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FOR: FLAKES MEDIA COMPANY LIMITED

NOTE: KINDLY ENSURE THAT THE DATA/INFORMATION IN THIS DOCUMENTS ARE KEPT CONFIDENTIALLY

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EXECUTIVE SUMMARY

Flakes Commercial Photography, located in and serving Oyo State, Nigeria, will serve small and medium-sized businesses and non-profits for all of their studio photography needs by creating beautiful shots that serve the client's needs, offering excellent service and flexibility with a personal touch, and offering value-added services related to photography. Founded and directed by veteran freelance commercial photographer Folakemi Ojo , Flakes Commercial Photography intends to raise by adding limited partners to the business in order to open a studio space, hire staff, and undergo a new marketing campaign. Flakes Commercial Photography seeks to enter the top three commercial photography providers in the Akobo, Oyo State metropolitan area within five years.

We seek the objective to be in the top three commercial photography studios in terms of market share. Flakes Commercial Photography seeks to serve small and medium-sized businesses and non-profits for all of their studio photography needs by creating beautiful shots that serve the client's needs, offering excellent service and flexibility with a personal touch, and offering value-added services related to photography. Flakes intends to offer personalized service to make it easy for small businesses to outsource their photography needs and establishing Flakes Photography as flexible to the needs of small and medium-sized businesses, offering a range of additional services, such as printing, photo editing, framing, and production of photos in a variety of digital formats .Making businesses feel at home in our studio and part of the creative process.

INTRODUCTION

Flakes Commercial Photography will be based in a conveniently-located studio space within half an hour of downtown Akobo, Ibadan. The company was founded by Folakemi Ojo in 1999. For more than ten years, Flakes has operated as a freelance photographer specializing in commercial shoots, establishing a reputation among small businesses as a professional and talented photographer. Over this time, Flakes's business has steadily grown, including a variety of returning clients who rely on Flakes for their product photography for pamphlets, brochures, websites, and other marketing collateral. Flakes has operated without a devoted studio during this time, traveling to client sites and setting up a studio space wherever possible.

DESCRIPTION OF THE VENTURE

Flakes Commercial Photography was established as a sole proprietorship in 1999 and is currently being re-established as a limited liability partnership to facilitate the participation of investing partners. Currently, all shares of Flakes Commercial Photography are owned by Folakemi Ojo. Start-up expenses include the legal fees associated with re-incorporating the business, permits associated with a studio space, and the build-out of the studio space. Marketing includes a promotional campaign to alert customers and potential customers to the services and capacity Flakes Commercial Photography is adding. Rent includes two months of studio rent to cover the build-out period and two additional months for a security deposit. Long-term assets include additional photography equipment (cameras, tripods, backdrops, Flakeses, lighting) that must be purchased.

INDUSTRY ANALYSIS

Flakes Commercial Photography has existed for a considerable number of years. With lack of governments support towards photography, Flakes commercial Photography shall continue to be the dominant photography industry in its entirety. However, Services to be offered include the following:

1. Studio commercial photography
2. On-site commercial photography
3. Set dressing services for photo shoots
4. Photo editing and digital editing work

5. Delivery of prints or digital files of photo shoots
6. Framing of photos
7. Web portal to access digital files from shoots and manage editing process with clients
8. Rental of the studio space to subcontractors when time allows

In the future, as additional staff are added, there are plans to offer graphic design services for the photos taken, and to expand to a multi-room studio to allow for multiple shoots simultaneously.

MARKET ANALYSIS

The market for commercial photography includes all businesses and non-profits. For Flakes Commercial Photography, the target market is small and medium-sized businesses and non-profits (those with under 500 employees) based within a 15 mile radius of Akobo, Oyo State. In the past two years, the market for commercial photography in Akobo, Oyo State has contracted due to the recent economic downturn. Small and medium-sized businesses which formerly used large commercial studios can no longer afford their rates. This has created an opportunity for smaller photography studios with lower overhead and prices to serve this market and seize market share in time for a market upswing.

MARKET SEGMENTATION

Very Small Businesses: These businesses are generally run by their owners. Photography needs tend to be for their basic marketing collateral (signs, menus, pamphlets, brochures, websites, newsletters, etc.). These businesses generally begin by taking these photographs in-house, but, over time, determine that this method produces sub-standard results. They then seek inexpensive freelance photographers who can quickly handle their needs.

Small Businesses: These businesses have ongoing and regular needs for

photography of their products and services, such as quarterly catalogs. They appreciate establishing relationships with vendors who understand their way of working, allow them access to the creative process, and reduce the stress of creating marketing materials. They prefer to work with one vendor for all photography needs and will be reluctant to change that vendor once it is found. However, they do continue to check the prices of their vendor against competitors to make sure they are getting the preferred mix of quality and price.

Medium Businesses: These businesses have marketing departments which outsource photography to photo studios. They have a higher volume of photography needs than smaller businesses and pay great attention to the quality of the images as well as the price. Volume discounts may be needed to retain businesses in this category.

Target Market Segment Strategy

Larger businesses in the Akobo area are served by large studios who can send photographers to the client site or set up shoots with little notice. These businesses require photography vendors with the capacity to shoot in multiple locations at the same time. Smaller businesses, on the other hand, are comfortable working with smaller photography studios. They are generally unhappy with larger studios, as they find they are not a priority compared with the larger clients of the studio. They want the same level of service, scaled to the needs and budget of their business, and only a smaller studio can provide this. Furthermore, larger businesses often bring a great deal of photo editing work in-house to their marketing departments. Smaller businesses value the ability of a photo studio to handle this work as their marketing or design departments often do not have the capacity to deal with this work when new materials are being developed. Medium and small businesses can provide ongoing work. However, without serving very small businesses, Flakes will miss out on capturing smaller customers before they grow. Working with very small businesses can also provide a wide base of customers, making the revenue streams of the business less susceptible to the loss of any one customer.

Service Business Analysis

The commercial photography industry is characterized by local photo studios which serve cities or small regions. Very few businesses grow beyond this geographic range. Within a local market, such as Akobo, Oyo State, there are dozens of photo studios in operation. Businesses seek photography vendors through referrals, internet search, and the local yellow pages. Photography studios generally base their charges on the time of the shoot as well as the number of edited photos provided. Specific competitors for Flakes Commercial Photography include: **Redwood, ImageMakers, Shots Photography.**

Competition and Buying Patterns: There are very few barriers to entry into the commercial photography business. At the low-end of the market, freelance photographers with inexpensive digital cameras start work officially and unofficially every day. However, at the high end of the market, quality photographers working with the best equipment and a studio space are protected by the capital required to purchase equipment and to rent and build out a studio. Customers among small and medium-sized businesses seek low prices, but will not sacrifice quality. The best quality is obtained in the controlled environment of a studio, with well-trained photographers and high-quality equipment. Customers choose between photo studios based on their websites and portfolios of work, as well as the personal assurances of the salesperson they work with at the studio that their needs will be taken care of. Word of mouth is extremely important for this business. While the product of the work becomes very visible, it is important that customers feel so strongly about the experience of working with their photo studio that they talk about it to other businesses and contacts. These referrals are extremely helpful in generating business.

STRATEGY AND IMPLEMENTATION SUMMARY

To build its reputation as a quality choice for commercial photography in the Akobo, Oyo State market, Flakes Commercial Photography will focus on small and medium-sized businesses. These include:

1. Very Small Businesses (under 20 employees)
2. Small Businesses (20 to 200 employees)
3. Medium Businesses (200 to 500 employees)

To reach these target markets, Flakes will use email marketing, business networking, and web marketing to find clients and to ensure that clients find Flakes. The CEO, Ojo Folakemi, will sell to clients, and both he and an additional team of assistant photographers will be assigned to client photo shoots in the Flakes studio and, when needed, at client sites.

Competitive Edge: Flakes Commercial Photography has a competitive edge from the reputation of Folakemi Flakes in the business community as a high-quality photographer who is easy to work with and attentive to the needs of clients. Flakes will continue to develop this competitive edge by training additional photographers with his signature style of photography and high attention to customer service.

Marketing Strategy: The marketing strategy for Flakes Commercial Photography is based on the belief that using a few marketing tactics extremely well is preferable to using many marketing tactics with moderate success with each. The following are components of the initial marketing campaign:

Email Marketing: Emailing a new business announcement and then monthly newsletters with details on new packages, the development of the studio, and new hires to past clients and other targets in the business community. Newsletters will include helpful tips on how to use photography and this will be used to gain permission from marketing departments at prospective client businesses to be sent the newsletters. Within these emails will be calls to action to encourage business referrals.

Business Networking: Ojo Folakemi will promote the business through the local chapter of BNI (Business Networking International), the Chamber of Commerce, and the Akobo Business Owner's Association. Through these meetings, Flakes will introduce his company's work to other business owners, share leads on business, and receive both exposure and qualified referrals. To encourage members of networking groups to use Flakes's services so that they are educated referrers, Flakes will offer a 25% discount on services to members of the networking group on their first purchase.

Web Marketing: Flakes Photography will purchase search engine advertising with

Google Adwords around commercial photography keywords for the Akobo market and gear its advertisements towards the needs of small and medium-sized businesses. Furthermore, Flakes Photography's website will be optimized for higher search engine ranking under these keywords.

Sales Strategy

The company's sales strategy is to utilize the experience of Folakemi Ojo as salesperson. Flakes will be able to assure clients of what the company and its photographers can accomplish as all will be personally trained by him. To increase the closing rate of prospects, Flakes will meet clients at their businesses whenever possible to go beyond phone conversations. He will use a portfolio of images and testimonials. Flakes will use Salesforce.com as a tool to manage the sales process, and to train additional salespeople when the time comes. The scheduling and fulfillment of services will be administered by the office manager, who will use Salesforce.com and QuickBooks to manage clients and capture information related to orders. Standard procedures for order fulfillment will be created by Flakes and checked on an ongoing basis.

Sales Forecast: Sales for photo shoots are expected to drive the business and will grow with the growing staff. Additional photographers will be hired to meet the need first as part-time and then as full-time staff. Supplementary revenue streams will be photo editing services and printing and framing of images. Finally, off-hours for the studio will be rented for events of other purposes to create a steady monthly stream of revenue.

Milestones: The promotional marketing before the opening of the studio is in a two month period in which an initial Web marketing and email marketing campaign will take place, directed by the CEO, with some help from the part-time administrative assistant, and marketing vendors (a Web marketing specialist). Furthermore, ads will be placed to specifically highlight the studio as a rental option for other uses like Web Marketing specialist will be hired to set-up and maintain Google Adwords campaign and to optimize website for search engines and Constant Contact will be used to maintain email marketing with announcements about the studio opening, new staff, and new services.

MANAGEMENT SUMMARY

Ojo Folakemi will act as CEO of Flakes Commercial Photography. Flakes has extensive industry, sales, and operational experience. Immediate hires will include one part-time assistant photographer and one part-time administrative assistant. The CEO will be responsible for sales and marketing, management of all staff, and fulfillment of client services. The first part-time assistant photographer will be Timothy Adeboye, a recent graduate of the School of Visual Arts and an accomplished photographer new to Akobo. The assistant photographer will assist on shoots during training and begin to take the lead on photo shoots over time. He will move to full-time within one year if sales projections are met. The administrative assistant will be responsible for bookkeeping (accounts payable and receivable), scheduling of shoots and labor, and fielding calls for rental of the studio and initial sales inquiries. He or she will execute marketing campaigns (update website, print brochures and portfolios, etc). He or she will offer customer service to answer basic questions by phone or email.

Personnel Plan

Flakes Commercial Photography will begin its expansion with one part-time assistant photographer and one part-time administrative assistant, with the understanding that both positions will grow to full-time shortly. Each year an additional assistant photographer will be added.

FINANCIAL PLAN

The launch of the business will be financed by the founder's investment and credit and by investments from limited partners. In exchange for N159,000 investment in the business at startup, limited partners will receive 49% ownership shares. The initial funding requirements are modest for the business. The growth of the business, beyond the first year, will be financed by the free cash flows generated by the business. This will allow for the expansion of staff to include additional photographers, the ramping up of marketing expenditures, and the resulting increase in sales. Only one photographer will be added per year in order to make sure that there is time for adequate training of new staff.

Start-up Funding

Funding for the business is in part from personal loans, credit cards, and cash investment by the owner, Ojo Folakemi. The remainder of funding will be from one to three limited partners in the form of equity investment.

Start-up Funding	
Start-up Expenses to Fund	N73,500
Start-up Assets to Fund	N138,000
Total Funding Required	N211,500
Assets	
Non-cash Assets from Start-up	N93,000
Cash Requirements from Start-up	N45,000
Additional Cash Raised	N0
Cash Balance on Starting Date	N45000
Total Assets	N138,000
Liabilities and Capital	
Liabilities	
Current Borrowing	N15,000
Long-term Liabilities	N15,000
Accounts Payable (Outstanding Bills)	N7,500
Other Current Liabilities (interest-free)	N0

Total Liabilities	N37,500
Capital	
Planned Investment	
Owner	N45,000
Limited Partners	N159,000
Additional Investment Requirement	N0
Total Planned Investment	N174,000
Loss at Start-up (Start-up Expenses)	(N73,500)
Total Capital	N100,500
Total Capital and Liabilities	N138,000
Total Funding	N211,500

Projected Profit and Loss

Gross margins are expected to remain consistent, as most costs of the business are not direct costs of sales. The greatest cost of the service is labor, which is part of salaries and not cost of sales, for example. In year 2, profit is expected to drop as capacity is increased to prepare for growth. This will rectify in future years as sales come in line with the payroll expenses.

Pro Forma Profit and Loss					
	Year 1	Year 2	Year 3	Year 4	Year 5

Sales	N1,069,908	N1,176,372	N1,428,000	N1,800,000	N2,250,000
Direct Cost of Sales	N212,958	N241,686	N326,700	N427,500	N562,500
Other Costs of Sales	N0	N0	N0	N0	N0

Projected Cash Flow

Cash flow is expected to be positive after the first month of operations. This is due to the fact that Folakemi Flakes has a proven track record and can hit the ground running with continued work for existing clients. Cash reserves in the company will be increased over the first year to prepare for additional expansion in year two.

Pro Forma Cash Flow					
	Year 1	Year 2	Year 3	Year 4	Year 5
Cash Received					
Cash from Operations					
Cash Sales	N213,981	N235,275	N285,600	N360,000	N450,000
Cash from Receivables	N783,177	N931,053	N1,124,691	N1,413,819	N1,768,329

Projected Balance Sheet

The business is projected to show growth in retained earnings (which allow for dividends to be paid) as there are not substantial additional capital expenditures needed after the launch. There will be healthy growth in net worth over the first five years of operation, as additional debt is not required to fund the business.

Pro Forma Balance Sheet					
	Year 1	Year 2	Year 3	Year 4	Year 5
Assets					
Current Assets					
Cash	N150,147	N268,746	N365,892	N501,138	N683,280
Accounts Receivable	N72,747	N82,794	N100,503	N126,684	N158,355
Other Current Assets	N3000	N3000	N3000	N3000	N3000

EVALUATION, RECOMMENDATION AND CONCLUSION

The profitability of the company will increase in absolute terms with growth. However, the gross margins and net profit margins will not increase dramatically over time as the additional growth in revenues requires additional direct labor. To maintain the reputation of the company, this labor cannot be performed by less skilled, lower-wage photographers. As revenues grow and additional photographers are hired, the CEO will focus a greater percentage of time on sales and prospecting. This will allow for steady growth in revenues while the brand of Flakes Commercial Photography becomes established in the market. A larger studio space with multiple rooms can be leased after a critical mass of utilization has been achieved with the current space. This will allow for continued growth. Looking at the above analysis, the long term solvency, efficiency and stability of the firm seems exceedingly promising. The viability and feasibility of the project has been tested from the above evaluation. This project looks very viable and is worthwhile to commit resources to it.