

Blue Laundry



Business plan proposal by group2

project pathway 2 **EMPL4010_LON**/ presentation part 1

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Introduction:

Our business commercial Laundry offers professional service and focuses on cleaning large amount of fabrics. The customers may leave their items at the site for a wash and clean depending on what service they require. This method is on premises laundry. There are different type of services such as washing, dry cleaning, ironing, delivery and Alteration. The customers will be informed about when their item will be ready for collection or delivery.

Aim & Objective

Aim:

our aim is to provide the customers with a reliable and fast service with professional and friendly staff..

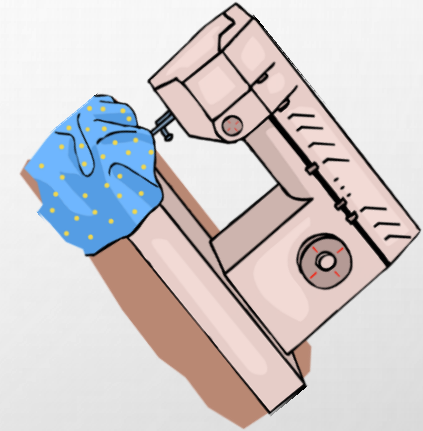
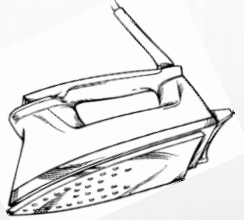
Objectives:

1. To collection and delivery within twenty mile radius free of charge. There will be an additional charge for orders that are further than twenty miles.
2. To Washing, cleaning, ironing, steam and alteration for all type of clothes and fabrics.
3. We use a variety of cleaning products which are suitable for both fabric and environment.

Cleaning services

Cover different services which include:

- Dry cleaning
- Laundry
- Washing, cleaning, ironing (all type of clothes and fabrics)
- Workwear rental and cleaning
- Providing cleaning products
- Alteration services
- collection and delivery



* *M*ission and vision

Our mission is to be the preferred laundry service in and around London

- To provide quick, efficient and cost effective service to our customer
- To satisfy our customer by using modern and state of the art equipment

* Legal compliance:

1. Notification of planning permission from the council
2. Department of health introduction in 1995 health services guidelines entitled HSG (95)18 outline its laundry arrangements for used and infected linen
3. Business insurance including liability for the public and employee
4. Work safety
5. Data security
6. Human resources

* *Marketing:*

- Marketing is more than ideas
- Gain insight into their proposed market.
- Getting the right people at the right time.
- Online marketing (social media) and etc
- Survey given to target market to be determine needs and value to be added.
- Competitive analysis on similar business in the market (how is the demand, customer services, how they differentiated themselves)

* *Market* analysis for Laundry

The laundry market industry has risen over the last decade, making competition increase with service providers for washing machines and dryers. (Laundryandcleaningnews.com, 2018) However, because the demand is so high for laundry services this had made more shops to open.

The recession years had heavily affected the Laundrette industry as it had been seen as a “luxury”. This has caused the pricing to escalate.

The majority of laundrette customers from our market research are students, because of this it is important to retain customers by creating a loyalty scheme so that they can come often. With every new customer they bring they receive discounts, this strategy is a win-win situation as we are making relationships with new customers who will return.



* Marketing strategy

For a laundry business plan, to be successful in this business the marketing strategy must be well thought out. The market strategy I will be using is a combination of advertising and promotional efforts.

There are many strategies to have a successful business plan, for example:

- Websites – This can be used to see where the laundrette is located and opening times
- Building social media – Instagram, Facebook and twitter help promote as well as creating offers for students etc.
- Word of mouth
- Flyers
- Apps

One of our main Marketing strategies are a pick up and delivery service, we are aware that no other Laundry offers these services making us different from the rest. This will help our business as it caters to customers making them most likely to use our services and recommend It to others because of its convenience. This idea will also add exposure for our business as we will have a Vehicle with the company name/ logo delivering to different areas and highways.



* *Market* research and Objective

When making a business plan for Laundry services, it is important to gain insight into the industry. You can do this by carrying out surveys to see what important elements you can bring to be different than other services. This marketing research had helped with the business plan as it gives us clarity to see product offering and how customers respond.

Carrying out secondary and primary research can help with developing a better research plan to better the business. After analysing the data we can take action and execute the new adjustments.

With our business plan we have short term and long term objectives, firstly in order for the laundry business to be successful we need to ensure that we have a financial source to start with. Secondly, to penetrate the market efficiently we need to compete with others showing customers why we are the best at what we do.

With this business plan our objectives are:

- To maintain 40% of our shares
- Have a total sales in excess £200,000 within the first year
- Creating net profits of £65,000



* *Market* mix

service and developments (cleverism, 2018)

- pricing_ unique selling positions, best price set to each service
- Promotion and advertising_ to generate awareness. Get customers, divert them to buyers
- Place and distribution_ service to be distributed from main store (door to door)
- Product and customer service_ to fulfil market need, to develop sustainable business product with features that differentiate from competitors

* Finance planning

* Financial Plan

The following topics describe the cash flow statement, profit and loss account, and balance sheet have been built using forecasted information which is as accurate and realistic as possible. These financial statements show that the business runs quite well and achieves expected results.

* Important Assumptions

Sales increase gradually over the 12 (April 2018 to March 2019) months showing the positive trend of sales. Blue Laundry is steadily gaining market share.

Gross profit and net profit rise proportionately to sales revenue.

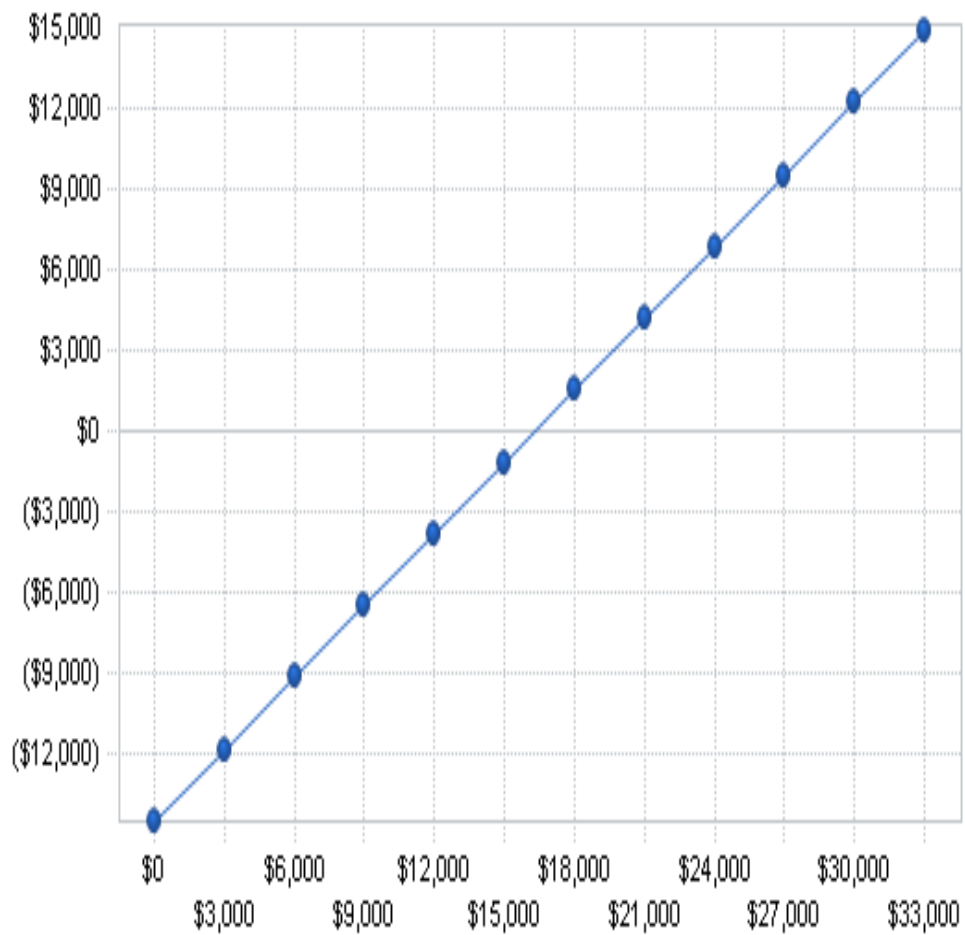
Return on capital employed: Pendlebury (2002) indicates this ratio is useful to measure the efficiency which the long-term capital has been employed. The business' return on capital employed (ROCE) increases over the 12 months showing the effect of using capital to grow business, especially in the last months of the year.

General Assumptions <u>Example</u>			
	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	6.48%	6.48%	6.48%
Tax Rate	30.00%	30.00%	30.00%
Other	0	0	0

Break-even Analysis

The following table and chart show our Break-even Analysis.

Break-even Analysis



Break-even Analysis	
Monthly Revenue Break-even	£16,281
Assumptions:	
Average Percent Variable Cost	11%
Estimated Monthly Fixed Cost	£14,493

Example

Projected Profit and Loss

In general, the business might meet some difficulties in the beginning months but after that the business grows as expected and produces a small profit

at the end of the year. It is not necessary for the business to gain high profit in the first year, breaking even is acceptable.

Here under are the estimated fixed costs and variable costs for the year 2018. These costs have been divided into two periods:

- Jan – Mar
- Apr – Dec: One more van (£7,000) will be purchased and new staff recruited; therefore interest, maintenance, petrol, salary and national insurance are increased

Fixed costs Per Month	Apr – Sept 18	Sept – Mar 19
Interest rate	1,264	1,604
Machine leasing	834	834
Building renting	600	600
Maintenance	50	100
Petrol	150	300
Salary per month	7,584	9,408
National Insurance	421	620
Total	10,903	13,466

Variable costs Per Month	Apr – Sept 18	Sept – Mar 19
Tea/Coffee break	100	100
Office cleaning	100	100
Recruitment cost	45	400
Advertisement	150	200
Telephone	300	500
Electricity	500	500
Miscellaneous	300	300
Total	1,495	2,100

Pro Forma Profit and Loss				Example
	Year 1	Year 2	Year 3	
Sales	£324,700	£422,110	£548,744	
Direct Cost of Sales	£35,652	£46,348	£60,252	
Other Costs of Sales	£0	£0	£0	
Total Cost of Sales	£35,652	£46,348	£60,252	
Gross Margin	£289,048	£375,762	£488,492	
Gross Margin %	89.02%	89.02%	89.02%	
Expenses				
Payroll	£106,944	£110,151	£113,455	
Sales and Marketing and Other Expenses	£2,250	£2,700	£3,000	
Depreciation	£4,236	£4,700	£4,700	
Rent	£7,200	£7,200	£7,200	
Utilities	£11,400	£12,000	£13,000	
Inserted Row	£0	£0	£0	
Petrol	£3,150	£3,500	£4,000	
Equipment Lease	£10,008	£12,000	£15,000	
Maintenance	£1,050	£1,200	£1,500	
Office Cleaning	£1,200	£1,500	£1,500	
Insurance	£6,840	£6,840	£6,840	
Payroll Taxes (National Insurance, etc.)	£16,042	£16,523	£17,018	
Other	£3,600	£4,000	£4,000	
Total Operating Expenses	£173,920	£182,314	£191,213	
Profit Before Interest and Taxes	£115,128	£193,449	£297,279	
EBITDA	£119,364	£198,149	£301,979	
Interest Expense	£1,469	£1,297	£976	
Taxes Incurred	£34,098	£57,645	£88,891	
Net Profit	£79,562	£134,506	£207,412	

* *Projected Cash Flow*

Cash flow increases gradually over the year creating the positive net present value. To exist and develop in the competitive market are getting more and more difficult. Obtaining loyal customers and recruiting new customers in term of long run business are extremely difficult therefore the service aims to achieve low profit create and enhance the service's image which are the advantage competition in the market.

Pro Forma Cash Flow

Example

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	£324,700	£422,110	£548,744
Subtotal Cash from Operations	£324,700	£422,110	£548,744
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	£0	£0	£0
New Current Borrowing	£0	£0	£0
New Other Liabilities (interest-free)	£0	£0	£0
New Long-term Liabilities	£7,000	£0	£0
Sales of Other Current Assets	£0	£0	£0

Sales of Long-term Assets	£0	£0	£0
New Investment Received	£0	£0	£0
Subtotal Cash Received	£331,700	£422,110	£548,744
Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	£106,944	£110,151	£113,455
Bill Payments	£123,286	£173,837	£220,566
Subtotal Spent on Operations	£230,230	£283,988	£334,021
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	£0	£0	£0
Principal Repayment of Current Borrowing	£0	£0	£0
Other Liabilities Principal Repayment	£0	£0	£0
Long-term Liabilities Principal Repayment	£4,084	£4,792	£5,112
Purchase Other Current Assets	£0	£0	£0
Purchase Long-term Assets	£7,000	£0	£0
Dividends	£0	£0	£0
Subtotal Cash Spent	£241,314	£288,780	£339,133
Net Cash Flow	£90,386	£133,330	£209,611
Cash Balance	£113,092	£246,421	£456,032

Projected Balance Sheet

The table below shows the balance sheet annual figures for the first three years of operation. First year monthly figures are presented in the appendix.

Pro Forma Balance Sheet			
	Example		
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	£113,092	£246,421	£456,032
Inventory	£4,008	£5,210	£6,773
Other Current Assets	£0	£0	£0
Total Current Assets	£117,099	£251,631	£462,805
Long-term Assets			
Long-term Assets	£21,000	£21,000	£21,000
Accumulated Depreciation	£4,236	£8,936	£13,636
Total Long-term Assets	£16,764	£12,064	£7,364
Total Assets	£133,863	£263,695	£470,169
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	£14,180	£14,298	£18,472
Current Borrowing	£0	£0	£0
Other Current Liabilities	£0	£0	£0

* Strength swot analysis

Staff have good communication skill.

Staff is dedicated and committed

All the members have similar value and principles

Staff is motivated

* *Weakness*

The staff lacks
management ideas
at the moment

The staff is not
experienced at the
moment.

The staff lacks
financial strength

* Opportunities

- .People spend on expensive cloths and taking care of them is increasing.
- .Women –by tradition house worker_ now to working outside the home.
Hence they are target market
- . People tend to spend more time on leisure activities rather than doing the house work.
- . The forecast of the dry cleaning and laundry service goes steadily up through
- . The ability to decrease the fixed costs as the sales volume increases

* *Threats*

New competitors who supply the same kind of service

New technology changes

* Pest analysis

. Political :

Brexit will effect the business and government legislations might affect our business

. Tax policy and tariff control

. Economic:

The fluctuating pound sterling is likely to affect our business.

. Inflation and labour cost

.social :

Low income

Unemployment

. Technology

not having Up-to-date machines

ecological friendly machines and cleaning detergents

* Conclusion

Blue laundry company expects to achieve successful business because we are smart and very competitive and we intend to follow the current trend in business analysis

Referencing

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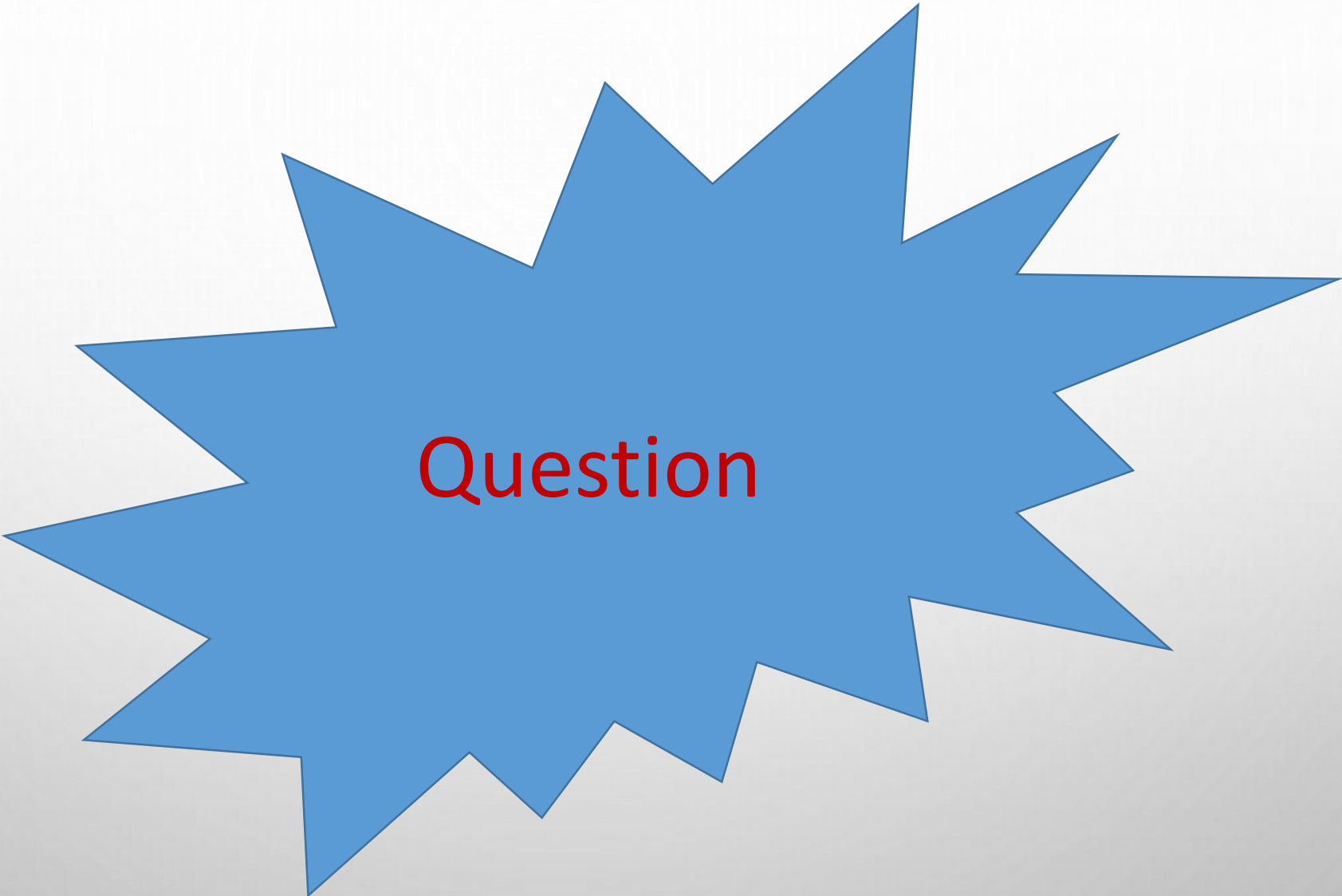
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Question

Learning log for group 2

Date of meeting	Place of meeting	Time of meeting	Topics discussed/raised	Outcomes agreed
15/03/2018	Lh 1	13.15 pm	First meeting	Dividing
29/03/2018	Lh 1	13.15 pm	Idea generation	Dividing job
12/04/2018	Lh 1	13.15 pm	Tasks & allocation	Chose a tap pick
12/04/2018	Lh 1	13.15 pm	Follow up	Researching
12/04/2018	Lh 1	13.15 pm	Follow up	Researching
12/042018	Lh 1	13.15 pm	feedback	Analysing
19/04/2018	Lh 1	13.15 pm	Review and feedback	Typing
19/04/2018	Lh 1	13.15 pm	discussions	Cheeking and fixing
19/04/2018	Lh 1	13.15 pm	preparation	Practise
19/04/2018	Lh 1	13.15 pm	Final version development	Practise and fixing