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DEPARTMENT: NURSING

COURSE CODE: GST 212

**Business plan**

**My business idea**

I plan to start a business called “Oldies but Goodies DJ service”. Customers will hire me to DJ at special events including family reunions, retirement parties, birthdays and anniversary celebrations. Oldies but Goodies will specialize in playing R&B and Motown era music from the 1970s, and 80s. My business will cater to older customers who enjoy this genre of music. I will deliver my DJ services directly to my clients. When I am hired to play at a party, I will transport all of my equipment and music to the event

How my business idea will satisfy a consumer need.

Many DJs focus on playing the latest, most cutting edge tracks, but older customers do not value this feature. I will be satisfy my customers’ need to hear the music they enjoy most. Oldies but Goodies will offer its customers a fun-filled, nostalgic musical experience that they can share with their friends and relatives.

**Contact information for each owner**

DJ May-Turner

No 1 Michael’s close

Off jocecco drive

I am the sole owner of Oldies but Goodies DJ service.

Economics of one unit.

**How I intend to pay myself**

I will pay myself a dividend, an hourly wage, and a commission.

Dividend: I plan to allocate 10 to 15 percent of my yearly net profit as dividend income for myself. This means that I will pay myself a percentage of my business’s net profits as personal income. I will invest my remaining profit back into Oldies but Goodies so that my business can continue to grow.

Wage: It will cost oldies but goodies 4,500 naira per hour in direct labor costs to deliver its hands-on DJ services to customers. This direct labor cost will be paid to me since I plan to serve as the company’s sole DJ. As my business grow, I will consider hiring other DJs as subcontractors. When this happens, the direct labor fee will be paid to my subcontractors, and not to be.

Commission: Each time Oldies but Goodies secures a job, I will pay myself a 5% commission, based on my per-unit retail price. If I a charge customers a minimum price of 45,000 naira for three hours, my commission will amount to 2,250 naira. If a customer hires me for six hours of service, my total commission will be 4,500 naira

**Type of business-** I am starting a service business.

**Calculating the economics of one unit of my business**

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| One unit= Three hours of hands-on service (minimum of one hour for setup/cleanup, and two hours of “real-time” DJ service)   |  |  | | --- | --- | | Selling Price per Unit= | 45,000 naira | | -COSS per unit |  | | Direct Labor (@ 4,500 naira per hour) | 13,500 naira | | -Other variable Costs |  | | Commission @ 5% | 2,250 naira | | TOTAL Variable Costs per Unit | 21,000 naira | | Gross Profit per Unit | 29,250 naira | |

My EOU: I decided to charge my customers a minimum service unit of 45,000 naira. This unit covers 3 hours of service, including setup and cleanup. If my customers want to hire Oldies but Goodies for more than 3 hours, I will charge them 45,000 naira plus 15,000 naira for each additional hour. Building my EOU around a three-hour service unit will help me to build a strong foundation for my business.

Evaluating My Business Idea

My business resources include the following:

* My large record and CD collection of R & B and Motown-era music.
* My DJ equipment ( I already own high-quality turntables)
* My car- I will need a car to transport my equipment to events where I will be performing my services.
* My network of friends, family, and personal contacts in the radio industry here in Delta.

My business skills include the following:

* I am very knowledgeable about Motown-era music.
* I am excellent organizational skills
* I like interacting with different kinds of people.
* I have been practicing my DJ skills as a hobby for the last 5 years.

SWOT analysis of my business.

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| Strengths | My knowledge of 1970s and 1980s music combined with my extensive record collection will enable me to deliver a high-end musical experience to my customers. |
| Weaknesses | I have never run my own business before. I will be competing with people who have more experience than I do. I expect to make mistakes but also learn from my mistakes. |
| Opportunities | There is a growing senior citizen population in Delta state. Members of my target market are choosing to retire here. These potential customers have occasions to celebrate such as birthdays and anniversaries. This will create opportunity for my business. |
| Threats | The internet allows people to pay to download music very easily. My potential customers might choose to burn CDs with their favorite tunes instead of hiring a DJ to perform. On the other hand, hiring a DJ creates a more festive environment at parties. The DJ can interact with people and create positive energy. |

**My Goals**

Business goals:

Short-term business goals (less than one year)

* Save 900,000 naira towards my start-up investment.
* Purchase high-end amplifier and speakers with my start-up capital.
* Secure at least 15 DJ “gigs” by year-end.
* Earn a yearly net profit of 3,600,000.
* Establish relationships with the human resource managers at three major corporations in Delta state. One of my market segments consists of corporations. I want them to hire Oldies but Goodies to DJ at employee retirement parties and corporate holiday events.
* Establish relationships with managers. I want these managers to use Oldies but Goodies for special events.

Long-term business goals (from 1-5 years)

* Have 75% of my available DJ time booked consistently.
* Increase my sales revenue by at least 20% each year.
* Serve as a guest DJ on Crown FM “oldies” radio station to increase my name recognition.
* Hire one or two subcontractors to deliver DJ services. This will enable me to grow my business.

**Personal Goals:**

Within the next ten years, I want to assume the position of chief financial officer at a major record label. After I gain at least 5 years of experience as a CFO, I plan to start my own record label here in Delta state.

**Technology**

|  |  |
| --- | --- |
| **Tool** | **Function** |
| Phone | * Sale calls |
|  | * Customer care and communication |
| Computer and Printer | * Design promotional flyers and business cards |
|  | * Billing and recordkeeping |
|  | * Printing invoices and contracts |
|  | * Burn CDs |
| E-mail and internet | * Customer care and communication |
|  | * Website to promote my business |
|  | * Download new music |
| DJ equipment: | * These are the tools of my trade! I cannot deliver my services without this equipment. |
| Headphones |  |
| Turntables (2) |  |
| CD player |  |
| Amplifier |  |
| Speakers |  |

I already own most of the equipment needed. I bought a high-end turnable system last year along with a new computer and printer. The most costly items I still need to purchase are an amplifier and speakers. I plan to conduct through research online before I buy this equipment. I will also visit different audio supply stores to learn more about the latest models. I am willing to pay more for quality but also want to ensure that I negotiate a competitive price.

**Core beliefs**

* Listen to my customers and identify their needs and preferences.
* Be flexible.
* The road to excellence is paved with discipline and a continuous commitment to quality.

**Supply and demand**

Price: My customers tend to be fickle about money. Older people may be living on fixed incomes. My pricing scheme needs to be perceived as a good value.

My time: I can only be in one place at a given time! Party events typically occur on the weekends. I may find that customers will want to hire Oldies but Goodies at conflicting times. If this kind of situation happens often enough, I will consider subcontracting to other DJs sooner rather than later.

I plan to create a logo for Oldies but Goodies and will have this trademarked.

**Competitive Advantage**

My competitive advantages include the following:

* Other DJs cannot provide the same selection that I will offer. For example, I have built a collection of over 1,000 R&B and Motown-era recordings. At least 100 of my recordings are extremely rare; only a few other collectors in the world own them.
* Based on my market research, only one other DJ service in Warri specializes in this musical genre.
* Other competitive advantages?

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| Competitor | Weakness | Strengths |
| DJ Shay | DJ Shay has been playing oldies music at parties for years. Customers complain that he has lost his creative edge. He plays the same tracks over and over again. His reputation has suffered. | DJ Shay hosts a radio show on kpoko FM that features Motown-era recordings. He has excellent name recognition in Delta state. |
| Internet-CD burning | While people can pay legally to download music themselves, playing a CD is not the same as hiring a live DJ. A DJ can stir the crowd and positively influence the energy at a party | Burning a CD gives the customer total control over the music at an event. It also costs less money than hiring a DJ. It is legal. |
| Party in a Box productions | Party in a box specializes in providing “all music for all occasions.” It owns a basic collection of oldies but their selection is limited. | This company has an established reputation, their prices are very affordable. |

**Fixed costs**

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| --- | --- | --- |
| Fixed cost | Amount | Description |
| Utilities | 30,000 naira | Electricity, internet, and phone costs |
| Salaries | 0 naira | I do not plan to pay myself a salary. |
| Advertising | 45,000 naira | Average monthly costs for business cards, classified ads, promo cards, flyers, and radio ads |
| Insurance | 22,500 naira | General Business Liability insurance monthly charge. |
| Interest | 0 naira | I will have no interest because my business is not being financed with debt. |
| Rent | 30,000 naira | Monthly cost to keep my records and equipment at a secure storage facility |
| Depreciation | 60,000 naira | Monthly cost for the depreciation of my DJ equipment |
| Unexpected | 22,500 naira | There are always unexpected costs in business. I am budgeting for the unexpected at an average rate of 22,500 naira per month. |
| TOTAL | 210,000 naira |  |

**Recordkeeping**

I will create a computer database to track my client and billing records. I also plan to create a backup paper filing system so that I have hard copies of all my documents. My recordkeeping system will include the following:

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| --- | --- |
| Filing category | Function |
| Music research and library | To maintain my competitive advantage, I will continue to track down rare Motown-era recordings. I plan to catalog my collection carefully so I know what I own. |
| Paid invoices | I will keep copies of all checks and credit card receipts attached to client invoices. |
| Accounts receivable | I will file bills I owe to suppliers such as the phone company and my internet service provider. |
| Accounts payable | I will keep track of invoices for payments owed to me by clients |
| Marketing materials | I will keep samples of flyers, business cards, logo designs, and promotional cards. |
| Prospective clients | I plan to collect information about potential clients who may be interested in hiring Oldies but Goodies |

**Projected**

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| --- | --- | --- | --- |
| Monthly income statement-September | Unit price | # of units | Total |
| Total units sold (one unit=3 hours of services; includes setup and cleanup time)= | 45,000 naira | 20 | 900,000 naira |
| Less variable costs |  |  |  |
| COSS |  |  |  |
| -Direct labor (4,500 naira per hour at 3 hours): | 13,500 naira | 20 | 270,000 naira |
| -commission (@ 5%) | 5% of 45,000=2,250 | 20 | 45,000 naira |
| Total variable costs |  |  | 315,000 naira |
| Gross profit (contribution margin) |  |  | 585,000 naira |
| Less fixed costs |  |  |  |
| -utilities | 30,000 naira |  |  |
| -Salaries | 0 naira |  |  |
| -Advertising | 45,000 naira |  |  |
| -Insurance | 22,500 naira |  |  |
| -Interest | 0 naira |  |  |
| -Rent | 30,000 naira |  |  |
| -Depreciation | 60,000 naira |  |  |
| -Unexpected | 22,500 naira |  |  |
| TOTAL fixed costs | 210,000 naira |  | 210,000 naira |
| Profit before tax |  |  | 375,000 naira |
| Tax @20% (\*estimated) |  |  | 75,000 naira |
| Net profit |  |  | 300,000 naira |

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| Yearly income statement | Unit price | # of units | Total |
| Total units sold= 240 | 45,000 naira | 240 | 10,800,000 naira |
| Less variable costs |  |  |  |
| COSS |  |  |  |
| **-**Direct labor: | 13,500 naira | 240 | 3,240,000 naira |
| -commission | 5% of 45,000 naira | 240 | 540,000 naira |
| TOTAL variable costs |  |  | 3,780,000 naira |
| Gross profit (contribution margin) |  |  | 7,020,000 naira |
| Less fixed costs | Monthly fixed |  | Yearly fixed |
| **-**utilities | 30,000 naira |  | 360,000 naira |
| **-**salaries | 0 naira |  | 0 naira |
| **-**advertising | 45,000 naira |  | 540,000 naira |
| **-**insurance | 22,500 naira |  | 270,000 naira |
| **-**interest | 0 naira |  | 0 naira |
| -rent | 30,000 naira |  | 369,000 naira |
| **-**depreciation | 60,000 naira |  | 720,000 naira |
| **-**unexpected | 22,5000 naira |  | 270,000 naira |
| TOTAL fixed costs | 210,000 naira |  | 2,520,000 naira |
| Profit before tax |  |  | 4,500,000 naira |
| Tax @20% (\*estimated) |  |  | 900,000 naira |
| Net profit |  |  | 3,600,000 naira |