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MATRIC NO: 19/ENG02/077

COURSE TITLE: ENTREPRENEURSHIP

COURSE CODE: GST 212

## **INFORMATION MANAGEMENT NIGERIA, INC**

### **Executive Summary**

By focusing on its strengths, its key customers, and the underlying values they need, Information Management Nigeria, Inc. (IMN) will increase sales steadily in its first three years, while also maintaining the gross margin on sales, with a focus on cash management and working capital.

This business plan leads the way. It renews our vision and strategic focus: adding value to our target market segments, and reinforcing our ties with businesses in our local markets. It also provides the step-by-step plan for improving our sales, gross margin, and profitability.

This plan includes this summary, chapters on the company, products and services, market focus, action plans and forecasts, management team, and the financial plan.

### **Company Summary**

Information Management Nigeria, Inc., will sell and service digital office information systems for Nigeria's businesses, with a focus on the Neighbor Island business community. IMN will be formed as the result of the acquisition of three existing businesses: Nigeria Office Machines, Inc.; Electronics Nigeria, Inc.; and, Lagos Office Equipment, Inc.

### **Company Ownership**

IMN will be privately-held [C corporation] owned in majority by the IMN Employee Stock Ownership Trust. There are currently 15 employees, and all will own equal shares in the ESOT. New employees will be given the opportunity to become vested in the Employee Stock Ownership Plan (ESOP) after a suitable probationary period.

## Start-up and Funding Summary

Our start-up costs will be ₦1M, which includes ₦450,000 for the acquisition of the Lagos and Bauchi operations of Servco Integrated Office Technology.

The remainder of the funds will be used for:

- Initial Inventory: ₦200,000
- Initial Capitalization: ₦225,000
- Legal, Insurance, Rent & Misc: ₦125,000

The start-up funding will be financed by loans arranged through the Small Business Development Center, and by the Nigeria Community Loan Fund, and the Small Business Administration as a guarantor. Start-up assumptions are shown in the following table and chart.

Start-up

<i>Start-up</i>	
Requirements	
Start-up Expenses	
Legal/Accounting	₦10,000
Stationery etc.	₦1,500
Brochures	₦1,000
Consultants	₦7,500
Insurance	₦25,000
Rent	₦15,000
Software & IT (Web)	₦40,000

SPI Buyout	¥450,000
Setup New Company/ESOP	¥25,000
Total Start-up Expenses	¥575,000
Start-up Assets	
Cash Required	¥225,000
Start-up Inventory	¥200,000
Other Current Assets	¥0
Long-term Assets	¥0
Total Assets	¥425,000
<b>Total Requirements</b>	<b>¥1,000,000</b>

### **Product and Service Description**

IMN will market and sell brand name business information distribution systems and hardware, technical service and support for these products, and the consumable supplies used by these systems. We will be a single-source provider for business information and imaging products and services.

After researching our various manufacturer's offerings and evaluating our core competencies, we will focus our marketing and sales efforts around the digital products offered by Canon USA and eCopy, Inc. We will supplement this product line with Lexmark and Hewlett Packard printer products. As we continue to transition the company into the digital marketplace, we will form alliances with additional IT manufacturers and suppliers who can round out our product and services line.

Hardware product offerings will include:

- Canon ImageRunner multifunctional products (scan/copy/print/fax)

- Canon multifunctional facsimiles (print/fax)
- Canon Graphics reproduction products (commercial color)
- Canon Micrographics products (electronic document storage)
- Canon Printer products (color)
- Lexmark Printer products (monochrome and color)
- Hewlett Packard Printer products (laser)

Software offerings will include:

- eCopy ScanStation
- eCopy ShareScan
- eCopy Desktop
- Canon Image Platform (document distribution)

Service Products include:

- All-inclusive maintenance agreements (on-call service and supplies)
- Walk-in service (time and materials)
- Warranty Repairs (certain Canon consumer products)
- Sale of consumable products for all brand names (Canon, Ricoh, Xerox, HP, Lexmark)

Professional Services include:

- Information Workflow analysis and design
- Network design and installation (sub-contracted)

#### Company Locations and Facilities

We have two locations, one in Lagos, Bauchi and the other in Abuja, Nigeria. The two offices are presently being leased by Servco Pacific, Inc., and we will rent from them on a month-to-month basis until we are able to relocate to more suitable facilities. In Lagos, we have a sub-contractor agreement with Lagos Office Equipment to handle installations and service.

## Market Analysis

IMN will focus on local markets, including small offices and home offices (1-9 employees), medium to large businesses (10-99 employees), corporate Nigeria (multiple locations or 100+ employees), and local government offices.

## SALES

We will sell the company and its ability to act as an ally. We will sell IMN, and the reputation of the industry-leading manufacturers it represents.

We will sell our service and support. The hardware is like the razor, and the support, service, software, and training, are the razor blades. We need to serve our customers with total solutions, and not just product features. The products are a means to arriving at end solutions.

The Yearly Total Sales chart summarizes our conservative sales forecast. We expect sales to increase from ₦3.1 million in the first year to more than ₦4 million in the third year of this plan.

### Sales Forecast

<i>Sales Forecast</i>	Year 1	Year 2	Year 3
Sales			
Hardware - Image Platforms	₦1,092,956	₦1,256,899	₦1,445,434
Hardware - Printers	₦69,615	₦80,057	₦92,066
Hardware - Facsimiles	₦142,711	₦164,117	₦188,735
Hardware - Misc (TW, Shrd)	₦45,250	₦52,037	₦59,843
Professional Services	₦29,808	₦34,279	₦39,420
Government (Comp)	₦87,019	₦100,072	₦115,082
Supplies (Toner/Paper)	₦501,228	₦576,412	₦662,874

Service - Agreements/Repairs	₦946,764	₦1,088,779	₦1,252,095
Equipment Rentals	₦243,653	₦280,200	₦322,230
Other	₦31,327	₦36,026	₦41,430
Total Sales	₦3,190,329	₦3,668,878	₦4,219,209
Direct Cost of Sales	Year 1	Year 2	Year 3
Hardware - Image Platforms	₦677,632	₦772,501	₦880,651
Hardware - Printers	₦45,250	₦51,585	₦58,807
Hardware - Facsimiles	₦88,481	₦100,868	₦114,989
Hardware - Misc (TW, Shrd)	₦31,675	₦36,109	₦41,165
Professional Services	₦14,904	₦16,990	₦19,369
Government (Comp)	₦30,457	₦34,720	₦39,581
Supplies (Toner/Paper)	₦225,553	₦257,130	₦293,128
Service - Agreements/Repairs	₦378,706	₦431,724	₦492,166
Equipment Rentals	₦134,009	₦152,770	₦174,158
Other	₦7,832	₦8,928	₦10,178
Subtotal Direct Cost of Sales	₦1,634,497	₦1,863,326	₦2,124,192

### Competition analysis

In our higher-end targeted segments (medium to large businesses, corporate Nigeria, and government offices), the primary competitors are Xerox and Lanier. The secondary "low end" competitors on the are Lagos Office Machines and Business Equipment in Lagos, and Electronics Nigeria and Stationers on the Big Island. Our overall competitive strategy in these segments will be Canon's superior technology, and superior value-added service and support.

## **Market Potential**

As computer prices continue to fall, unit sales increase. The published market research on sales of personal computers is astounding, as the United States market alone is absorbing more than 30 million units per year, and sales are growing at more than 20 percent per year. We could quote Dataquest, Infocorp, IDC, or others; it doesn't matter, they all agree on high growth of CPU sales.

This rapid growth rate holds true for productivity systems which connect to the computers being sold. The stand-alone analog systems and appliances which abound in the business marketplace today, will be replaced by connected digital convergence systems in the coming months and years. IMN will position itself to be a value-added provider of this rapidly emerging technology for new businesses, while continuing to maintain and upgrade our current analog customer base.

## **Profitability**

We will sell the company and its ability to act as an ally. We will sell IMN, and the reputation of the industry-leading manufacturers it represents.

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## **Technical Feasibility**

IMN is a part of the Information Industry, and specializes in providing information management systems and technology for business processes. We envision that a converged information industry operating within the context of an advanced information infrastructure will be a huge boost for Nigerian businesses. Several Nigerian think tanks estimate that it could spur more than ₦300 billion annually in new sales and increase worker productivity by 20 to 40 percent.

At the present time, an estimated two-thirds of all Nigerian jobs are information related, and that number will increase as the shift from manufacturing to service industries continues. The convergence of information industries will continue because the technological and business imperatives are compelling. If one company does not see the possibilities, another will.

### **Government Support and Regulation**

The project conform with the economic diversification objective of the government. It also supports foreign exchange and import reduction conservation of government. The project will benefit from government intervention fund in the technology. The project will also benefit from the favourable policy of zero duty for technological and electronical equipment. Restriction of forex for most of the electronical devices will also widen market opportunity. The project will contribute significantly to employment, output increase, stable price and stable exchange rate.

### **Financial Plan**

Although we are treating the business as a start-up company, the financial plan is solidly based on past performance. We have taken actual SIOT P&L income and expenses from the past three years, and eliminated corporate overhead expenses such as warehouse and administrative costs, inventory penalties, and corporate nominal interest. We then projected income based on actual past performance, and factored back in the revenue base that was relocated to Honolulu over the past two years (mainly service and supplies).

We approached the financial planning from a conservative standpoint, and based those numbers on achievable gross margins. Also, our actual interest and tax rates will most likely be lower than the assumed rates due to our being structured as an employee-owned corporation (ESOT).

### **Conclusion**

The project is technically feasible and commercially viable. It is therefore recommended for funding.



