

Business Plan For “ Kalma Guitars”

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1. Overall Summary

This business plan will be describing my idea for my own business with custom hand crafted guitars. It will provide full information on my objectives for this project. Also it will fully describe my products, location of my business, required resources and equipment, required human resources, SWOT analysis, my ways of advertising and in the end financial resources and 12 month cash flow forecast and why I want live that way.

2. What are “Kalma Guitars”?

“Kalma Guitars” will be a sole type of business run by me Michal Banasiak. I will be the only person responsible for all of the operations, from receiving orders, building guitars through marketing and selling my products. My goal is to provide services in both crafting custom guitars but also to provide repair and conservation services. Also I have in plan to provide supplies for musicians like strings, spare parts, picks, belts, cases, sound systems and books to learn how to play on any type of guitar. The branch will be placed in Swansea, Wales. The branch itself need to be big enough to serve me as working station, storage unit and of course till corner. Also as I have in plan to do painting I need separate room with good air conditioning and protective equipment due to painting and lacquering procedures. In crafting area I need enough space to place wood used in the process of making and space for required equipment like basic wood lathe, saws, jigsaw, workbench, and tool crates with tools like hammers, screwdrivers, sanding paper sheets.

If speaking of human resources in the first place I am not planning to have anyone working under me but I do have to consider hiring additional help in case i will get overwhelmed with large amount of orders. When this will occur I will consider hiring additional one or two people to help me with leading “Kalma”. When I will decide to hire more people I will definitely go to online advertising through sites like Gumtree and Indeed.com but also I will pay a visit to nearest job agencies to help me easier find the best candidate for the role, or roles. Roles may be different depending on needs. At one day employee can be dealing with customers requests and at the other day he or she may need to help me in production sector. Of course if I will require someone qualified I will provide required training training on the role, as some of the activities may be hazardous for health and life but operations to dangerous for a person unqualified such as wood cutting and use of power tools i will carry myself as I do have knowledge to use it safely for myself and people around. To be able to delegate employee to work with power tools I will require proof of qualification.

3. Marketing activities.

To sell my product I need to make my customers aware of opportunity of having high quality music instruments. I am planning to advertise myself through social media like Facebook, Instagram, Tik Tok, but also I am planing to sign contracts with local music stores to sell them my products or to put my advertisement on the board. Also I do have a group of friends that are interested in making music so they can send the news around their friends and spread awareness of "Kalma". If speaking of what chances my business have to work out I made some research on surrounding me environment. Swansea itself is not the best shot to open this type of a business as 3 of known to me music stores has been closed in last 3 year period, due either to COVID 19 or small demand on the products I want to provide. But because of lack of big competition in my area my idea actually haves big chance to work. Because those shops have closed their businesses I have huge opportunity to fill the gap after them. But of course it can be risky for me as well but it was always my dream to open my own music store.

4. Products and services.

"Kalma Guitars" is going to be small type of business focusing on delivering the best quality of music instrument like bass guitars, electric guitars and acoustic guitars. Based on customer preferences I will create the best option to pick from and I will build unique guitars for each individuals. But also I am planning to make my own designs, so if the person interested in buying basic design of guitars will be able to find something for themselves. As for example of possible designs I will use one of my recent projects I was working on to describe usual costs of one guitar. So starting with body I will use alder wood which will cost 150 pounds for 3 square meters with 160mm of width which can be used for up to 2-3 guitar bodies. Then to make a fretboard and neck I will use maple wood which will cost up to 28 pounds for whole part. Then required components like : pick ups with cost of 125 pounds, 4 string bridge (chrome) 22 pounds , 4 closed back tuners 24 pounds, two strap buttons for 1 pound each, jack plate 1 pound, 3 control pots for 2 pound each coming with 3 knobs for 1.50 each. So estimated raw price of guitar will come to approximate amount of 262 pounds. But I need to add costs of painting and my own time used to create this piece of art. To paint and lacquer whole body I will use around 2-3 cans of cans for 15 ponds each and one can of lacquer for similar price so the subtotal will come to 307 pounds plus 100 pounds for my time and work. So to have your own unique guitar customer will need to spend around 400 pounds. As experienced guitarist I know prices of custom guitars and they can be worth few times more than my price so it is very big competition to bigger brands like Fender and Gibson.

Other services like servicing will be charged with UK minimal wage which is now from April 2021 is around 9 pound per hour so of course if one of the jobs will take me for example 4 hours i will charge customers 36 pounds plus costs of spare parts required in fixing the problems.

5. Situation on the market.

As mentioned earlier in Swansea area there are few shops dealing with music instruments but none of them have in their service sell of custom handmade guitars. Most of their stock is based on big brands like Gibson Fender and also other types of instruments like pianos, drum kits and other. They do have wider assortment than I am planning to have but there is always an option for me to sell my guitars to them in a way of cooperation. I am not planning to lead my business aggressively and I do consider cooperation with shops that have been around longer than I am living in Swansea. I am going to lead my business more of the hobby not the temptation of getting incredibly rich. Of course I do want to do profits of my work but more important to me is to be memorised in music history and who knows maybe in 10+ years new generations of fantastic musicians some of them will say when they will get asked what guitar they are playing on, they will just say something like "Oh man, I am playing on Kalma and it is great for both beginners like for advanced players like me", and that is my only dream.

6. Financial Resources

If speaking of financial resources I am considering to take a loan from the bank for starting a small business because as a immigrant from Poland I was always working for minimal wage in many of places in Swansea. From cleaner in titanium manufacture, through Amazon to my current job at Alliance Healthcare LTD which I am a proud member for 5 years now and I simply know to get required funds it will take many years to afford in buying mandatory equipment like wood lathe which is not one of the most expensive machines in the world (prices are varying depending on functionality from 500£ to 1200£) but for a person like me working at full-time and at the same time full-time student gathering this funds is basically impossible. I do hope that my loan request would be considered positively and I would be able to start making history, my own tiny piece of history of music industry. If something would go not with my plan I do consider crowd funding as in this times people that already have "too much" money like to spend on people that they believe in. Good example of it can be found in gaming section when on live streams people can donate hundreds if not the thousands of Pounds, Dollars, Euros etc. to their favourite streamers. But this is very optional as donators do not always want to donate on reasonable reasons. My first and main source of budget for the beginning will have to be by my own income and money I have managed to save so far. At the start it will have to cover only material cost I will be working on so basically wood and some basic wood working tools like sand paper and carving knives.

7. The Forecast.

Based on my calculations I came to conclusion that first months or even a year may be tough if speaking of incomes as it may be challenging to find new customers interested in buying a guitar from new yet unknown company. But because I have few friends closely related to music production I can pull some strings to spread the news of new high quality deliverance I shall provide. So as my business will be growing I can expect few orders per month and as calculated earlier one guitars price will be around 400 to up to 800 pounds so if optimistically I will receive one big order and two small ones plus at least one repair job I can expect month income to reach up to 1800 pounds a month which will be enough to note a profit even after paying bills for renting a branch and electricity, water and gas bills leaving with profit of approximate 400 pounds. If this situation will continue I can expect total of 21 600 pounds of income leaving me with profit of around 4800 pound annually. This profit then will be definitely invested in either better tools or more expensive types of woods like oak or cedar.

8. SWOT Analysis.

As every business, small or big my business have their strong and weak sides. There are also threats but there is also plenty of opportunities both for me like for my business and my customers of course. The biggest weakness for now is me and my products are unknown to potential customers as I am creating my own brand. Alone. This is the second weakness of "Kalma". Because I am working alone I am fully responsible for basically everything. Costs, materials, branch maintenance and work on the projects. If I will receive to many orders I might get overwhelmed and I might not be able to finish orders on time. But working alone is going to be my strength as well as I will finish my projects professionally and I will not have to wonder if any of my employees made a mistake. If there is any mistake it is on me only. Highest quality and some sort of bound with customers is going to be my biggest strength as every guitar that will come out of my hand will have individual character and soul. What threatens me are the first months of my business life, because as mentioned earlier my "Kalma" is a no name business for now and it may take some time to get first customers. Other threat is I might not be getting enough orders so my business may not make income at all. And no income is always bad because it will generate loss in my personal funds I will have to put in for the start. But what fills my heart with hope and joy is opportunity to me to do my hobby and earn some coin on it. It is also an opportunity for me to upgrade and develop new skill related both to music and woodworking in which I was interested since my childhood. Other opportunities are as mentioned earlier maybe not strictly about earning money but signing myself in history of music. Personal fulfilment and satisfaction. Even just knowing that one of my crafts ended up as a birthday present would make me happy as never.

And this is why I want to open my own Guitar craft shop, named "Kalma Guitars".