Name**:** Fagboyo Fiyinfoluwa Favour

Matric Number: 19/LAW01/269

Department: Law

Level: 200

Course: Entrepreneurship

Assignment Answer

**Executive Summary**

Dazzle Designs is an importer of Italian furniture serving in Mary Land, America. The business was originally incorporated in Maryland over 10 years ago and has undergone various changes in business strategy. The refined model is to import a wide range of Italian furniture and sell primarily to designers and unfinished furniture retail stores. The company has two principals, Fagboyo Favour located in Maryland ., and Alonso de Alfredo located in Rome, Italy.

**The Concept**

Recognizing that the market for good furniture is quite competitive using the larger furniture retailers, Dazzle designs will minimize the competition by targeting specific niches, generally focusing on out-of-the-way locations that are not served by the larger furniture superstores. By leveraging Alonso’s location and expertise in Italy, Dazzle Designs will be able to have control of the entire importation process. In Italy, Alonso will serve as not only as a principal of Dazzle, but also as the agent.

Dazzle Designs has three keys to success. The first is establishing a high quality, high value relationship with its vendors and customers. The second key is to ensure reliable and timely delivery of their products. The last key to success is reliable administration of the organization.

Dazzle is set up as a home-based business with additional warehouse space. This will be the most cost effective arrangement  yet provide the requisite amount of service and support.

**The Market**

Dazzle Designs will target three market segments. The first, that currently comprises 80% of their business, is specialty retailers. This segment is growing at 2% and there are 16 potential customers. This is a more competitive niche and through targeted marketing, Dazzle will begin to reduce their dependence on this segment. The second segment is designers, that also have a 2% annual growth, with 44 potential customers. The last targeted niche is unfinished furniture retailers growing at 2% with a potential market of 50 participants.

The market is based less on brand equity of the manufacturer and more on the actual product and the service provider. It is very important to the customer to touch and feel the product. The salesperson is also instrumental in the transaction. These realities are beneficial to Dazzle as they can pick and choose from a variety of manufacturers instead of being able to sell products from only known companies.

**The Sales Strategy**

Key to the sales strategy is direct sales calls on all market segments targeted in this plan with the exception of interior designers. These sales calls need to be made by the owner, Favour Fagboyo, by virtue of her background and knowledge of the products and competitors. Experience has proven that the more time she devotes to sales, the more sales result. A full-time team member needs to be found and added as soon as possible. Without this person, too much of Favour’s time is deflected away from her major task of selling.

Dazzle Designs, through its well-focused business strategy will achieve profitability by month two. Conservative forecasts indicate that sales will be almost double from year one to year three. Net profits will be commensurate.

The objectives of Dazzle Designs are:

1. To put in place adequate, and reliable, administrative machinery, allowing the owner to spend her time selling and maintaining major accounts.
2. To concentrate Dazzle's efforts on several selected market sectors that have been researched and found promising.
3. To improve the reliability and timeliness of shipments from Italy.

**Mission**

Dazzle's mission is to supply certain market niches for chairs and other furniture items which are, for a variety of reasons, not well served by the large domestic manufacturers. The owner of Dazzle Designs utilizes her interior design background, her experience in the furniture retail market, as well as her contacts in Italy to tailor her products to the needs of these market niches.

**Keys to Success**

The keys to success in Dazzle Designs' business are:

1. Offering items of a high quality-value relationship which are not available everywhere. This is essential for maintaining the niche market sectors mentioned in the mission statement.
2. Reliable and timely deliveries. Dazzle must make good on its delivery promises. Because of the nature of doing business in Italy, this requires long-range planning in scheduling orders, taking into account Italian holidays and business practices.
3. A reliable administration that is ready to serve customers, prepare accurate billing, follow-up on orders and other documentation, and maintain a close watch on expenses and collection of accounts receivable.

**Company Ownership**

Dazzle Designs was incorporated in the state of Mary Land. The company's ownership is shared equally between Fagboyo Favour of Mary Land and Alonso de Alfredo of Rome, Italy. Favour had 20 years of experience in the design field and knowledge of the U.S. market. Alonso de Alfredo had 25 years experience in the manufacturing of furniture in Italy and shipping to the U.S. market. Ms.Favour, as president, secretary and treasurer, is responsible for the daily management, sales, and development of the company. Sr. Alonso is responsible for the manufacturing, quality control, and shipping of the goods from Italy until they reach the U.S.

**Market Analysis Summary**

Dazzle Designs has learned by experience that it needs to target several market niches to be successful. Dazzle has identified three promising areas: Specialty Retail, Designers, and Unfinished Furniture Retailers. The first group accounts for nearly 80% of present sales. Reliance on this group will decrease somewhat as a result of increased efforts in marketing the other two customer groups.

**4.1 Market Segmentation**

According to U.S. government statistics there are over 17,000 outlets selling furniture nation-wide. Briefly stated, these outlets fall into the following categories:

1. **High-end**. High-end furniture outlets carry furniture produced by the top manufacturers home-based either in High Point, North Carolina or elsewhere in the South. These companies have a network of dealers throughout the country who are chosen based on the high image of the outlet. Some outlets represent the manufacturer exclusively. It is not unusual to find a dining chair in these outlets priced to sell at $1,200.
2. **Middle Range**. A step down from the first category are furniture outlets, such as Veralum's Furniture, that sell furniture which is targeted to up-market buyers, but not the top rung. A dining chair from one of these outlets might cost between $600-$800.
3. **Mass Merchandisers** such as \*\* or \*\* must carry lines with broad appeal, and high volume. This furniture is still sourced from large factories mostly in the South, but quality is lower and so are the prices. A dining chair from one of these outlets would sell in the $300 range.
4. **Low-end**. Chairs sold from these outlets would have virtually no hand work. The chairs are likely to need re-gluing a few years later, and much of the furniture requires some assembly on the part of the purchaser. A chair from these outlets would sell for under $200.
5. **Unfinished Furniture Outlets**. These are varied: many are manufacturers who only sell their own products, others take on items from other manufacturers to round out the line, and others only sell unfinished furniture but offer the option to have the finishing done by them. Quality can vary. Some are very low end, others like to have a better price variety.
6. **Specialty Retailers**. These include certain specialty retailers who combine antiques and reproductions to obtain an unusual offering which cannot be price-shopped. These retail outlets are small and must have healthy mark-ups to survive. They would avoid items that could be readily found at larger retailers who work on thinner margins. This market sector represents Dazzle's biggest volume.
7. **Designer Market**. Designers have difficulty making money on furniture. Taking clients to pick out chairs from retailers at the design center or elsewhere does not result in big commissions for the designer. What some designers do is to buy unfinished chairs (often via the major New York import houses) and then have a refinisher and an upholsterer complete the work. In this manner the designer can insure a larger profit for himself and the customer gets a quality chair which cannot be price-shopped easily.

The last three mentioned market sectors - Unfinished Furniture Outlets, Specialty Retailers, and Designers - are the ones most attractive to Dazzle's products. Each of these market segments are expected to grow at a steady rate of 2% per year. The table below summarizes the total market potential for Dazzle for the years 1998-2001.



**Main Competitors**

The most frequently seen competitor selling to Dazzle Designs' prime targeted outlets is Babcock . As was pointed out elsewhere in the business plan, Babcock products are produced in Italy, which has a better reputation for delivery reliability. The chairs (unlike Dazzle's chairs) come from one factory. These products are imported by a firm in Delaware which enjoys a full-color catalog of excellent quality published by Babcock. More importantly the importer carries every catalog item in stock. The Babcock chairs are, however, inferior in quality to those of Dazzle's suppliers in terms of weight, strength of construction, as well as the degree of hand-carving detail.

**Competitive Edge**

To further entrench in its niche market, Dazzle will utilize its established connections with the Italian manufacturers of high-quality furniture, which provide the company an opportunity to offer unique products in the selected U.S. markets. Further, the company will utilize unique industry experience and superb selling skills of it co-owner, Favour Fagboyo, to achieve the desired sales penetration.

**Marketing Strategy**

The following sections illuminate the pricing, promotion and distribution strategies for Dazzle Designs.

**Pricing Strategy**

The present pricing structure for Dazzle's products is to charge list price to the designer segment of the market. The designer segment of the market is typically making purchases which are time-sensitive and in small quantities.

We will allow a 12% discount to both of the Retail segment (Specialty Retailers and Unfinished Furniture Retailers). For a full container, or very large orders, Dazzle offers a 36% discount off of the list price.

**Promotion Strategy**

Brand identity is not a key issue with consumers. Direct mail is planned in the form of post card-sized mailings. A copy of one is included in the appendix. These have proved useful in identifying interested interior designers, as these individuals cannot economically be called upon in person.

Since getting Dazzle Designs' chairs into an outlet is the toughest hurdle, some promotional strategy should be devised to help along the retailer's initial decision to try carrying Dazzle's products. For the first 60 days, the retailer might be given an arm chair free for every five side chairs purchased. Once the outlet carries Dazzle's chairs, and the sales persons have been properly instructed concerning the chairs' sales features, re-ordering seems to proceed along smoothly unassisted.

For the unfinished furniture outlets, attaching a tag with a photo of a suggested finish might be very useful to encourage sales in this segment. Step-by-step instructions to achieve this finished look in the photo by "do-it-yourselfers" could be made available. Naming a local refinisher who will do the work at an agreed reasonable price might be another option for the "do-it-yourselfer" who couldn't get around to it.

**Sales Strategy**

Key to the sales strategy is direct sales calls on all market segments targeted in this plan with the exception of interior designers. These sales calls need to be made by the owner, Favour Fagboyo , by virtue of her background and knowledge of the products and competitors. Experience has proven that the more time she devotes to sales, the more sales result. A full-time team member needs to be found and added as soon as possible. Without this person, too much of Favour's time is deflected away from her major task of selling.

**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 of $15,000-20,000 would be an excellent cushion to fall back on.