.26	31,450.08	21,473.85	10,998.80	-
Other long-term debt	-	-	-	-	-	-
Total Debt	50,000.00	40,951.26	31,450.08	21,473.85	10,998.80	-
Other Liabilities	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Other liabilities (specify)	-	-	-	-	-	-
Other liabilities (specify)	-	-	-	-	-	-
Total Other Liabilities	-	-	-	-	-	-
TOTAL LIABILITIES	50,000.00	40,951.26	31,450.08	21,473.85	10,998.80	-
EQUITY						
	Initial balance	Year 1	Year 2	Year 3	Year 4	Year 5
Owner's equity (common)	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00	200,000.00
Paid-in capital	-	-	-	-	-	-
Preferred equity	-	-	-	-	-	-
Retained earnings	-	- 135,763.50	- 134,346.74	- 10,709.94	261,781.02	656,018.61
TOTAL EQUITY	200,000.00	64,236.50	65,653.26	189,290.06	461,781.02	856,018.61
TOTAL LIABILITIES AND EQUITY	250,000.00	105,187.76	97,103.34	210,763.90	472,779.82	856,018.61

As the company is a start up the only long-term assets that we will have is the van purchased for the business. The warehouse space is rented and therefore not considered a long term asset.

Additionally, the funds provided by the director of £200,000 is considered a short term investment. We will also acquire £25,000 of cleaning product as inventory at the onset which is considered a current asset.

Accounts receivable will appear in the third year as a short term asset, as we provide credit to long term contract holders to pay us.

On the liabilities side we will take a bank loan of £50,000 and will agree to the best interest rate terms provided to us by various banks. In loss making years the interest payments will be covered by the directors short term cash investments and in years where there is a profit, the interest will be covered by the return generated from the business. The goal is to pay back the loan by year 5.

There will be no accounts payable as the business is a start-up and suppliers will not be willing to take the risk to provide cleaning materials on credit.

We have decided not to take on any current liabilities for the first years and this will put the business in a safer position as we will not have any major short term liabilities to cover.

8.4.2.- Scale up strategy

The growth between years 1-3 is forecasted to be high compared to subsequent years due to the intense marketing campaign in years 1-2. Once the business has reached break even, we will attempt to expand using retained earnings. As we will be able to charge higher prices, retained earnings will gradually increase and the higher prices will somewhat reduce sales growth.

Additional staff will be hired on a part time basis. This will include cleaning staff and a driver. We will also purchase another car. Due to the increase in cleaning contracts, we will also use retained earnings to increase our stock of inventory.

This additional head count and inventory will be used to cover longer distance contracts as well, thereby expanding our geographic market outreach. Therefore, we have forecasted higher transport costs such as fuel and vehicle maintenance from year 3 onwards.

The below cash flow statement shows the repayment of the loan under cash flow from financing activities and the investments in the new vehicle in year 2 under cash flow from investing activities.

Cash Flow Statement Projection						
Cash flow from operating activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Net income	- 135,763.50	1,416.76	123,636.80	272,490.97	394,237.59	656,018.61
Depreciation	5,000.00	5,000.00	7,000.00	7,000.00	7,000.00	31,000.00
Accounts receivable	-	-	- 25,000.00	-	-	- 25,000.00
Inventories	- 5,000.00	- 30,000.00	20,000.00	- 30,000.00	20,000.00	- 25,000.00
Accounts payable	-	-	-	-	-	-
Amortization	-	-	-	-	-	-
Other liabilities	-	-	-	-	-	-
Other operating cash flow items	-	-	-	-	-	-
Total operating activities	- 135,763.50	- 23,583.24	125,636.80	249,490.97	421,237.59	637,018.61
Cash flow from investing activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Capital expenditures	-	- 10,000.00	-	-	-	- 10,000.00
Acquisition of business	-	-	-	-	-	-
Sale of fixed assets	-	-	-	-	-	-
Other investing cash flow items	-	-	-	-	-	-
Total investing activities	-	- 10,000.00	-	-	-	- 10,000.00
Cash flow from financing activities	Year 1	Year 2	Year 3	Year 4	Year 5	Total
Long-term debt/financing	- 9,048.74	- 9,501.18	- 9,976.24	- 10,475.05	- 10,998.80	- 50,000.00
Preferred stock	-	-	-	-	-	-
Total cash dividends paid	-	-	-	-	-	-
Common stock	-	-	-	-	-	-
Other financing cash flow items	-	-	-	-	-	-
Total financing activities	- 9,048.74	- 9,501.18	- 9,976.24	- 10,475.05	- 10,998.80	- 50,000.00
Cumulative cash flow	- 144,812.24	- 43,084.42	115,660.56	239,015.92	410,238.79	577,018.61
Beginning cash balance	200,000.00	55,187.76	12,103.34	127,763.90	366,779.82	
Ending cash balance	55,187.76	12,103.34	127,763.90	366,779.82	777,018.61	

Growth and ratio summary

Growth	Year 1	Year 2	Year 3	Year 4	Year 5
Sales growth	0.0%	172.4%	78.8%	45.0%	25.7%
Expense growth	0.0%	12.5%	13.5%	0.2%	0.3%
Financial ratios	Year 1	Year 2	Year 3	Year 4	Year 5
Gross profit margin	72%	72%	73%	73%	73%
Net profit margin	-102%	0%	19%	29%	33%
Return on equity	-17%	0%	15%	34%	49%
Debt to equity	25%	64%	48%	11%	2%
Asset turnover	75%	357%	420%	274%	177%
Inventory turnover	34%	55%	87%	115%	133%

In conclusion, the above ratios will allow us to analyse any trends seen in the business over the forecasted years. (Haag, 2013)

The results of the business demonstrate that the owners will start making a substantial return on equity from year 3 onwards when the business is more stabilised and capable of charging higher prices.

The debt to equity ratio will gradually decrease as the loan will be paid out over the five year period and also as retained earnings will increase shareholders equity in the balance sheet more substantially after year 2.

The company will gradually begin to use its assets and inventory more efficiently over time as seen by the increasing asset turn over and inventory turnover ratios.

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10.- APPENDIX

ANALIUS MENDOZA SILVA ID 1916143
(introduction/business description/business structure)



**TSD
CLEANING
SERVICES**
REALTY COMPANY

**ANALIUS
MENDOZA SILVA
ID 1916143**

**BUSINESS DESCRIPTION
BUSINESS STRUCTURE**

Business Description

- TSD is a cleaning service company based in London, United Kingdom.
- Our company is focused in the customers needs.
- Effective teamwork
- Ecological products that will ensure the environment will not be highly damaged.
- Also our products will be label and ensure will cover all the facilities for our employees and the use of this one to avoid health problems



(introduction/business description/business structure)

TSD MAIN OBJECTIVES

- Focus in small and medium business in central London
- Target retail and commercial offices
- Covering customers needs
- Training staff with the purpose of a satisfactory performance.



- High standard of cleaning services
- Surveys for reach our customers needs
- Fast response to our clients
- Located in central London

Business Structure

TSD CLEANING SERVICES



- Our business structure is a vertical model
- Business have an specific market for the customer we want to attract.
- This organization provides product and marketing with the purpose of the type of customer we can satisfy with our work.
- We focus on an specific market with the objective for a maximum effectiveness.
- Also to gain the experience and fulfilled the expectations of the customers.
- Reduced competition which can be beneficiary for the company with fasters sales.

ANALIUS MENDOZA SILVA ID 1916143
(introduction/business description/business structure)

Business Structure

The verticals structure will allow to have an minimum number of professionals that will cover the needs of our customers

To ensure we will cover their expectations we will ensure that they have:

- Good communication
- Teamwork
- Proper training
- Updates on their performance
- Skills needed



ISABEL GALLARDO GÓMEZ

ID 1915303

(services/products/audit market)



**TSD
CLEANING
SERVICES**
REALTY COMPANY

**ISABEL
GALLARDO
ID 1915303**

**PRODUCTS/SERVICES
AUDIT MARKET**

SERVICES

- CLEANING SERVICE FOR SMALL AND MEDIUM COMPANIES IN CENTRAL LONDON
- MAXIMUM PROFESSIONALISM
- FOCUSED ON ALL CUSTOMER DEMANDS



- HIGHLY PROFESSIONAL EMPLOYEES
- OUR SERVICE WILL MAKE AN ENVIRONMENT THAT GIVES CONFIDENCE AND COMFORT, INCREASING THE PERFORMANCE OF EMPLOYEES, ENSURING BENEFITS

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PRODUCTS

- ECO-CLEANING PRODUCTS
- BIODEGRADABLE AND ECOLOGICAL CLEANING PRODUCTS
- SAFE HEALTH PRODUCTS
- VARIETY OF PRODUCTS

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MARKET ANALYSIS

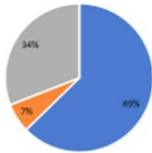
COMPANIES IN UK:

- PROPRIETORSHIPS: 3,5 MILLION
- PARTNERSHIPS: 405,000
- LIMITED COMPANIES: 2 MILLION

BREAKDOWN BY REGION:

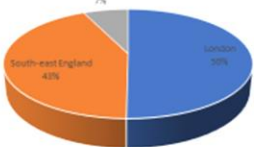
- LONDON: 1,1 MILLION BUSINESSES
- SOUTH-EAST ENGLAND: 940,000
- NORTH EAST: 152,000

Type of companies in uk



Type of companies	Percentage
Proprietorships	69%
Limited companies	34%
Partnerships	7%

Breakdown by region



Region	Percentage
London	50%
South-east England	43%
North East	7%

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AUDIT MARKET COMPETITORS

- ZING CLEANING SERVICES: experience of more than 30 years
- COVID HYCLEAN: professionals in cleaning related to the coronavirus
- BIZCLEAN COMMERCIAL CLEANING: big cleaning company that covers all areas of London and all types of premises or establishments.

TRENDS

Unlike before, more and more cleaning companies use social networks to advertise the company

Cleaning service offers constant customer demand



Marked focused on increased the productivity creating an environment around the employees that improves their way of working while being more comfortable

New technology capable of giving us information about, for example, the state of a towel, among many other things

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**TSD
CLEANING
SERVICES**
REALTY COMPANY

**DENISE CASTRO
PANTALEON
ID 1916143**

**MARKET
TARGET/STRATEGY
SALES STRATEGY**

Businesses by industry in the UK, 2019

	Number of businesses	
	000s	%
Agriculture, mining and utilities	194	3%
Manufacturing	276	5%
Construction	1,037	18%
Total services	4,360	74%
Of which:		
Retail	547	9%
Transportation	360	6%
Accommodation & food	202	3%
ICT	370	6%
Financial and Insurance	91	2%
Real estate activities	113	2%
Professional and scientific	868	15%
Administrative & support service	512	9%
Education	307	5%
Health and social work	361	6%
Arts and recreation	290	5%
Other service activities	340	6%
Total	5,868	-

(Chris Rhodes, 2020)

TARGET MARKET

- Businesses in London ,United Kingdom
- Zone 1-6 London

SEGMENTATION

- Small and Medium size of retail shops
- Small and Medium size of offices

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POSITIONING

 Professional, reliable and trustworthy.

 Skilled and well-trained staffs

 Teamwork

 Good chemicals for the environment

 Uniforms provided to staffs

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MARKETING STRATEGY



- Email marketing
- Post mail campaign – leaflets distribution
- Paid social media advertisements
- Public Places/ Transport/Shopping Centres/ Advertisements

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MARKETING EXPENSES

	Year1	Year 2	Year 3
Printed material	£600	£1,000	£1,200
Paid advertisement campaign	£1,000	£1,500	£2,500
Economic incentives (for referrals)	£1,200	£1,500	£1,800
Total marketing expense	£2,800	£4,000	£5,500

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SALES STRATEGY

- Funders will look clients from previous jobs
- Phone calls quotation
- Emails quotation
- Meeting set up for a quotation
- Referral rewards

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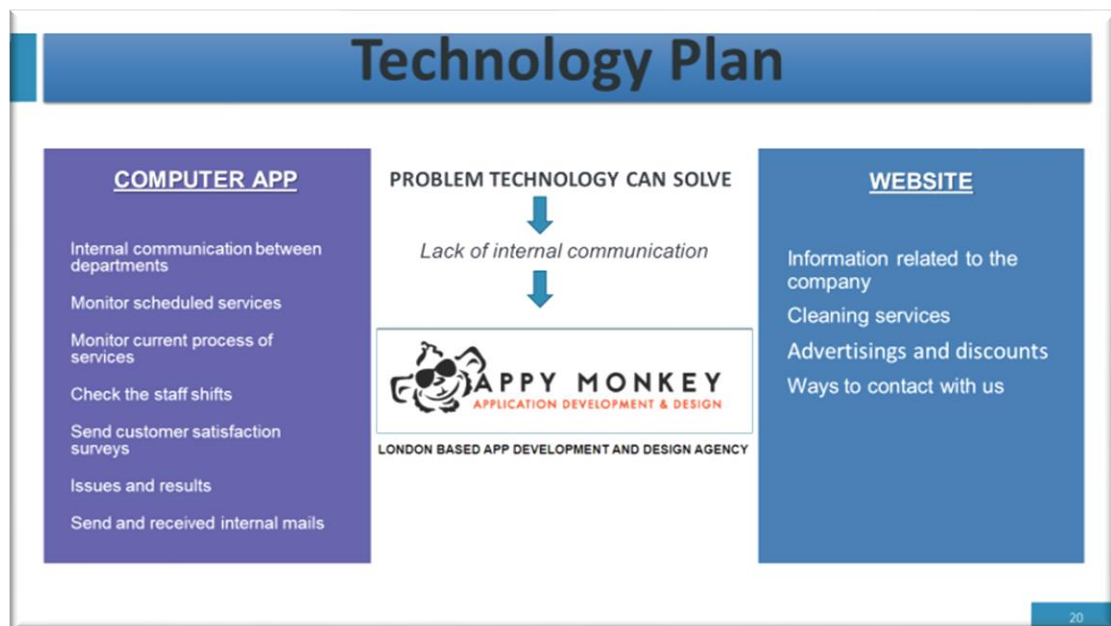
FRANCISCO GONZALEZ CASTILLO **ID 1917101**
(technology plan/ management & operations)



**FRANCISCO
GONZALEZ
ID 1917101**

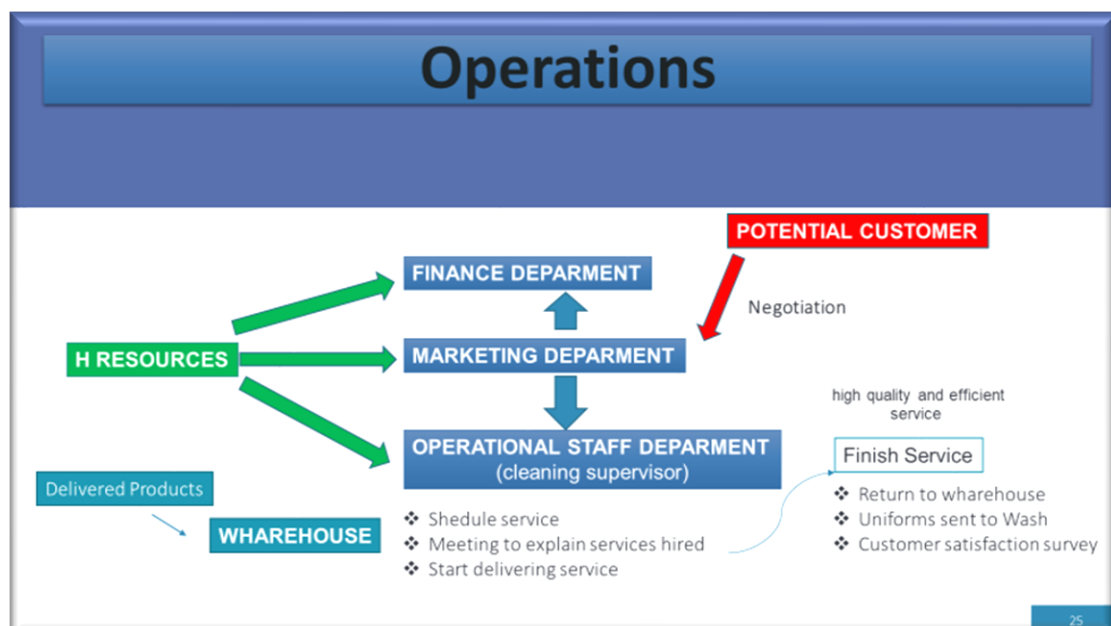
**TECHNOLOGY PLAN
MANAGEMENT
OPERATIONS**





FRANCISCO GONZALEZ CASTILLO ID 1917101

(technology plan/ management & operations)



FRANCISCO GONZALEZ CASTILLO ID 1917101

(technology plan/ management & operations)

Staff Payroles & Forescast & Working Hours

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Business director	-	-	-	-	-
Accountant	24,000	26,000	27,000	27,000	27,000
Marketing & Sales	24,000	26,000	27,000	27,000	27,000
Human Resources	11,000	12,000	12,500	12,500	12,500
Supervisor	22,000	22,500	23,000	23,000	23,000
Driver 1	21,000	21,500	22,000	22,000	22,000
Driver 2		8,500	9,000	9,000	9,000
Cleaner 1	19,000	19,500	20,000	20,000	20,000
Cleaner 2	19,000	19,500	20,000	20,000	20,000
Cleaner 3	19,000	19,500	20,000	20,000	20,000
Cleaner 4		8,500	9,000	9,000	9,000
Cleaner 5		8,500	9,000	9,000	9,000
Cleaner 6			9,000	9,000	9,000
Cleaner 7			9,000	9,000	9,000
Cleaner 8			9,000	9,000	9,000
Total payroll cost	159,000	192,000	225,500	225,500	225,500

FINANCE DEPARTMENT

Monday to Friday 9:00am to 17:00pm

MARKETING DEPARTMENT

Monday to Friday 9:00am to 17:00pm

H.RESOURCES DEPARTMENT

Monday to Friday 9:00am to 13:00pm

OPERATIONAL DEPARTMENT

Monday to Sunday 21:00pm to 5:00am

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Suppliers

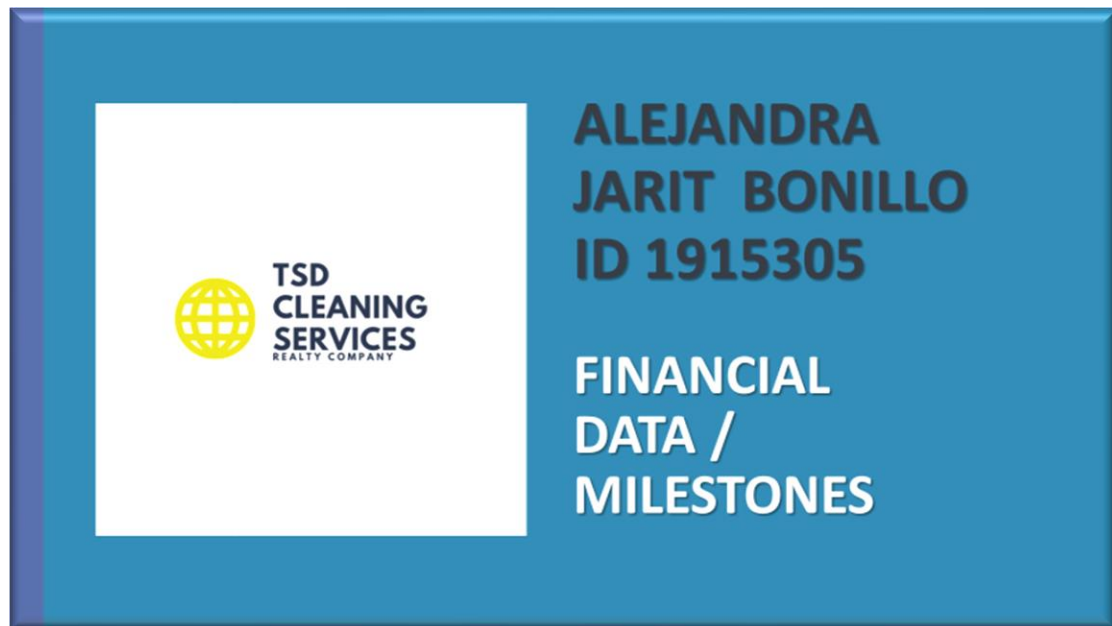
SUPPLIER 1:	
Organization:	Relationship status:
ALKIMI	CONTACT UNDER NEGOTIATION
Service provided:	Key terms of the relationship:
SUPPLYING ECOLOGICAL CLEANING PRODUCTS	ACHIEVEMENT OF GOALS
	MERCHANDISE DISTRIBUTION SPEED
	QUALITY PRODUCTS

SUPPLIER 2:	
Organization:	Relationship status:
LAUNDRYHEAP	CONTACT UNDER NEGOTIATION
Service provided:	Key terms of the relationship:
CLEAN AND DRY UNIFORMS	PRICE
	QUALITY SERVICE

SUPPLIER 3:	
Organization:	Relationship status:
ECO EVERYDAY	1 YEAR CONTRACT
Service provided:	Key terms of the relationship:
FACE MASK	PRICE
HAND SANITIZE GEL	QUALITY PRODUCTS
FACE SHIELD	



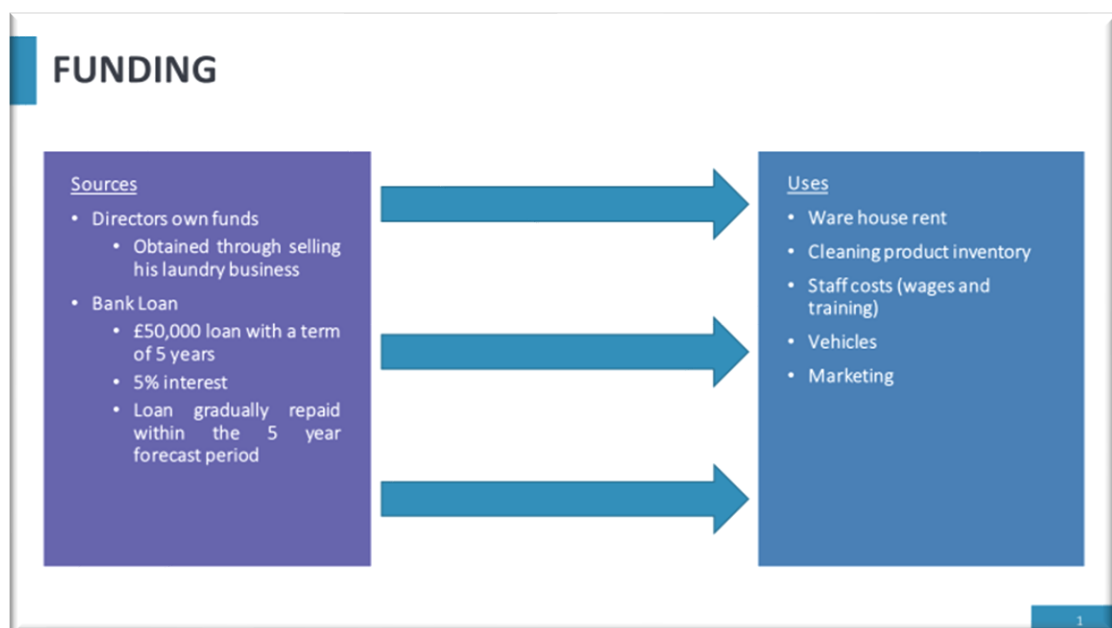
25



**ALEJANDRA
JARIT BONILLO
ID 1915305**

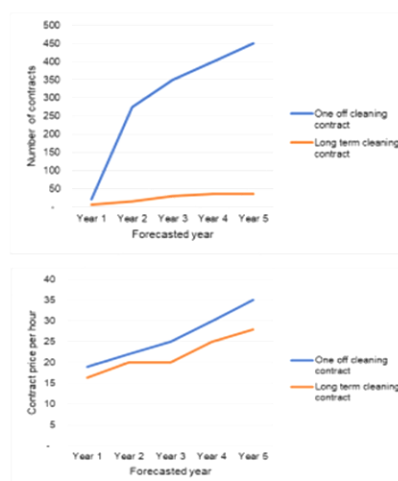
**FINANCIAL
DATA /
MILESTONES**

 **TSD
CLEANING
SERVICES**
REALTY COMPANY



SALES FORECAST

- Lower pricing point used for contracts compared to that of market at the onset.
- Long term contracts will be priced lower than one off contracts to entice customers to switch to long term.
- Service demand will continue to grow as brand becomes more established.
- Gradually increase prices once we achieve a strong and growing customer base.



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SALES FORECAST CONTINUED

Sales forecast	Year 1												Year 2-5			
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Year 2	Year 3	Year 4	Year 5
Number of contracts																
One off cleaning contract	-	5	10	10	15	15	20	25	30	35	40	45	275	350	400	450
Long term cleaning contract	-	-	-	5	5	5	5	8	8	8	10	10	15	30	35	35
Cleaning hours																
One off cleaning contract	-	5	5	10	10	10	10	20	20	20	20	20	30	30	30	30
Long term cleaning contract	-	46	46	46	46	46	46	46	46	46	46	46	600	640	660	720
Price per hour																
One off cleaning contract	18	18	18	18	18	18	18	20	20	20	20	22	22	25	30	35
Long term cleaning contract	16	16	16	16	16	16	16	16	16	16	16	20	20	20	25	28
Sales																
One off cleaning contract	-	450	900	1,800	2,700	2,700	3,600	10,000	12,000	14,000	16,000	19,800	181,500	262,500	360,000	472,500
Long term cleaning contract	-	-	-	3,667	3,667	3,667	3,667	5,867	5,867	5,867	7,333	9,167	180,000	384,000	577,500	705,600
Total Sales	-	450	900	5,467	6,367	6,367	7,267	15,867	17,867	19,867	23,333	28,967	361,500	646,500	937,500	1,178,100

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COST ASSUMPTIONS

Cost of goods sold

- We will assume 30% and 25% of sales for one off and long term cleaning contracts respectively.
- Lower direct costs for long term contracts, as we will be able to negotiate bulk buying discounts.

Staff schedule

Year	Year 1	Year 2	Year 3	Year 4	Year 5
Business director	-	-	-	-	-
Accountant	24,000	26,000	27,000	27,000	27,000
Marketing & Sales	24,000	26,000	27,000	27,000	27,000
Human Resources	11,000	12,000	12,500	12,500	12,500
Supervisor	22,000	22,500	23,000	23,000	23,000
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Cleaner 3	19,000	19,500	20,000	20,000	20,000
Cleaner 4	-	8,500	9,000	9,000	9,000
Cleaner 5	-	8,500	9,000	9,000	9,000
Cleaner 6	-	-	9,000	9,000	9,000
Cleaner 7	-	-	9,000	9,000	9,000
Cleaner 8	-	-	9,000	9,000	9,000
Total payroll cost	159,000	192,000	225,500	225,500	225,500

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OPERATING COST OVERVIEW

Operating cost items	Year 1	Year 2	Year 3	Year 4	Year 5
Electricity	840.00	860.00	880.00	900.00	920.00
Water	420.00	425.00	430.00	435.00	440.00
Warehouse rent	24,200.00	24,350.00	24,500.00	24,600.00	24,800.00
Council tax	7,000.00	7,200.00	7,400.00	7,600.00	7,800.00
Van maintenance	800.00	1,000.00	1,500.00	2,000.00	2,000.00
Van fuel	2,800.00	2,800.00	4,000.00	4,200.00	4,500.00
Congestion charge	1,200.00	1,300.00	1,600.00	1,600.00	1,800.00
Uniforms	600.00	800.00	1,000.00	1,200.00	1,200.00
Laundry	6,000.00	6,500.00	7,500.00	7,500.00	8,000.00
Anti Covid-19 measures	2,000.00	-	-	-	-
Training	4,000.00	4,500.00	6,000.00	6,000.00	6,000.00
Company Management Application	5,000.00	1,500.00	1,500.00	1,500.00	1,500.00
Marketing	10,000.00	10,000.00	5,000.00	5,000.00	5,000.00
Total payroll cost	159,000.00	192,000.00	225,500.00	225,500.00	225,500.00
Depreciation	5,000.00	5,000.00	7,000.00	7,000.00	7,000.00
Interest expense on long-term debt	2,243.50	1,791.06	1,316.00	817.19	293.44
Total operating expenses	231,103.50	260,026.06	295,126.00	295,852.19	296,753.44

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PROFITABILITY AND BREAK EVEN

- In the first year, the company will make less revenue as securing new contracts will be more difficult than following years.
- As the impact of the marketing strategy takes full effect, we will see growth in revenue.
- The first year will see a loss as the company does not make enough sales to cover costs.
- We gradually increase prices and volumes once we achieve a strong and growing customer base to achieve profits.

Profitability trend



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SCALE UP STRATEGY

- Scale up after break even through retained earnings.
- Scale up will include the hiring of additional cleaning staff and also the purchase of an additional van.
- Stock of inventory will also gradually be increased to cater to growing number of cleaning contracts.

Growth and ratio overview

Growth	Year 1	Year 2	Year 3	Year 4	Year 5
Sales growth	0.0%	172.4%	78.8%	45.0%	25.7%
Expense growth	0.0%	12.5%	13.5%	0.2%	0.3%
Financial ratios	Year 1	Year 2	Year 3	Year 4	Year 5
Gross profit margin	72%	72%	73%	73%	73%
Net profit margin	-102%	0%	19%	29%	33%
Return on equity	-17%	0%	15%	34%	49%
Debt to equity	25%	64%	48%	11%	2%
Asset turnover	75%	357%	420%	274%	177%
Inventory turnover	34%	55%	87%	115%	133%

- High growth between year 1-3 due to strong marketing between year 1-2.
- Business will be able to expand through own retained earnings after break even.
- We will make a substantial return on equity from year 3 onwards when the business is more stabilised
- Debt to equity ratio will gradually decrease as loan is repaid.

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