

1. Executive Summary

Chikason International Cyber Café is a recent start-up cyber with a global recognition of services that it renders to both young and old as long as internet activities are concerned. Chikason International Cyber Café does not develop, but supports it with advertising and promotion of global and industrial state. The company plans to strengthen its partnership with retailers by developing brand awareness. Chikason International Cyber Cafe intends to market its line as an alternative to an existing cyber outside the country which are competitive, and differentiate itself by marketing strategies, exclusiveness, and high brand awareness.

The key message associated with the Chikason International Cyber Café is classy, upscale, versatile, and expensive Cyber Café. The company's promotional plan is diverse and includes a range of information and Communication. In the future the company wishes to grow beyond having the company in one place in Nigeria but in all the capital cities in Nigeria and maybe one or two branches outside Nigeria. That is the company wishes to go more global.

2. Company Summary

Mission

The mission of the company is to provide efficient and effective communication to the customers.

Legal Business Description

Chikason International Cyber Café will be founded as a Tennessee C-Corporation with the branch offices located all over Nigeria.

Strategy

The Chikason International Cyber Café strategy is to aggressively develop and market a full range of internet services to consumers. The company intends to distinguish itself among other cyber cafes in Nigeria and differentiate itself through its marketing strategies, exclusiveness, and brand awareness.

Goal

The company's goal in the next year 2018 is to make an overwhelming impact on the confectionary industry and create a large consumer demand for the services rendered to the customers. The company's goal in the next 2-5 years is to venture into a high scale usage of high tech internet devices. Infant the company is targeting being the first Nigerian company to establish a cyber café outside in Nigeria that the owner is based in Nigeria.

Strategic Relationships

The company has strategic alliances with High Class Technical Group. These alliances are valuable to Chikason International Cyber Cafe because they provide the needed exposure for its line and the association of its products with celebrities.

3. Services

Chikason International Cyber Cafe will be priced at the high end to reflect the quality and exclusiveness associated with the brand. The company will use high-tech materials such as well registered and certified anti virus , uninterupted power supply (UPS), flat screen computers, Apple Laptops , High class V-Sat that has a high processor, fire extinguisher, Automatic generating set etc .

Market Segmentation

The company plans to target males between the ages of 20 and 40 with a combined household income of more than N120,000. Within this group, there are no information barriers, and customers have diverse backgrounds. The Chikason International Cyber Café customer is a versatile man who can fit into any environment and is willing to pay a high price for quality of information and communication.

Market Strategy

The Chikason International Cyber Café plans to use a well trained computer and internet gurus (computer wizard), it will equally establish a link with Micro Soft outlet in Nigeria for the delivery of genuine and high standard softwares for the computers.

Market Trends

Leaner inventories, but continued pricing pressures

After several years of inventory build-ups, the Cyber Café , inventory-to-sales ratio declined steeply in 2006, and through 2012 it remained near its lowest levels in 16 years. According to the Nigeria Department of Commerce, the inventory-to-sales ratio was 1.49 as of May 2013, significantly below the 1.74 of a year earlier.

After several difficult years and many bankruptcies in the early 2000s, the cyber café is relatively healthier overall, and its lower inventory levels are a sign of that. Despite the lean inventories, however, prices of items in the information sector increased in the first 6 months of 2000, compared with year-earlier levels, after rising slightly in 2012.

Come once and come again (Simply Irresistible)

In the past, Computer literates used to find for where they can carry out their skills effectively but now that the Chikason Cyber Café has been set up, they are fully satisfied with the services and the speed of the machines that are used in the company. Both the staff and the customers have cordial relationship that can not be seen any where. That is why when one customer comes, the euphoria of bringing in another customer is always high, and they always go home and their friends about the good name in the information and communication sectors.

What's in a name?

A company with an impressive brand name must exercise caution when entering into licensing agreements. If a new product line doesn't live up to the quality standards that consumers have come to expect from the brand name, the brand's image can be tarnished. It remains to be seen how consumers will react to this onslaught of new brand name product introductions. To date consumers have embraced the extended product lines.

5. Competition and Buying Patterns

The company is mature and slow growing, it exists in a dynamic and competitive environment. In order to improve profitability, many companies are restructuring to create leaner organizations and adopt new technologies. Consolidation has been prevalent in this industry in the past few years, as larger companies gain leverage in market position and cost cutting.

Competitive Edge

In a market where consumers are barraged by advertising and marketing campaigns delivering an onslaught of lifestyle of messages, a brand name is a

powerful weapon. Brands have become an increasingly significant factor in ICT. The Café, is a competitive advantage in itself. The name is not attached to any particular group of customers and it allows entry into different segments of the industry. Another competitive advantage is the company's marketing strategy. Through the use of celebrities, advertising, promotion, and giveaways, the company is able to develop its presence in the market. Although the company uses retailers to sell its line, most of the marketing and advertising is done in-house.

6. Strategy and Implementation Summary

Marketing

Chikason International Cyber Café does not only develop the Computer line but supports it with advertising and promotion campaigns. The company plans to strengthen its partnership with manufacturers by developing brand awareness.

Marketing Communications

The key message associated with the Chikason International Cyber Café line is classy, upscale, versatile, and expensive ICT company. The company's promotional plan is diverse and includes a range of marketing communications:

- Public relations: Press releases are issued to both technical trade journals and major business publications such as DNR Magazine.
- Trade shows: Company representatives will attend and participate in several trade shows such as Magic in PH City.
- Print advertising: The company's print advertising program includes advertisements in magazines such as Code, and Rap Pages.
- Internet: The Hezekiah plans to establish a presence on the Internet by developing a website. Plans are underway to develop a professional and

effective site that will be interactive and from which sales will be generated worldwide. In the future, this is expected to be one of the company's primary marketing channels.

- Others: The company also plans to use various other channels including billboards, radio and television commercials, and a street team.

7. Management Summary

The company's management philosophy is based on responsibility and mutual respect. The Chikason International Cyber Café has an environment and structure that encourages productivity and respect for customers and fellow employees.

Personnel Plan

	2014	2015	2016
All departments	N565,217	N800,000	N1,000,000
Other	N0	N0	N0
Total People	15	20	25
Total Payroll	N565,217	N800,000	N1,000,000

8. Financial Plan

The company is seeking a substantial long-term business loan for the purpose of developing the clothing line. This funding will cover operating expenses and product development leading to the launch in July 2014.

Important Assumptions

The table below contains important assumptions which the company will use to ensure its success, the primary assumption is that the economy will remain in its present upturn.

General Assumptions

	2014	2015	2016
Plan Month	1	2	3
Current Interest Rate	10.00%	10.00%	10.00%
Long-term Interest Rate	10.00%	10.00%	10.00%
Tax Rate	25.42%	25.00%	25.42%
Other	0	0	0

Break-even Analysis

With a high gross margin and estimated fixed monthly expenses, the required monthly break-even sales volume is shown below.

Break-even Analysis

Monthly Revenue Break-even N222,738

Assumptions:

Average Percent Variable Cost 28%

Estimated Monthly Fixed Cost N160,371

Projected Profit and Loss

New Look is in the early stage of development, thus initial projections have only been made on accounts that are believed to most drive the income statement.

Pro Forma Profit and Loss

	2014	2015	2016
Sales	N5,000,000	N50,000,000	N150,000,000
Direct Cost of Sales	N1,400,000	N14,000,000	N42,000,000
Other	N50,000	N50,000	N50,000
Total Cost of Sales	N1,450,000	N14,050,000	N42,050,000

Gross Margin	N3,550,000	N35,950,000	N107,950,000
Gross Margin %	71.00%	71.90%	71.97%
Expenses			
Payroll	N565,217	N800,000	N1,000,000
Sales and Marketing and Other Expenses	N1,188,058	N9,260,000	N11,830,000
Depreciation	N26,400	N26,400	N26,400
Communications	N26,400	N90,000	N150,000
Client Relations	N24,000	N120,000	N200,000
Rent	N9,600	N30,000	N30,000
Payroll Taxes	N84,783	N120,000	N150,000
Other	N0	N0	N0
Total Operating Expenses	N1,924,458	N10,446,400	N13,386,400
Profit Before Interest and Taxes	N1,625,542	N25,503,600	N94,563,600
EBITDA	N1,651,942	N25,530,000	N94,590,000
Interest Expense	N364,435	N387,597	N331,004
Taxes Incurred	N322,231	N6,279,001	N23,950,785
Net Profit	N938,876	N18,837,002	N70,281,811
Net Profit/Sales	18.78%	37.67%	46.85%

Projected Cash Flow

The projected cash flow assumes the company receives the required loan in two credit installments--in January, and in May 214.

Pro Forma Cash Flow	2014	2015	2016
Cash Received			
Cash from Operations			
Cash Sales	N250,000	N2,500,000	N7,500,000
Cash from Receivables	N4,338,433	N40,015,900	N125,868,667
Subtotal Cash from Operations	N4,588,433	N42,515,900	N133,368,667
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	N0	N0	N0
New Current Borrowing	N0	N0	N0
New Other Liabilities (interest-free)	N0	N0	N0
New Long-term Liabilities	N3,000,000	N0	N0
Sales of Other Current Assets	N0	N0	N0
Sales of Long-term Assets	N0	N0	N0

New Investment Received	N0	N0	N0
Subtotal Cash Received	N7,588,433	N42,515,900	N133,368,667
Expenditures	2014	2015	2016
Expenditures from Operations			
Cash Spending	N565,217	N800,000	N1,000,000
Bill Payments	N2,894,534	N29,215,892	N77,486,294
Subtotal Spent on Operations	N3,459,751	N30,015,892	N78,486,294
Additional Cash Spent			
Sales Tax, VAT, HST/GST Paid Out	N0	N0	N0
Principal Repayment of Current Borrowing	N0	N0	N0
Other Liabilities Principal Repayment	N0	N0	N0
Long-term Liabilities Principal Repayment	N300,137	N537,779	N594,092
Purchase Other Current Assets	N0	N0	N0
Purchase Long-term Assets	N0	N0	N0
Dividends	N0	N0	N0
Subtotal Cash Spent	N3,759,888	N30,553,671	N79,080,386
Net Cash Flow	N3,828,546	N11,962,229	N54,288,281
Cash Balance	N4,273,546	N16,235,775	N70,524,056

Projected Balance Sheet

New Look's projected balance sheets for 2014-2016 are provided below.

Pro Forma Balance Sheet

	2014	2015	2016
Assets			
Current Assets			
Cash	N4,273,546	N16,235,775	N70,524,056
Accounts Receivable	N831,567	N8,315,667	N24,947,000
Inventory	N145,000	N1,450,000	N4,350,000
Other Current Assets	N105,000	N105,000	N105,000
Total Current Assets	N5,355,112	N26,106,441	N99,926,056
Long-term Assets			
Long-term Assets	N525,000	N525,000	N525,000
Accumulated Depreciation	N106,400	N132,800	N159,200
Total Long-term Assets	N418,600	N392,200	N365,800

Total Assets	N5,773,712	N26,498,641	N100,291,856
Liabilities and Capital	2000	2001	2002
Current Liabilities			
Accounts Payable	N174,973	N2,600,679	N6,706,174
Current Borrowing	N1,090,000	N1,090,000	N1,090,000
Other Current Liabilities	N410,000	N410,000	N410,000
Subtotal Current Liabilities	N1,674,973	N4,100,679	N8,206,174
Long-term Liabilities	N3,054,863	N2,517,084	N1,922,992
Total Liabilities	N4,729,836	N6,617,763	N10,129,166
Paid-in Capital	N70,000	N70,000	N70,000
Retained Earnings	N35,000	N973,876	N19,810,878
Earnings	N938,876	N18,837,002	N70,281,811
Total Capital	N1,043,876	N19,880,878	N90,162,689
Total Liabilities and Capital	N5,773,712	N26,498,641	N100,291,856
Net Worth	N1,043,876	N19,880,878	N90,162,689

9. Risk analysis, contingency plan and exit strategy

Risk Analysis and Mitigates

There is imminent risk inherent in this business and appropriate mitigates have been infused to avoid the disruption. The tables below throw more light on the above.

Identified Risks

Possibility of low patronage

Mitigates

New Cyber Café Company that have just been identified will experience low patronage at first few weeks of the business operation, so it is a normal situation

Power failure for operating machines like fans, blowers, television sets and air conditioners A stand-by generating set has been provided.

Hike in the price of raw materials supplied and other materials Accommodation is made in that some amount of money will be put aside periodically to meet this risk.

SWOT (Strength, Weakness, Opportunity & Threat) Analysis

Strength

- Managerial Expertise: we focus on management quality as a key element of our growth and development strategy. We remain committed to fostering the development of quality management at all levels.
- Standby power supply: With the incessant power failure in Nigeria, a generating set will make production run smoothly.

Weakness

- The major setback will be low capital base with which to attain the height of sophistication and mechanization that will be necessary to attain the set target.

Opportunities

The high rate at which the sales of fabrics and designing is going on in the country has created a wide range of opportunities for the operation of New Look in the ICT .

Exit Strategy

We hope to expand the business from one outlet to several other branches across West Africa. Thus, expanding the business will stand the test of time.

10. Conclusion

From the business projection so far, it is clear that the business will thrive wonderfully leading to great growth of the business. To this end, the project has a bright future from the feasibility study and is therefore recommended.

