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**DEPARTMENT: CIVIL ENGINEERING**

**MATRIC NUMBER: 18/ENG03/024**

**ASSIGNMENT: BUSINESS PLAN**

# CELL PHONES RETAILER BUSINESS PLAN

**EXECUTIVE SUMMARY**

Cellular telephones have revolutionized the communications arena, redefining how we perceive voice communications. Traditionally, cellular phones remained out of the hands of most consumers due to their high cost. As a result, cell phone carriers have invested time and resources into finding ways to give the systems higher capacity and thus lower cost. Cell systems are benefiting from this research and starting to develop into large-scale consumer products.

Today, cellular phones are truly consumer electronics devices with over 59 million subscribers. The Nokia Bowl and Qualcomm Stadium are further evidence of the idea that cell phones are consumer electronics devices. Cell phones have ceased to be an exclusive status symbol of high-powered lawyers and are now in the hands of millions of consumers.

Alamin Cellular Phones, Inc. is taking advantage of an opportunity to become a highly distinguished and recognized leader in the cellular communications industry. It is the goal of our company to become established as the leading distributor of wireless communications services in the west African part of Africa.

In order to achieve this goal, Alamin Cellular Phones' critical success factors will be to identify emerging trends and integrate them into our company operations, respond quickly to technology changes/be there early, provide high-quality services, invest time and money in marketing and advertising, expand into specialty markets, and stay ahead of the "technology curve."

The company was initially formed as a sole proprietorship by Mr. Alamin Dala Umar in the West African Archipelago (WAA), and succeeded tremendously in that market. Capitalizing on the growing wireless communications industry and based on their success in WAA the Dala Umar family decided to expand their company's operations to the U.S.A. and create a niche market for its products and accessories.

**Keys to Success**

Our company keys to success will include:

* Provide excellent customer service
* Grow and maintain a referral network of customers
* Focus expertise in GSM cellular phones and GSM cellular phone programs
* Respond rapidly to customer problems with product or plan

**Mission**

Alamin Cellular's mission is to offer its customers the highest quality cell phone products and services. Its owner focuses on personalized service to his customers by offering convenience and rapid service. Additionally, Alamin Cellular has the technological expertise to assist customers in picking the product and service that best meets their needs. Finally, our staff will have strong vendor relationships with the product suppliers and will be able to meet customers' demand for the newest innovation in cellular phone technology.

We believe it is important to remain an active member of the community, and to impact people's lives in more ways than deriving a profit from them. We propose to host community events that bring out the best in people.

**Objectives**

The company plans to focus on the following target markets that will provide us with the greatest market penetration: the specialty business users, the general business users, and the personal users. We intend to offer products and service packages that are priced appropriately for each segment and will offer the services that best suit each segment's needs.

The suburb of Pleasant Village, picked to be our headquarters' location, is a focal point in the Nigerian Area. Located west of Africa, it is a community with both bigl town atmosphere and city conveniences.

Nigeria is populated today by more than 100million inhabitants, is home to 130 Fortune 5000 and 240 Fortune 10,000 company if not more headquarters. The Nigerian Chamber of Commerce and corporate executives are committed to actively recruiting new companies to the region. Public and private partnerships with business, financial and nonprofit communities are key to spurring quality job creation and investment throughout the city’s neighborhoods.

Our company will center on serving the growing the Nigerian community (presently at a 6% per year rate) as well as concentrating on the local Pleasant Village population, banking on the current growing trend of using mobile phones.

Our company will concentrate on selling Global System for Mobile Communications (GSM) protocol cellular phones - sales, services and support.

**Business Objectives**

* Company growth
* Become established as the leading distributor of cellular phones and wireless communications services
* Increase number of retail outlets

**Financial Objectives**

* Create and increase revenue
* **Marketing Objectives**
* Increase marketing efforts
* Expand market area
* Expand marketing reach
* Brand recognition
* Increase telemarketing efforts

**COMPANY SUMMARY**

Alamin Cellular Phones, Inc. will offer its customers GSM cellular phones, and cellular phones accessories.

GSM stands for "Global System for Mobile Communications." GSM is originally a European system and is largely being adopted today in the United States. Its greatest advantage, a technical one, is that the owner can use the phone all over the world since the system is used mostly anywhere.

Market demand drives cell phone manufactures and service providers to offer new and improved services and functions in their cell phones. The demand for more visual interaction and entertainment with cell phones in the Japanese market, for instance, is great and as such, their phones are many years ahead of what we will see in the U.S.A. Phones have definitely become an important part of people's lives all over the world, whereas in North America many still view the cell phone as a tool and not as a entertainment device. The average phone in North America lasts 3-5 years before being replaced, in Japan it is a fraction of this time.

We believe that, with our long and thorough experience in the WAA, our store will be in the perfect location to start our operations in the U.S.A., and will start operating in the right time.Alamins Cellular Phones will provide its customers support and convenience second to none.

**Company Ownership**

Alamins Cellular Phones is wholly owned by Mr. Alamin Dala Umar, who is a citizen of the West African Archipelago and the owner of AlaminsCellular Phones Ltd in that country.

**Start-up Summary**

Mr. Alamin Dala Umar will invest $43,000 in Alamin Cellular Phones, Inc. He will also invest an additional $50,000 when operation takes off in April Year 1.

START-UP REQUIREMENTS

Start-up Expenses

* Legal $5,000
* Insurance $1,000
* Rent $2,000
* Equipment $2,000
* Other $1,000

TOTAL START-UP EXPENSES $11,000

* Start-up Assets
* Cash Required $2,000
* Start-up Inventory $30,000
* Other Current Assets $0
* Long-term Assets $0
* TOTAL ASSETS $32,000
* Total Requirements $43,000

**PRODUCTS**

The following are the products that will be offered by Alamin Cellular Phones:

* GSM Cellular Phones: Motorola, Nokia, Sharp, Siemens, Samsung, Alcatel, Ericsson, Fujitsu, Hyundai, LG Electronics, and others.
* Fixed Wireless Phones
* Cellular Phone Accessories: antennas, batteries, belt clips, cables and adapters, cases, chargers, faceplates, and modems.

**MARKET ANALYSIS SUMMARY**

The market potential is huge for our products, evidenced by what appears to be the unstoppable growth of the telecom industry. Currently, the telecom industry is among the strongest growth industries and is responsible for huge gains in the capital markets. The proliferation of cellular phones is increasing at rates which at one time were unimaginable. One illustrative example is that it is forecasted that within two years over 65% of children from age of 10-15 will have cell phones.

Future growth of the market/products is projected in the following areas:

Text messages between friends (in Japan this big). Users can send regular Short-Message Service (SMS) or email on their phones. Email is of course limited to small file sizes, but many of the phones allow for English characters to be sent. Each provider also allows special characters to be sent, such as an array of happy and sad faces, small animated images, animals, people, hearts, etc. When special characters are not available, people often use a specialized set of faces to show emotion. Email can also be sent between different provider phones, but many of the special characters are lost, hence users may try to keep a circle of friends on the same provider to receive the special characters. Email, of course, may be sent from computers as well, but files are often stripped of headers and attachments when received on cell phones.

Most North American phones come with a few games to keep people entertained for a limited duration. Japanese phones come with two different types of games: built-in ones and Java application ones. The built-in ones are simple, but again the graphics are very important to the game value. Java application games are delivered via the network to the customer's phone and there is a charge for this service. These games are much more complex and require streaming data to access. New games come out monthly. You can even buy joysticks and navigation consoles that plug into your phone.

One of the recent popular additions to many of the Japanese and Korean phone models is a CCD Camera that is mounted either on the outside of the clamshell or on the clamshell hinge. The camera lens is slightly smaller than a dime and takes 4x4 cm pictures to display on the phone's screen or to send to others. Not only can users take pictures, they can take video clips as well. Most phones take between 5-15 seconds of footage due to memory limitations, but they can send streaming video. Many of the advertisements for camera phones show people taking to each other and watching each other on the screen (both holding the phone and camera at arm's length and using a hands-free microphone and earpiece). The camera also has a couple of neat accessories including an external flash that pops into an accessory port and a miniature printer that will print out pictures.

Our company will try to take advantage of these developments and serve its customers in all these new trends and developments.

**Market Segmentation**

Alamin Cellular Phones, Inc. will focus on five customer groups, bearing in mind that it is quite customary today to have more than one cell phone per family:

* Children in the age group of 10-17 years old
* Students
* General public
* Professionals
* Service organizations and companies that need to be in constant communication with their employees.

**STRATEGY AND IMPLEMENTATION**

Alamin Cellular Phones will use a strategy of total market service.

Assumptions:

* Every person is a potential customer and all our potential markets will experience growth.
* Marketing to one segment of the population will lead to an expansion in overall market growth.

**MANAGEMENT SUMMARY**

The management of Alamin Cellular Phones, Inc. is made up of the owner, a Marketing manager (Mr. Nduka Johnson) and three other members who will be hired locally and will be added: a Programmer, and two store attendants with one serving at the beginning as secretary.

**Personnel Plan**

The Alamin Cellular Phones' store will operate virtually 24 hours a day 7 days a week. Although the store opening hours will be officially 10:00 a.m. to 6:00 p.m., it is clear that due to our Internet operation the customer support will be a non-stop one. The personnel plan, as detailed in the following table, has been developed to support these hours.

Assumptions regarding personnel have been made for year 1 through year 3 as follows:

Year 1 Ending March, 2017 - Owner, Mr. Alamin Dala Umar, will draw a salary of $42,000. The Marketing Manager, Mr. Nduka Johnson will receive a yearly salary of $26,400. The programmer will have $21,000 a year plus a percentage of his Internet sales, and the two store attendants will earn $16,800 each. However, they will divide the total week hours between them so that only during busy hours will they both be present.

Year 2 Ending March, 2018 - Salaries will be boosted by 10 - 15 percent. Additional staff will be hired if significant increases in sales warrant.

The same applies to Year 3 Ending March, 2019.

**FINANCIAL PLAN**

It is assumed that the owner's private resources will be sufficient to finance any monthly cash-flow shortage. However, it would be advisable to establish a bank relationship as soon as possible. Sales could very well increase at a much sharper rate than assumed in these conservative projections. Sharper sales will result in a greater need for funds in support of inventory and receivables. An over-draft line of credit with the bank will be an excellent cushion to fall back on.

This is considered a very good time to start a new business. The economy is beginning its trek up, and consumer spending is up. The Commerce Department reported, "Consumers had increased their spending, the largest advance in nine months."

A shorter learning curve will be brought to the business by the owner due to his extensive background and in-depth market knowledge. He has a clear understanding of the need to manage costs and forecast future needs so that the business is not "broadsided" by the unexpected.

One other component on which the financial plan is based is wise purchases. Finding the right product, at the right price will enable the business to meet planned margins and maintain inventory at an attractive level with a high turn rate.

**Important Assumptions**

As a general rule our company will not sell on credit. However for very special cases we might offer short-term credit against valid assurances. We shall accept cash and checks, Visa, MasterCard, Discover and American Express, and PayPal on the Internet. All sales paid via credit cards will be deposited in our business checking account within 48 hours.

**APPENDIX**

SALES FORECAST

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6 MONTH 7 MONTH 8 MONTH 9 MONTH 10 MONTH 11 MONTH 12

Sales

Cellular Phones 0% $10,000 $10,000 $10,000 $11,000 $11,000 $11,000 $12,000 $12,000 $12,000 $13,000 $13,000 $13,000

Cellular Phones Accessories 0% $9,000 $9,000 $9,000 $10,000 $10,000 $10,000 $11,000 $11,000 $11,000 $12,000 $12,000 $12,000

Fixed Wireless Phones 0% $3,500 $3,500 $3,500 $3,750 $3,750 $3,750 $4,000 $4,000 $4,000 $4,250 $4,250 $4,250

Other Sevices 0% $3,500 $3,500 $3,500 $3,750 $3,750 $3,750 $4,000 $4,000 $4,000 $4,250 $4,250 $4,250

TOTAL SALES $26,000 $26,000 $26,000 $28,500 $28,500 $28,500 $31,000 $31,000 $31,000 $33,500 $33,500 $33,500

Direct Cost of Sales Month 1 Month 2 Month 3 Month 4 Month 5 Month 6 Month 7 Month 8 Month 9 Month 10 Month 11 Month 12

Cellular Phones $2,300 $2,300 $2,300 $2,500 $2,500 $2,500 $2,750 $2,750 $2,750 $3,000 $3,000 $3,000

Cellular Phones Accessories $2,250 $2,250 $2,250 $2,400 $2,400 $2,400 $2,600 $2,600 $2,600 $2,900 $2,900 $2,900

Fixed Wireless Phones $900 $900 $900 $950 $950 $950 $1,000 $1,000 $1,000 $1,050 $1,050 $1,050

Other Services $900 $900 $900 $950 $950 $950 $1,000 $1,000 $1,000 $1,060 $1,050 $1,050

Subtotal Direct Cost of Sales $6,350 $6,350 $6,350 $6,800 $6,800 $6,800 $7,350 $7,350 $7,350 $8,010 $8,000 $8,000

PERSONNEL PLAN

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6 MONTH 7 MONTH 8 MONTH 9 MONTH 10 MONTH 11 MONTH 12

CEO 0% $3,500 $3,500 $3,500 $3,500 $3,500 $3,500 $3,500 $3,500 $3,500 $3,500 $3,500 $3,500

Marketing Manager 0% $2,200 $2,200 $2,200 $2,200 $2,200 $2,200 $2,200 $2,200 $2,200 $2,200 $2,200 $2,200

Programmer/Office Administrator 0% $1,750 $1,750 $1,750 $1,750 $1,750 $1,750 $1,750 $1,750 $1,750 $1,750 $1,750 $1,750

2 Store Attendantds 0% $2,800 $2,800 $2,800 $2,800 $2,800 $2,800 $2,800 $2,800 $2,800 $2,800 $2,800 $2,800

Other 0% $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

TOTAL PEOPLE 0 0 0 0 0 0 0 0 0 0 0 0

Total Payroll $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250

PRO FORMA PROFIT AND LOSS

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6 MONTH 7 MONTH 8 MONTH 9 MONTH 10 MONTH 11 MONTH 12

Sales $26,000 $26,000 $26,000 $28,500 $28,500 $28,500 $31,000 $31,000 $31,000 $33,500 $33,500 $33,500

Direct Cost of Sales $6,350 $6,350 $6,350 $6,800 $6,800 $6,800 $7,350 $7,350 $7,350 $8,010 $8,000 $8,000

Other Costs of Sales $2,000 $2,040 $2,081 $2,122 $2,165 $2,208 $2,252 $2,297 $2,343 $2,390 $2,438 $2,487

TOTAL COST OF SALES $8,350 $8,390 $8,431 $8,922 $8,965 $9,008 $9,602 $9,647 $9,693 $10,400 $10,438 $10,487

Gross Margin $17,650 $17,610 $17,569 $19,578 $19,535 $19,492 $21,398 $21,353 $21,307 $23,100 $23,062 $23,013

Gross Margin % 67.88% 67.73% 67.57% 68.69% 68.54% 68.39% 69.02% 68.88% 68.73% 68.95% 68.84% 68.70%

Expenses

Payroll $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250

Marketing/Promotion $0 $500 $500 $500 $0 $0 $1,000 $0 $1,000 $0 $1,000 $0

Depreciation $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Rent $2,000 $2,000 $2,000 $2,000 $2,000 $2,000 $2,000 $2,000 $2,000 $2,000 $2,000 $2,000

Insurance $1,000 $1,000 $1,000 $1,000 $1,000 $1,000 $1,000 $1,000 $1,000 $1,000 $1,000 $1,000

Payroll Taxes 15% $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Other $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Total Operating Expenses $13,250 $13,750 $13,750 $13,750 $13,250 $13,250 $14,250 $13,250 $14,250 $13,250 $14,250 $13,250

Profit Before Interest and Taxes $4,400 $3,860 $3,819 $5,828 $6,285 $6,242 $7,148 $8,103 $7,057 $9,850 $8,812 $9,763

EBITDA $4,400 $3,860 $3,819 $5,828 $6,285 $6,242 $7,148 $8,103 $7,057 $9,850 $8,812 $9,763

Interest Expense $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Taxes Incurred $1,320 $1,158 $1,146 $1,748 $1,886 $1,873 $2,144 $2,431 $2,117 $2,955 $2,644 $2,929

Net Profit $3,080 $2,702 $2,673 $4,079 $4,400 $4,369 $5,003 $5,672 $4,940 $6,895 $6,168 $6,834

Net Profit/Sales 11.85% 10.39% 10.28% 14.31% 15.44% 15.33% 16.14% 18.30% 15.93% 20.58% 18.41% 20.40%

PRO FORMA CASH FLOW

MONTH 1 MONTH 2 MONTH 3 MONTH 4 MONTH 5 MONTH 6 MONTH 7 MONTH 8 MONTH 9 MONTH 10 MONTH 11 MONTH 12

Cash Received

Cash from Operations

Cash Sales $26,000 $26,000 $26,000 $28,500 $28,500 $28,500 $31,000 $31,000 $31,000 $33,500 $33,500 $33,500

SUBTOTAL CASH FROM OPERATIONS $26,000 $26,000 $26,000 $28,500 $28,500 $28,500 $31,000 $31,000 $31,000 $33,500 $33,500 $33,500

Additional Cash Received

Sales Tax, VAT, HST/GST Received 0.00% $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

New Current Borrowing $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

New Other Liabilities (interest-free) $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

New Long-term Liabilities $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Sales of Other Current Assets $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Sales of Long-term Assets $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

New Investment Received $50,000 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

SUBTOTAL CASH RECEIVED $76,000 $26,000 $26,000 $28,500 $28,500 $28,500 $31,000 $31,000 $31,000 $33,500 $33,500 $33,500

Expenditures Month 1 Month 2 Month 3 Month 4 Month 5 Month 6 Month 7 Month 8 Month 9 Month 10 Month 11 Month 12

Expenditures from Operations

Cash Spending $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250 $10,250

Bill Payments $211 $6,333 $6,699 $6,836 $10,148 $13,851 $13,961 $16,256 $15,103 $15,850 $17,017 $17,050

SUBTOTAL SPENT ON OPERATIONS $10,461 $16,583 $16,949 $17,086 $20,398 $24,101 $24,211 $26,506 $25,353 $26,100 $27,267 $27,300

Additional Cash Spent

Sales Tax, VAT, HST/GST Paid Out $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Principal Repayment of Current Borrowing $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Other Liabilities Principal Repayment $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Long-term Liabilities Principal Repayment $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Purchase Other Current Assets $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Purchase Long-term Assets $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

Dividends $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0 $0

0 $6,800 $6,800 $7,350 $7,350 $7,350 $8,010 $8,000 $8,000