




Del-Bird Shipping


Business Plan


2020 - 21

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Executive Summary



REMEMBER

Before you think about how to start a Drop Shipping service, you must create a detailed Drop Shipping business plan. It will not only guide you in the initial phases of your startup but will also help you later on.

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Business Overview



TIP

Del-Bird Online is the United States-based international drop – shipping cum online shopping website that offers a wide range of quality products such as electronics, computers, groceries, fashion, home appliances, and kid’s items. Our head office will be located in the heart of San Diego – California.

We are an e-commerce startup with a long-term goal of having our major cities in the world and delivering a wide range of products fr

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Management



TIP

Our inventory management of products is automated, our portal is designed such that it reports get generated instantly when required and our product inventory management is very efficient and easy to maintain.

We have a robust business relationship with shipping companies and we are going to be shipping goods for our clients at a highly-discounted price. We plan for strategically partnering with wholesalers and manufactur

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Customers



TIP

Del-Bird Online will ensure that all our customers are given first-class treatment irrespective of the number of products they purchase or the part of the world they reside in.

We have a CRM software that will enable us to manage a one on one relationship with our customers no matter how large the numbers of customers' base grow to. Our customers will always be carried alo

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Business Target



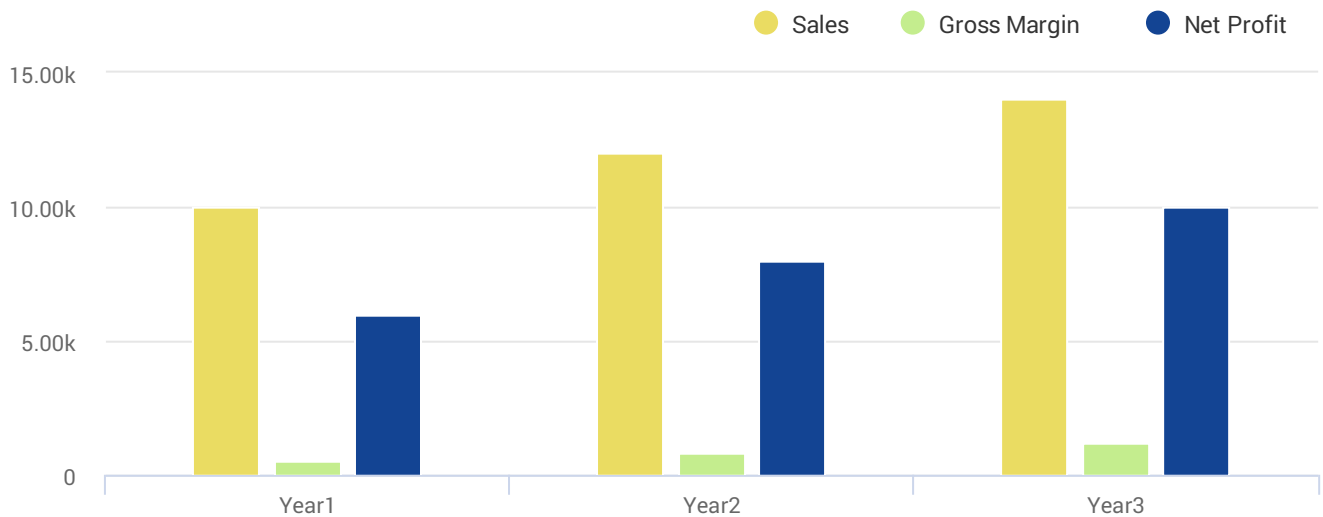
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The company's three-year targets are outlined as follows:

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3 Year profit forecast



Financial Year	Sales	Gross Margin	Net Profit
Year1	10000	500	6000
Year2	12000	800	8000
Year3	14000	1200	10000

Company Summary

Company Owner



TIP

Del-Bird Online is owned by Clara Davidson and her immediate family members. Clara Davidson has a Diploma in eCommerce and a degree in Business Administration. She will run the business with other experienced team members who have worked in similar business ventures.

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Why the Business is being started



TIP

The business is being started with the aim of making profits in the online retail industry while also adding value to the customers through excellent drop shopping services.

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How the Business will be started



TIP

The business will be located in a small office located in San Diego but will operate across the United States. In addition to the usual inventory, the company will procure business internet connection along with computers, servers, peripherals, and other office furniture. The startup summary is as follows:

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Startup cost



Cost distribution

Amount

Expenses

1550

Assets

1800

Investment

2050

Funding Required

The detailed start-up requirements are given below:

Start-up Expenses	Amount
Legal	\$72,500
Dog Beds	\$32,250
Dog Shampoos	\$62,875
Consultants	\$0
Insurance	\$32,750
Rent	\$222,500
Research and Development	\$32,750
Equipment Expenses	\$62,750
Signs	\$12,250
Dog Chambers	\$27,500
Dog Food	\$22,000
TOTAL START-UP EXPENSES	\$580,125

Start-up Expenses	Amount
Start-up Assets	\$0
Cash Required	\$322,500
Start-up Inventory	\$52,625
Other Current Assets	\$222,500
Long-term Assets	\$125,000
TOTAL ASSETS	\$121,875
Total Requirements	\$245,000
START-UP FUNDING	\$0
START-UP FUNDING	\$273,125
Start-up Expenses to Fund	\$121,875
Start-up Assets to Fund	\$195,000
TOTAL FUNDING REQUIRED	\$0
Assets	\$203,125
Non-cash Assets from Start-up	\$118,750
Cash Requirements from Start-up	\$0
Additional Cash Raised	\$118,750
Cash Balance on Starting Date	\$121,875
TOTAL ASSETS	\$0
Liabilities and Capital	\$0
Liabilities	\$0
Current Borrowing	\$0
Long-term Liabilities	\$0
Accounts Payable (Outstanding Bills)	\$0
Other Current Liabilities (interest-free)	\$0
TOTAL LIABILITIES	\$0
Capital	\$0
Planned Investment	\$0
Investor 1	\$312,500
Investor 2	\$0
Other	\$0
Additional Investment Requirement	\$0
TOTAL PLANNED INVESTMENT	\$495,000
Loss at Start-up (Start-up Expenses)	\$113,125

Start-up Expenses	Amount
TOTAL CAPITAL	\$121,875
TOTAL CAPITAL AND LIABILITIES	\$121,875
Total Funding	\$295,000

Products and Services



REMEMBER

If you are starting a Drop Shipping Business, you must focus on the services, you will provide to your customers. This sample business plan of Drop Shipping will guide you on how to start your own dog daycare business.

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TIP

You must decide what products you will provide to your customers before thinking about how to set up a dropshipping business because the planning of other subsequent components (such as finding relevant suppliers) depends on your products. Del-Bird Online will provide the following products to its customers:

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Products and services



Phones, Computers & Accessories

This category includes smartphones, laptops, tablets and other related accessories such as chargers, earphones, data devices etc.



Men's Fashion

This category includes men clothing, shoes, wrist watches and other wearable.



Women's Fashion

This category includes women clothing, shoes, handbags, cosmetics, artificial jewellery and other wearable.



Home & Living

This category includes household items.



Baby, Toys & Kids

This category includes all kinds of baby products and toys.

Market Analysis



REMEMBER

The most important component of an effective drop shipping business plan is its accurate marketing analysis. If you are starting this venture on small scale, you can take help from this drop shipping business plan template and carry out a marketing analysis yourself. Marketing analysis is extremely important because it gives you an idea of your position in the market therefore, it must be considered before you think about how to start a dropshipping business. If you are going to start a dropshipping business on a larger scale, it is b

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Market Trends



TIP

Dropshipping or E-commerce industry is one of the largest industries in the United States as well as in the rest of the world. In the United States, E-commerce sales were estimated to be \$353.7 billion for 2017. The industry is growing at the forecasted rate of 17% and is estimated to become a \$485.3 billion industry by 2021. As of 2016, there are 211 million digital shoppers in the United States and this figure will increase to 224 million by 2019. To

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Marketing Segmentation



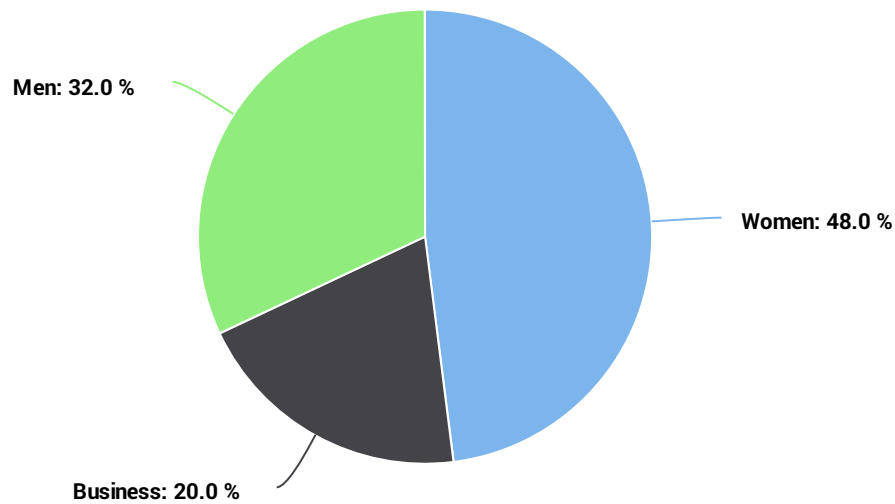
TIP

We will target all people living in the United States. Our experts have identified the following type of target audience which can become our future consumers:

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Market Share



Segments	Market share
Women	48
Business	20
Men	32

The detailed marketing segmentation of our target audience is as follows:



The biggest consumer of our services will be women in the United States. It has been established by various surveys and studies that women are more likely to make online purchases than men. That's why American women will be the biggest contributor to our revenue. Except for the Men's Fashion category offered by us, women will buy more products as compared to men in the remaining four categories.

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Women

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The second-biggest consumer of our products will be men. Although their contribution to our revenue will be less than women still it will be of significant value.

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Men

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TIP

We also hope to target the corporate sector for buying the products from our first category, computers, and accessories.

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Businesses

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Market Analysis

The detailed market analysis of our potential customers is given in the following table:

Potential Customers	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Women	48%	22,334	32,344	43,665	52,544	66,432	10.00%
Businesses	18%	11,433	13,344	16,553	18,745	20,545	13.43%
Men	34%	18,322	19,455	20,655	22,867	24,433	15.32%
Total	100%	52,089	65,143	80,873	94,156	111,410	9.54%

Business Target



TIP

- To achieve the net profit margin of \$10k/month by the first year, \$15k by the second year, and \$25k by the third year
- To add 3 more categories of electronic appliances, sports products, and furniture by the end of the first year

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Product Pricing



TIP

Considering the competition in the E-commerce industry, we have priced all our products in similar ranges as of our competitors. However, the delivery charges are kept slightly less as compared to our competitors.

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Competitive Advantage



TIP

A close study of the drop – shipping line of business and the overall eCommerce industry reveals that the market has become much more intensely competitive over the last decade. As a matter of fact, you have to be highly creative, customer-centric, proactive, and have a robust business network if you must survive in this industry.

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We are aware of the stiffer competition and we are well prepared to

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Strategy



REMEMBER

Like marketing analysis, sales strategy is also an important component of a drop shipping business plan so it must be planned before you think about how to start a drop-shipping business.

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Competitive Analysis



TIP

The biggest problem you will face while starting this venture is the intensely competitive environment created by giants like Amazon, eBay, Alibaba, etc. In addition to that, there are tons of other drop shipping business with ranging magnitudes. That's why, if you are thinking about how to start a successful dropshipping business, the only answer is to find a competitive advantage. Carry out an in-depth analysis of what your competitors are missing

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Sales Strategy



TIP

We will carry out a large scale paid social media advertising campaign.

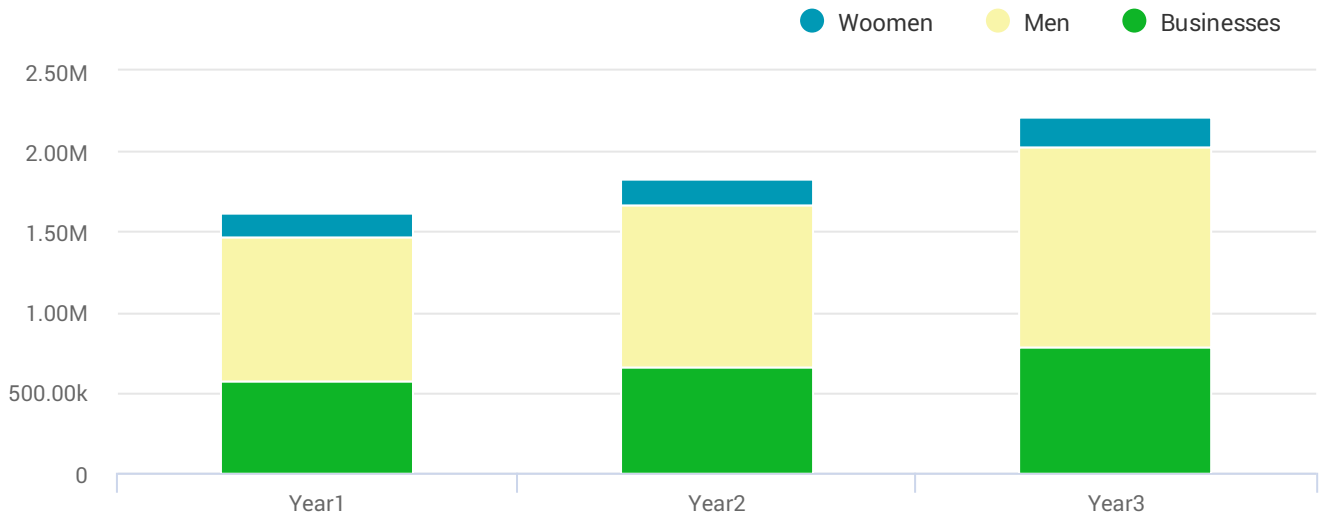
We will use digital marketing strategies, SEO, and SEM practices for promoting our website and achieving higher search results in Google rankings.

We will offer various discounts on women's fashion products during the first month of launch.

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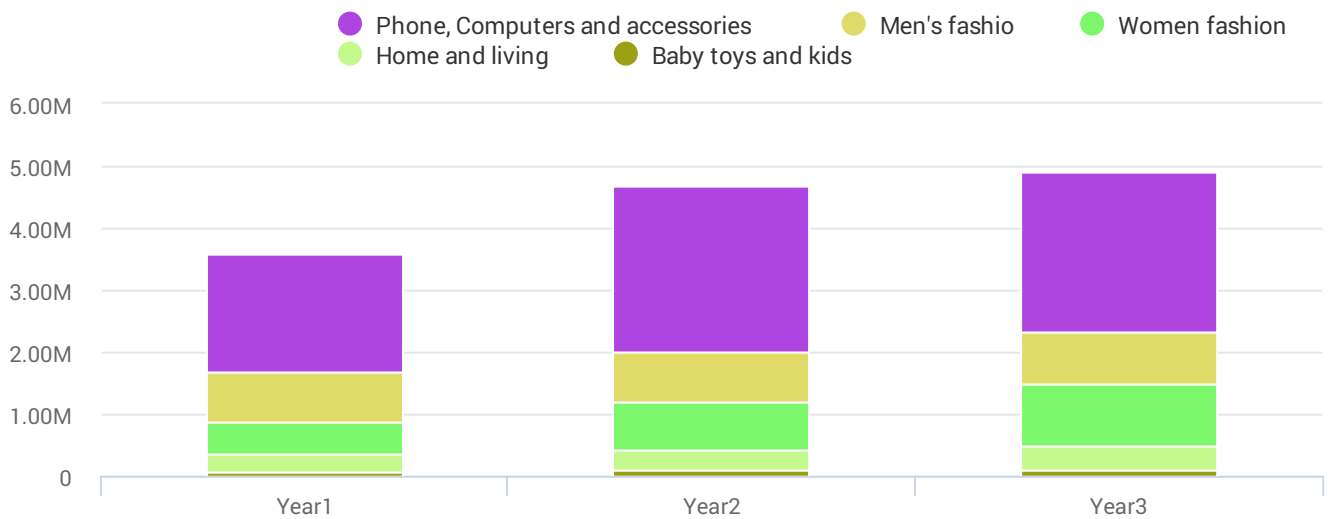
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Sales Yearly



Financial Year	Woomen	Men	Businesses
Year1	158745	895665	568654
Year2	164548	1004512	658457
Year3	186541	1245587	784512

Sales Forecast



Financial Year	Phone, Compu...	Men's fashio	Women fashion	Home and living	Baby toys and ...
Year1	1887030	802370	539320	265450	78512
Year2	2680320	815430	770230	322390	85451
Year3	2588240	823540	1002310	393320	98754

Detailed Sales Forecast

Detailed sales forecast data is provided in below table:

Unit Sales	Year 1	Year 2	Year 3
Phones, Computers & Accessories	187,330	260,320	258,240
Men's Fashion	802,370	815,430	823,540
Women's Fashion	539,320	770,230	1,002,310
Home & Living	265,450	322,390	393,320
Baby, Toys & Kids	1,435,320	1,250,430	1,762,450
TOTAL UNIT SALES	3,229,790	3,418,800	4,239,860
Unit Prices	Year 1	Year 2	Year 3
Phones, Computers & Accessories	\$140.00	\$150.00	\$160.00
Men's Fashion	\$600.00	\$800.00	\$1,000.00
Women's Fashion	\$700.00	\$800.00	\$900.00
Home & Living	\$650.00	\$750.00	\$850.00
Baby, Toys & Kids	\$140.00	\$120.00	\$100.00
Sales			

Unit Sales	Year 1	Year 2	Year 3
Web hosting services	\$214,800	\$274,000	\$333,200
Phones, Computers & Accessories	\$120,050	\$194,500	\$268,500
Men's Fashion	\$50,110	\$71,600	\$93,000
Women's Fashion	\$139,350	\$194,600	\$249,850
Home & Living	\$62,350	\$72,300	\$82,250
Baby, Toys & Kids	\$40,890	\$75,550	\$90,000
Direct Unit Costs			
Phones, Computers & Accessories	\$0.70	\$0.80	\$0.90
Men's Fashion	\$0.40	\$0.45	\$0.50
Women's Fashion	\$0.30	\$0.35	\$0.40
Home & Living	\$3.00	\$3.50	\$4.00
Baby, Toys & Kids	\$0.70	\$0.75	\$0.80
Direct Cost of Sales			
Phones, Computers & Accessories	\$98,300	\$183,000	\$267,700
Men's Fashion	\$66,600	\$119,900	\$173,200
Women's Fashion	\$17,900	\$35,000	\$52,100
Home & Living	\$19,400	\$67,600	\$115,800
Baby, Toys & Kids	\$27,700	\$69,200	\$110,700
Subtotal Direct Cost of Sales	\$294,100	\$699,400	\$1,104,700

Personnel plan



REMEMBER

After knowing the basics of how to start a dropshipping business, the most important step is to hire hard-working, skilled, and honest professionals to assist you in running your business. Here is the sample personnel plan of dropshipping business

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TIP

Del-Bird Online Company is a player in the e-commerce industry that intends starting small in San Diego – California but hope to grow big in order to compete favorably with leading online stores and dropshipping companies both in the United States and on a global stage.

We are aware of the importance of building a solid business structure that can support the picture of the kind of world-class business we want to own. This is

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Average Salary of Employees

The following table shows the forecast data about employees and their salaries for the next three years.

Personnel Plan	Year 1	Year 2	Year 3
Chief Executive Officer / President	\$45,000	\$52,000	\$59,000
Human Resources and Admin Manager	\$145,000	\$152,000	\$159,000
Business Developer	\$410,000	\$440,000	\$480,000
Accountant	\$55,000	\$65,000	\$75,000
Information Technologist	\$60,000	\$63,300	\$70,000
Call Center Agent	\$20,000	\$23,300	\$30,000
Total Salaries	\$745,000	\$807,600	\$888,000

Financial Plan



REMEMBER

If you are going to start your own dog daycare business, then make sure you will pay special attention to your financial plan. Your financial plan should include the details about how well you manage your incomes and expenses, and how will you recover investments from the profit, etc. So, you should focus on your financial plan if you want to expand your business on a large scale.

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For if you don't know how to write an effective financial plan, you use [OUR](#)

Important Assumptions

The company's financial projections are forecasted on the basis of the following assumptions. These assumptions are quite conservative and are also expected to show deviation but to a limited level such that the company's major financial strategy will not be affected.

	Year 1	Year 2	Year 3
Plan Month	1	2	3
Current Interest Rate	10,00%	11,00%	12,00%
Long-term Interest Rate	10,00%	10,00%	10,00%
Tax Rate	26,42%	27,76%	28,12%
Other	0	0	0

Brake-even Analysis

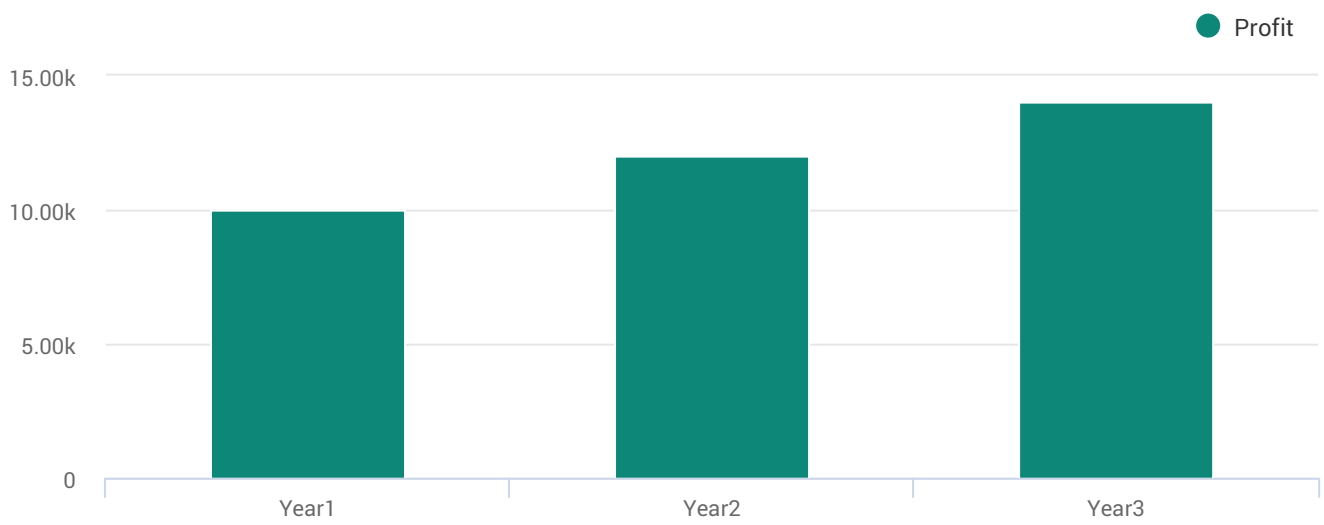
Monthly Units Break-even	5530
Monthly Revenue Break-even	\$159 740
Assumptions:	
Average Per-Unit Revenue	\$260,87
Average Per-Unit Variable Cost	\$0,89
Estimated Monthly Fixed Cost	\$196 410

Projected Profit and Loss

	Year 1	Year 2	Year 3
Sales	\$309 069	\$385 934	\$462 799
Direct Cost of Sales	\$15 100	\$19 153	\$23 206
Other	\$0	\$0	\$0

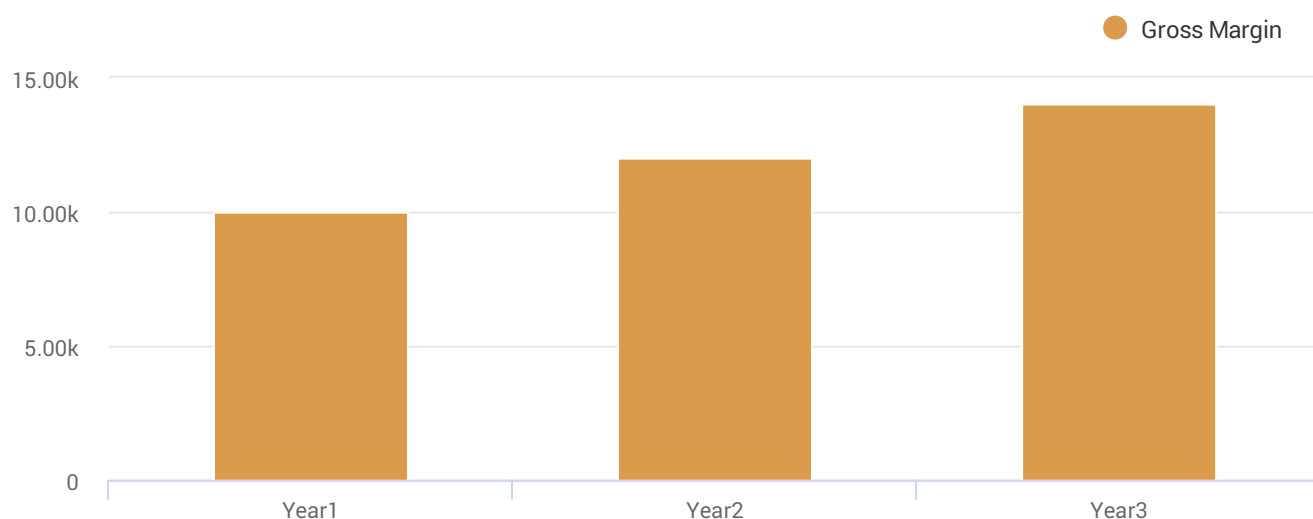
	Year 1	Year 2	Year 3
TOTAL COST OF SALES	\$15 100	\$19 153	\$23 206
Gross Margin	\$293 969	\$366 781	\$439 593
Gross Margin %	94,98%	94,72%	94,46%
Expenses			
Payroll	\$138 036	\$162 898	\$187 760
Sales and Marketing and Other Expenses	\$1 850	\$2 000	\$2 150
Depreciation	\$2 070	\$2 070	\$2 070
Leased Equipment	\$0	\$0	\$0
Utilities	\$4 000	\$4 250	\$4 500
Insurance	\$1 800	\$1 800	\$1 800
Rent	\$6 500	\$7 000	\$7 500
Payroll Taxes	\$34 510	\$40 726	\$46 942
Other	\$0	\$0	\$0
Total Operating Expenses	\$188 766	\$220 744	\$252 722
Profit Before Interest and Taxes	\$105 205	\$146 040	\$186 875
EBITDA	\$107 275	\$148 110	\$188 945
Interest Expense	\$0	\$0	\$0
Taxes Incurred	\$26 838	\$37 315	\$47 792
Net Profit	\$78 367	\$108 725	\$139 083
Net Profit/Sales	30,00%	39,32%	48,64%

Profit Yearly



Financial Year	Profit
Year1	10000
Year2	12000
Year3	14000

Gross Margin Yearly



Financial Year	Gross Margin
Year1	10000
Year2	12000
Year3	14000

Projected Cash Flow

Cash Received	Year 1	Year 2	Year 3
Cash from Operations			
Cash Sales	\$40 124	\$45 046	\$50 068
Cash from Receivables	\$7 023	\$8 610	\$9 297
SUBTOTAL CASH FROM OPERATIONS	\$47 143	\$53 651	\$59 359
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	\$0	\$0	\$0
New Current Borrowing	\$0	\$0	\$0
New Other Liabilities (interest-free)	\$0	\$0	\$0
New Long-term Liabilities	\$0	\$0	\$0
Sales of Other Current Assets	\$0	\$0	\$0
Sales of Long-term Assets	\$0	\$0	\$0
New Investment Received	\$0	\$0	\$0
SUBTOTAL CASH RECEIVED	\$47 143	\$53 651	\$55 359

Cash Received	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	\$21 647	\$24 204	\$26 951
Bill Payments	\$13 539	\$15 385	\$170 631
SUBTOTAL SPENT ON OPERATIONS	\$35 296	\$39 549	\$43 582
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	\$0	\$0	\$0
Principal Repayment of Current Borrowing	\$0	\$0	\$0
Other Liabilities Principal Repayment	\$0	\$0	\$0
Long-term Liabilities Principal Repayment	\$0	\$0	\$0
Purchase Other Current Assets	\$0	\$0	\$0
Purchase Long-term Assets	\$0	\$0	\$0
Dividends	\$0	\$0	\$0
SUBTOTAL CASH SPENT	\$35 296	\$35 489	\$43 882
Net Cash Flow	\$11 551	\$13 167	\$15 683
Cash Balance	\$21 823	\$22 381	\$28 239

Projected Balance Sheet

Assets	Year 1	Year 2	Year 3
Current Assets			
Cash	\$184 666	\$218 525	\$252 384
Accounts Receivable	\$12 613	\$14 493	\$16 373
Inventory	\$2 980	\$3 450	\$3 920
Other Current Assets	\$1 000	\$1 000	\$1 000
TOTAL CURRENT ASSETS	\$201 259	\$237 468	\$273 677
Long-term Assets			
Long-term Assets	\$10 000	\$10 000	\$10 000
Accumulated Depreciation	\$12 420	\$14 490	\$16 560
TOTAL LONG-TERM ASSETS	\$980	\$610	\$240
TOTAL ASSETS	\$198 839	\$232 978	\$267 117
Current Liabilities			
Accounts Payable	\$9 482	\$10 792	\$12 102
Current Borrowing	\$0	\$0	\$0

Assets	Year 1	Year 2	Year 3
Other Current Liabilities	\$0	\$0	\$0
SUBTOTAL CURRENT LIABILITIES	\$9 482	\$10 792	\$12 102
Long-term Liabilities	\$0	\$0	\$0
TOTAL LIABILITIES	\$9 482	\$10 792	\$12 102
Paid-in Capital	\$30 000	\$30 000	\$30 000
Retained Earnings	\$48 651	\$72 636	\$96 621
Earnings	\$100 709	\$119 555	\$138 401
TOTAL CAPITAL	\$189 360	\$222 190	\$255 020
TOTAL LIABILITIES AND CAPITAL	\$198 839	\$232 978	\$267 117
Net Worth	\$182 060	\$226 240	\$270 420

Business Ratios

	Year 1	Year 2	Year 3	Industry profile
Sales Growth	4,35%	30,82%	63,29%	4,00%
Percent of Total Assets				
Accounts Receivable	5,61%	4,71%	3,81%	9,70%
Inventory	1,85%	1,82%	1,79%	9,80%
Other Current Assets	1,75%	2,02%	2,29%	27,40%
Total Current Assets	138,53%	150,99%	163,45%	54,60%
Long-term Assets	-9,47%	-21,01%	-32,55%	58,40%
TOTAL ASSETS	100,00%	100,00%	100,00%	100,00%
Current Liabilities	4,68%	3,04%	2,76%	27,30%
Long-term Liabilities	0,00%	0,00%	0,00%	25,80%
Total Liabilities	4,68%	3,04%	2,76%	54,10%
NET WORTH	99,32%	101,04%	102,76%	44,90%
Percent of Sales				
Sales	100,00%	100,00%	100,00%	100,00%
Gross Margin	94,18%	93,85%	93,52%	0,00%
Selling, General & Administrative Expenses	74,29%	71,83%	69,37%	65,20%
Advertising Expenses	2,06%	1,11%	0,28%	1,40%
Profit Before Interest and Taxes	26,47%	29,30%	32,13%	2,86%
Main Ratios				

	Year 1	Year 2	Year 3	Industry profile
Current	25,86	29,39	32,92	1,63
Quick	25,4	28,88	32,36	0,84
Total Debt to Total Assets	2,68%	1,04%	0,76%	67,10%
Pre-tax Return on Net Worth	66,83%	71,26%	75,69%	4,40%
Pre-tax Return on Assets	64,88%	69,75%	74,62%	9,00%
Additional Ratios				
Net Profit Margin	19,20%	21,16%	23,12%	N.A.
Return on Equity	47,79%	50,53%	53,27%	N.A.
Activity Ratios				
Accounts Receivable Turnover	4,56	4,56	4,56	N.A.
Collection Days	92	99	106	N.A.
Inventory Turnover	19,7	22,55	25,4	N.A.
Accounts Payable Turnover	14,17	14,67	15,17	N.A.
Payment Days	27	27	27	N.A.
Total Asset Turnover	1,84	1,55	1,26	N.A.
Debt Ratios				
Debt to Net Worth	0	-0,02	-0,04	N.A.
Current Liab. to Liab.	1	1	1	N.A.
Liquidity Ratios				
Net Working Capital	\$120 943	\$140 664	\$160 385	N.A.
Interest Coverage	0	0	0	N.A.
Additional Ratios				
Assets to Sales	0,45	0,48	0,51	N.A.
Current Debt/Total Assets	4%	3%	2%	N.A.
Acid Test	23,66	27,01	30,36	N.A.
Sales/Net Worth	1,68	1,29	0,9	N.A.
Dividend Payout	0	0	0	N.A.

