

LOGO

# Online Shopping

*An e-commerce business plan*

# Business Plan [YEAR]

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# 1.

## Executive Summary

The company

The window of opportunity

Size of Target Market

Financial Performance and Business Feasibility

Ownership and the Top Management Team (TMT)

What we are asking (“the ask and the offer”)

## The company



TIP

This business plan presents an exciting business opportunity for an eCommerce enterprise engaged in the handicraft industry. Founded as a registered company in October 2013, iCraft Kenya's mission is to export high-quality hand-knitted children's apparel to a target group of women in the United States. E-commerce will form the backbone of the c

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## The window of opportunity



TIP

There is a resurgence in the demand for specific hand-made items. Indeed, hand-knitted woolen items such as baby blankets, sweaters, and other accessories are in increasing demand in the United States; and

Existing online shops do not sell a wide variety of ha To unlock help try Upmetrics!

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## Size of Target Market



TIP

The target market is worth about \$4.5 million per annum and is growing at 4% per annum. We are confident that we can capture 3% of the market in the first year, growing gradually but consistently to reach acquire 25% of this market by the 5th year of operation.

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## Financial Performance and Business Feasibility



TIP

The company's beginnings will initially be humble but will grow sustainably over the projected period. The projected net income of about \$30,000 for the first year will grow to reach about \$434,000 by the end of the fifth year. Return on Equity will average about 47% over the 5 year period while month-on-month cash flow shall be comfortably positive over this per

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## Ownership and the Top Management Team (TMT)



**TIP**

The management team comprises of Mrs. Teresia Ndunge (the CEO) and Alfred Njau (the COO as co-owners). The company's CEO is a talented handicraft maker with over 40 years of experience while the COO is a business consultant with more than 5 years of experience working at various online staffing platforms and selling merchandise through e-commerce.

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## What we are asking (“the ask and the offer”)



**TIP**

The company requires a total of \$43,630 as seed capital to commence operations. The owners are investing \$8,726 (or 20% of total equity) of their own money into the venture. The firm, therefore, seeks a balance of \$33,660 in the form of equity funding in exchange for a 15% share of the business.

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# 2.

## Company description

Company history

Mission and objectives

Objectives

Our Products

The window of opportunity

## Company history



TIP

iCraftKenya was founded in January 2013 by Teresia Ndunge and Alfred Njau who are the directors of the company. The company is located in Nairobi, Kenya, Riverside Road, Upper Hill.

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## Mission and objectives



TIP

“We provide women with children in the United States with high-quality hand-knitted products made from natural and synthetic wool. We always strive to provide high-quality products accompanied by consistent high-quality customer services designed to meet and exceed all our customer’s expectations.”

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## Objectives



TIP

To attain a market share of at least 5% at the end of the first 12 months in business

To realize a net income of at least \$15,000 after the end of the first 12 months in business

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## Our Products

Summary of our Product Varieties

## Solution



Write something about your solution

## Solution Features



### Sweaters

for babies and children up to 5 years old. Hand-knitted from natural or synthetic wool.



### Baby-sets

(e.g. sweater, cap, socks, tunics etc sold as a set). Hand-knitted from natural or synthetic wool.



### Blankets

Hand-knitted from natural or synthetic wool.

## The window of opportunity



**TIP**

There is an increasing demand for handmade items by women in the United States.

Customers increasingly prefer online shops that offer a wide variety of products – there are very few shops that are doing this currently.

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# 3.

## Marketing Plan

Present market situation

Competitive analysis

SWOT analysis

Our strategic advantages

Marketing strategy

## Present market situation



TIP

Market size: According to figures obtained from the International Trade Center (ITC) and the Kenya Bureau of Statistics (KBS), the total size of the primary market size is about \$4.5 million per annum (see Appendix 3 for more details).

Market growth: The market is expected to grow at a

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## Market size and growth

Start writing here...

## Our projected market share



### Financial Year

### Market growth

1st year

3

2nd year

7

3rd year

13

4th year

19

5th year

25



TIP

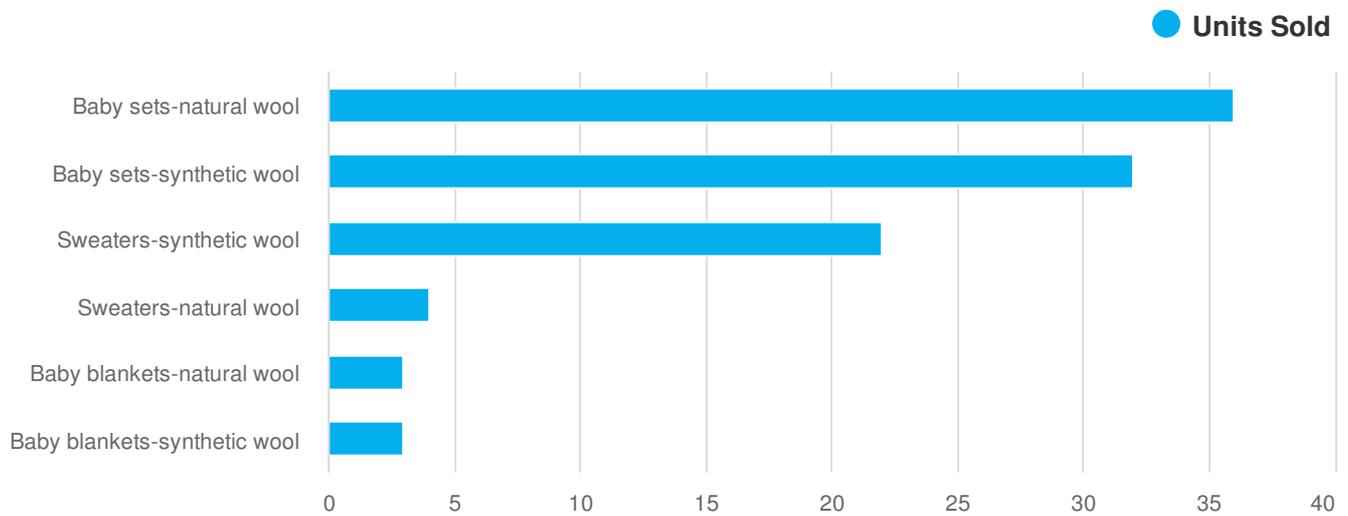
The target market is geographically and demographically segmented. The market comprises the whole of North America. The target customer is typically female, aged between 25-44 yrs either married or single, and has at least one child - newly born and up to 5 yrs of age. Ideally, the target customer has access to the internet and has at least average prof

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## Target market

Start writing here...

## Contribution of each revenue stream to revenue



Financial Year	Units Sold
Baby sets-natural wool	36
Baby sets-synthetic wool	32
Sweaters-synthetic wool	22
Sweaters-natural wool	4
Baby blankets-natural wool	3
Baby blankets-synthetic wool	3



**TIP**

The followings are important trends informed by social media usage by women in the U.S.

**Mother's digital lifestyles**

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## Underlying trends

Start writing here...

## Competitive analysis

A table lists our closest competitors who use a business model closest to our own. Note:

revenue is unknown since these are private entities.

Company name	Details	Revenue	Strengths	Weaknesses
<b>ABC Creations</b>	HQS: Nairobi; Founded:2009 Business model: buy and re-sell handicrafts through Etsy; Product price range: \$28-\$100 Delivery cost: \$10 - 50 Payment channels: Visa, M/Card, PayPal, etc	NA	Established exporter of  handicrafts (experience)  Good customer reviews  Large product variety  Multiple payment channels for customers  Strong marketing includes social media	Does create original products - buys from creators and re- sells  Higher product prices for the same quality; charges higher for shipment  Terms & Conditions (T&Cs) too complex
<b>ABC Crafts</b>	HQS: Nairobi; Founded:2010 Business model: design, create & sell handicrafts through Etsy; Product price range: \$19 - \$58 The delivery cost charged: \$5-\$20 Payment channels: Visa	NA	Established exporter of handicrafts (experience)  The original producer of items  Good quality of products  Good customer reviews	Less product range  T&Cs simple but lengthy  Poor social media presence  Fewer payment options for customers

<b>ABC Ltd</b>	HQ: Nairobi; Founded:2013 Business model: design, create & sell handcrafts through Etsy; Product price range: \$15 - \$60 Delivery costs charged: \$5-\$20 Pay channels: Visa, M/card, PayPal	NA	The original producer of items.  Knowledge of social media marketing  Multiple payment channels	Newness to market  Less product range  Relatively poorer product quality  T&Cs are complex  Limited customer reviews
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**Potential rivals and substitutes** - Potential rivals include other handcraft creators from other countries shipping to the U.S. There is no rivalry from substitutes since Etsy only allows the sale of handcrafted products.

## SWOT analysis

## Strengths

- Low cost operating base/overheads – non- core functions outsourced; can concentrate on core business + marketing
- Larger product variety
- Niche focus – can become master of niche

## Weaknesses

- Newness to market – initial low brand recognition.
- Low capitalization – cannot scale up or increase service range without additional funding

## Opportunities

- Can expand/Scale up – e.g. use U.S. market experience to launch into other markets e.g. EU, UK, etc.
- Can improve website visibility/ranking – through advanced digital marketing; most competitors poor in this area.
- Chat service – no competitors have this feature. Use of this feature will yield improved customer service experience

## Threats

- Economic downturn – customers purchasing power may be reduced
- Heightened competition – larger competitors can engage in: Price wars; Horizontal integration e.g. acquisitions
- Adverse governmental regulations – e.g. increased taxation
- Cybercriminals - can paralyze operations

## Our strategic advantages

### Competitive Advantages



#### **Low Cost Provider/ Cost advantage**

Can be achieved through economies of scale. This makes it difficult for competitors to match the low prices.



#### **Product design**

Superior product design and creation - due to superior handcraft skills of founder

### Sustainable Competitive Advantages

Whilst we do not currently possess sustainable competitive advantages; we will strive to develop the same based on:



### Develop organizational reputation

e.g. through satisfied customers due to better shipping policies, reliable delivery, packaging, etc.



### Research and development

develop unique processes and/or items which can be patented.



### Customer intimacy

i.e. making it difficult for others to imitate our base of competitive advantage by developing activities together with the customer on which the customer is dependent upon.

## Marketing strategy



TIP

#### Quality positioning:

iCraftKenya will adopt a value-maximizing strategy, that is, sell its products at relatively lower prices but maintain high product quality.

#### Product variety:

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## Product design strategy

Start writing here...

## Pricing strategy

iCraftKenya will adopt low introductory prices (see Table 3); its pricing will match the company’s value-maximization strategy. This will enable us to gain entry into the market faster, increase market share quickly, and deter competition.

Product Lines	Price Per Unit	COGS per Unit	Margin Per Unit	Discount (%)	Discounted price	Competitor pricing
Sweaters - synthetic wool	48.00	20.00	28.00	7.5	44.4	50.00
Sweaters - natural wool	55.00	30.00	25.00	7.5	51.0	57.00
Baby blankets - synthetic wool	59.00	29.00	30.00	7.5	55.0	60.00
Baby blankets - natural wool	64.00	30.00	34.00	7.5	59.2	75.00
Baby sets - Synthetic wool	70.00	30.00	40.00	7.5	48.0	86.00

Product Lines	Price Per Unit	COGS per Unit	Margin Per Unit	Discount (%)	Discounted price	Competitor pricing
Baby sets - Natural wool	80.00	35.00	45.00	7.5	51.8	90.00



The firm's promotion strategy will include:

**Pinterest:** A platform that provides space for images. New products will be 'pinned' here.

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## Promotion strategy

*Start writing here...*



iCraftKenya will send products to its customers using the Kenya Postal Services (KPS). KPS ships items according to weight and its services are cheaper and reliable. Figure 5 summarizes our distribution

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## Distribution strategy

*Start writing here...*

# 4.

## Operational plan

Company Structure and Ownership

The Top Management Team

Production and Operations

# Company Structure and Ownership



TIP

Teresia Ndunge is the CEO (and co-owner) of the company and will be in charge of production. Alfred Njau (and co-owner) is the COO and will be in charge of operations (marketing, finance, and distribution). Dotted boxes indicate that the given roles will be outsourced.

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Start Writing here...

## The Top Management Team



### TERESIA NDUNGE

CEO - [tersia@example.com](mailto:tersia@example.com)

**Experience:** Teresia has over 40 years of experience as a designer and maker of various handicraft items. Her main focus is on hand-knitted items made from wool (natural or synthetic). She is also an expert on creating patterns designed for both knitting and crochet items.

Teresia has trained and continues to train many people on knitting and other general handicraft skills.

**Responsibilities:** As CEO, Teresia will be in charge of production and will be responsible for maintaining the quality and consistency of all the company's products.



### ALFRED NJAU

COO - [alfred@example.com](mailto:alfred@example.com)

**Experience:** Alfred has 5 years of working as a business consultant. He has successfully assisted business start-ups by providing business plan writing services and general business planning consultancy services mainly through online staffing platforms.

**Responsibilities:** As COO, Mr. Alfred will be in charge of marketing and sales, advertisement, inventory management, and for ensuring that company operations proceed smoothly.



TIP

Other services e.g. marketing will be outsourced to service providers at online staffing or crowd sourcing platforms.

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## Other Key Employees, Associates, and Relationships

*Start writing here...*

## Production and Operations



TIP

Products will be produced by craft makers who will be paid a fixed amount per unit produced. Made-to-order (custom-made items) will be shipped directly to the customer while others will be made-to-stock and kept in inventory.

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## Production Plan

*Start writing here...*



TIP

The company will buy its raw material, knitting yarn, in bulk directly from manufacturers locally. These will be kept at the company's store for production.

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## Logistics of raw materials supply and inventory

*Start writing here...*



TIP

The figure shows the estimated lead times.

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## Logistics of Distribution and Finished Product Inventory

*Start writing here...*

## Future products and services

Summarizes how we intend to roll out other products in the future.

	Hand-knit items	Handmade Jewellery (Beadwork)	Others – handmade handbags, table mats, etc
Year 1	Launch products	Develop and test product	-
Year 2	Grow sales & refine	Introduce to the primary market	Develop and test product
Year 3	Grow sales and refine	Grow sales and refine	Grow sales and refine
Year 4	Grow sales and refine	Grow sales and refine	Grow sales and refine
Year 5	Grow sales and refine	Grow sales and refine	Grow sales and refine

## Future Geographic Markets

Shows the company's future expansion plans.

	United States	European Union	Australia
Year 1	Launch hand-knit products	Test marketing of hand-knit items	-
Year 2	Launch handmade jewelry	Launch hand-knit items	Test marketing of all products
Year 3	Launch other products (handbags, mats, etc)	Test marketing of jewelry and other items	Launch Products
Year 4	Grow Sales Refine Product	Launch jewelry and other products	Grow Sales Refine Product
Year 5	Grow Sales Refine Product	Grow Sales Refine Product	Grow Sales Refine Product



**TIP**

The company will continue research on new production techniques and product design and introduce them into the market.

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## R&D Facilities and Personnel

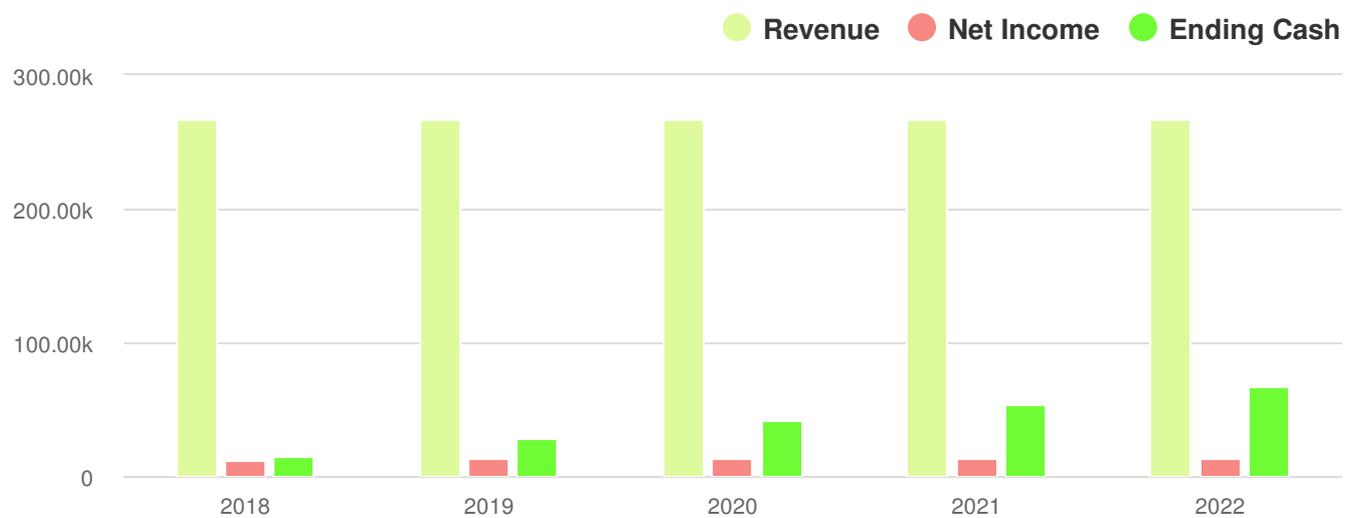
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## Risk reduction strategies

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Category of risks	Type of risk	Effect	Risk mitigation
<b>Information-based risks</b>	Consumer ignorance	Business failure due to consumer ignorance	Sustained marketing and promotional activity  Partner with reputable retailers and distributors (for distant markets)
	Producer Ignorance	Failure to deliver on quality promises	Recruit experienced handcraft makers only
	Manager Ignorance	Failure to manage business properly	Invest in business strategy consultants
<b>Industry-Based risks</b>	Buyer Power	Price erosion due to buyer power	Pursue growth strategy to increase the number of buyers  Diversify to product lines to different markets
	Supplier Power	Costs increased due to supplier power e.g. monopoly	Actively seek alternate suppliers  Establish supply/purchase agreements with suppliers
	Competitive Rivalry	Profit margins eroded due to heightened rivalry	Compete on the basis of product quality  Build a brand name and reputation
<b>Resource-based Risks</b>	VRIN resources	Failure to acquire and build rare resources	Work hard to build a reputation and organizational efficiency

## Sales, Net income, Net Cash flow



Financial Year	Revenue	Net Income	Ending Cash
2018	267072	11488	15067
2019	267072	13088	28153
2020	267072	13088	41239
2021	267072	13088	54325
2022	267072	13088	67411

# 5.

## Financial Plan

Profit and Loss Projection for first year

Profit and Loss Projection - First Year to Fifth Year

Cash Flow Projections

Balance Sheet

## Profit and Loss Projection for first year

### Projected Expense Data

Here you can embed your projected expenses data from financial forecasting.

## Profit and Loss Projection - First Year to Fifth Year

### Projected Expense Data

Here you can embed your projected expenses data from financial forecasting.

## Cash Flow Projections

### Projected Revenue Data

Here you can embed your projected revenue data from financial forecasting.

## Balance Sheet

### Projected Funding Data

Here you can embed your projected funding data from financial forecasting.

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