

**UNIVERSITY OF NIGERIA NSUKKA**

**FACULTY OF SOCIAL SCIENCES**

**DEPARTMENT OF PUBLIC ADMINISTRATION AND  
LOCAL GOVERNMENT**

**TOPIC:**

**A BUSINESS PLAN ON INTERIOR DESIGN**

**SUBMITTED IN PARTIAL FULFILMENT OF THE REQUIREMENT OF  
THE COURSE CEDR (342)**

**(BUSINESS GROWTH AND CREATION)**

**BY**

**NWOBODO, QUEENDALEN**

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<b>1.0 EXECUTIVE SUMMARY</b>	-	-	-	-	-	-	<b>1</b>
<b>2.0 BACKGROUND</b>	-	-	-	--	-	-	<b>1</b>
<b>2.1 INRODUCTION</b>	-	-	-	-	-	-	<b>1</b>
<b>2.2 VISION</b>	-	-	-	-	-	-	<b>1</b>
<b>2.3 MISSION</b>	-	-	-	-	-	-	<b>2</b>
<b>2.4 KEY SUCCESS FACTORS</b>	-	-	-	-	-	-	<b>2</b>
<b>2.5 OWERNERSHIP</b>	-	-	-	-	-	-	<b>2</b>
<b>2.6 LOCATION AND FACILITIES</b>	-	-	-	-	-	-	<b>2</b>
<b>3.0 PRODUCTS</b>	-	-	-	-	-	-	<b>2</b>
<b>3.1 PRODUCT AND DESCRIPTION</b>	-	-	-	-	-	-	<b>3</b>
<b>4.0 MARKET</b>	-	-	-	-	-	-	<b>3</b>
<b>4.1 COMPETITIVE COMPARISON</b>	-	-	-	-	-	-	<b>3</b>
<b>4.2 KEY COMPETITORS AND PLAYERS</b>	-	-	-	-	-	-	<b>4</b>
<b>4.3 MARKET ANALYSIS</b>	-	-	-	-	-	-	<b>4</b>
<b>4.4 MARKET TRENDS</b>	-	-	-	-	-	-	<b>5</b>
<b>4.5 SERVICE BUSINESS ANALYSIS</b>	-	-	-	-	-	-	<b>6</b>
<b>4.6 SERVICE DELIVERY</b>	-	-	-	-	-	-	<b>6</b>
<b>4.7 COMPETITIVE EDGE</b>	-	-	-	-	-	-	<b>7</b>
<b>5.0 MARKETING STRATEGY</b>	-	-	-	-	-	-	<b>7</b>
<b>6.0 SWOT ANALYSIS</b>	-	-	-	-	-	-	<b>7</b>
<b>7.0 MARKETING PLAN</b>	-	-	-	-	-	-	<b>8</b>

<b>7.1</b>	<b>MARKETING STRATEGY</b>	-	-	-	<b>9</b>
<b>7.2</b>	<b>PRICING STRATEGY</b>	-	-	-	<b>9</b>
<b>7.3</b>	<b>PROMOTIONAL STRATEGY</b>	-	-	-	<b>9</b>
<b>7.4</b>	<b>DISTRIBUTION STRATEGY</b>	-	-	-	<b>10</b>
<b>7.5</b>	<b>MARKETING PROGRAMS</b>	-	-	-	<b>10</b>
<b>7.6</b>	<b>MARKET POSITIONING</b>	-	-	-	<b>12</b>
<b>7.7</b>	<b>PROJECTED SALES</b>	-	-	-	<b>12</b>
<b>8.0</b>	<b>TECHNICAL ANALYSIS</b>	-	-	-	<b>12</b>
<b>8.1</b>	<b>SCHEDULE OF OPERATION</b>	-	-	-	<b>12</b>
<b>8.2</b>	<b>SALES PROGRAMS</b>	-	-	-	<b>13</b>
<b>9.0</b>	<b>PERSONNEL PLAN</b>	-	-	-	<b>14</b>
<b>10.0</b>	<b>FINANCIAL PLAN</b>	-	-	-	<b>14</b>
<b>10.1</b>	<b>KEY FINANCIAL INDICATORS</b>	-	-	-	<b>15</b>
<b>10.2</b>	<b>START-UP SUMMARY</b>	-	-	-	<b>15</b>
<b>10.3</b>	<b>START-UP FUNDING</b>	-	-	-	<b>16</b>
<b>10.4</b>	<b>PROJECTED PROFIT AND LOSS</b>	-	-	-	<b>18</b>
<b>10.5</b>	<b>PROJECTED BALANCE SHEET</b>	-	-	-	<b>21</b>
<b>10.6</b>	<b>FINANCIAL ANALYSIS</b>	-	-	-	<b>23</b>
<b>11.0</b>	<b>CONCLUSION</b>	-	-	-	<b>25</b>



## **1.0 EXECUTIVE SUMMARY**

Queen's Interiors is a proposed venture that will offer comprehensive interior design services for homes and offices in the Wuse area, Abuja. Queen's Interiors also will provide access to products to complement the design consulting services including furniture, both new and antique, decorator fabric, and home and office accessories. This venture offers the personalized services the target market desires and can afford in a way that is unique from concept to implementation.

Recent market research indicates a specific and growing need in the area for the interior design consulting services and products Queen's Interiors offers the market it will serve. The market strategy will be based on a cost effective approach to reach this clearly defined target market. Although the population of Wuse zone three for instance is under 100,000, the market has a significant quantity of relatively wealthy households that are conscious of the appearance and feel of their home and offices. Queen's Interiors will focus on developing solid and loyal client relationships offering design solutions based on the client's taste, budget, use, and goals for the space. The additional selection, accessibility of product, design services, and value-based pricing will differentiate Queen's Interiors from the other options in the area.

Total revenues in the first year are projected to exceed #69,000,000 with a loss. The venture will show increasing profits in year two and three, with revenues projected to increase to almost #120,000,000.

## **2.0 BACKGROUND**

### **2.1 INTRODUCTION**

This business plan is designed for the business plan of Miss Nwobodo, Queendalen, who wants to open an interior decoration shop at the heart of Lekki, Lagos. She desires to open the shop there because there is high demand for interior decoration in that sub-urban area. The people who are located here are very rich and highly placed in the society including the politicians and celebrities with some medical practitioners and rich youngsters. They are in very need of this and Queen's interior decorators are here to give them quality decorating sets in their homes. We deal on furniture, household materials and inner house appliances.

### **2.2 VISION:**

Realize an average of #580,500 of sales each business month for the first year, #858,000 for the second, and #900,000, for the third year. Generate a minimum of

45% of revenues from product sales versus consulting billing. Establish a commercial revenue client base accounting for 10% of total revenues.

### **2.3 MISSION:**

To discern, quality-conscious clients that seek assistance in their design choices for their primary residences, vacation homes, and businesses.

To provide total experience that will in a way inform, inspire, and assist people through the process of transforming their home or business environment to become a unique and personalized expression of themselves and add to their enjoyment of that interior space.

### **2.4 KEY SUCCESS FACTORS**

Keys success factors are:

- Provide the highest quality interior design consulting experience possible.
- Sell specially selected products to these clients to further meet their interior design needs.
- Communicate with our client base through the website and personalized communication techniques.
- Retain clients to generate repeat purchases and initiate referrals.

### **2.5 OWNERSHIP:**

The business is a sole proprietorship wholly owned and managed by Miss Nwobodo, Queendalen.

### **2.6 LOCATION AND FACILITIES:**

Queen's interior is located in Maitama, Abuja. Operated from a home office located in Maitama, Abuja. A room is dedicated to support a work area, a client contact work centre, and display samples of design concepts, products, and past work.

### **3.0 PRODUCTS:**

Products available through Queen's Interiors include:

- Furniture available through special purchase arrangements with Bedmate furniture, Alfim furniture, and whinyz and local craftsman.

- A selection of decorator fabrics from Waverly, lapel interiors, Fabricut, Ralph Lauren, Regal, Robert Allen, Latimer Alexander, Covington, and Portfolio.
- Accessory and art pieces available through wholesale shows.
- Hunter Douglas window treatment products including a variety of hard window coverings.
- Interior shutters made of wood and a plastic/resin product called "polywood."

### **3.1 PRODUCT AND DESCRIPTION:**

Our primary points of differentiation offer these qualities:

- A unique client experience from a trained and professional interior designer that is qualified and capable of meeting the needs of discerning clients with high expectations.
- Access to a wide and unique selection of new and antique furniture, accessories, and special-order decorator fabrics.
- Personal assistance from a complementary product offering, including hard-covering window treatment, hardware, and home accessories that fit the look and objectives of each project

## **4.0 MARKET**

### **4.1 COMPETITIVE COMPARISON:**

Our competition is primarily from other interior designers. Looking at a broad picture, there is also competition from the "do-it-yourself" resource providers that have retail stores and websites that include the following:

- Floyd, West elm and Beyond moved into the market in the year 2002 at an excellent location.

- Discount stores including Target, Bob's Discount and Home Depot have expanded their fabric, bedding, pillow, and ready-made drapery selections often representing lines including Waverly.
- Norwalk continues to make purchasing "blank" furniture and making a designer fabric selection an attractive option to recovering furniture.
- Catalog sales continue to be a strong force with a list including Universal furniture, Calico Corners, Ballard Design, and Eddie Bauer expanding purchasing selection.
- The list of competitors for home accessory competition includes Pier 1 and local competitors that provide an entire list of other furniture, accessory and gift stores.
- Web sales of furniture, fabric and other interior design-oriented products have expanded dramatically and in many cases is easily available.

#### **4.2 KEY COMPETITORS AND PLAYERS**

Current local competitors includes the following:

- Interior Designers: There are a lot of interior designers listed in the Abuja. Interior designers make profit off mark-up of fabric in addition to their hourly services charges.. Therefore, their costs to their client are often two to four times higher than the price per yard from Queen's Interiors.
- House of Fabrics: Nationwide recognition and buying power of numerous types of dated fabric with strong product availability. This store has experienced financial difficulty in recent years and has closed several locations throughout the country.
- Warehouse Fabrics: Locally owned, offering low-cost products with a wide selection of discontinued fabrics and only a limited number of "current" fabrics. This warehouse concept offers marginal client service with what many "upper end" clients consider to be an "undesirable" shopping environment.



- JoAnn's: Nationwide chain with strong buying power. They have a broad fabric selection for clothing with a limited number of in-store decorator fabrics available. Their primary target markets are the clothing seamstress, with an increasing emphasis on craft items. Low prices are fabric main point of competitive differentiation.
- Website Providers: Fabric sales over the Web are limited at this time, and this will be a source of competition for the future to watch. Currently, there is no measurable impact on our market through competitive websites.

#### 4.3 MARKET ANALYSIS:

	Growth	Year 1	Year 2	Year 3	Year 4	Year 5	CAGR
Potential Customers							
Local Club Women	12%	516,000	5,779,200	6,472,650	7,249,350	8,119,200	12.00%
Boomers in Transition	9%	180,000	1,962,000	2,138,550	2,331,000	2,540,850	9.00%
Professional Youngsters	8%	120,000	1,296,000	1,399,650	1,511,550	1,632,450	8.00%
Home Builders	5%	120,000	1,260,000	1,237,500	1,389,150	1,458,600	5.00%
Other	0%	0	0	0	0	0	0.00%
Total	34%	9,360,000	10,297,200	11,248,350	12,481,050	13,751,100	10.09%

#### 4.4 MARKET TRENDS:

The industry is driven by the number of "household formations" which is expected to continue through the first years of the new millennium. This is primarily due to the solid growth in the number of single-parent and non-family households. This

growth also comes from baby boomers needing bigger houses to accommodate growing and extended families and, as people get older, they are buying homes rather than renting to realize tax and equity building benefits. Favorable mortgage rates will also enable others to invest in their existing home.

The "do-it-yourself" (DIY) market continues to grow and closely parallels the professional home-improvement market. DIY market growth is attributed to an increased presence of products, the personal satisfaction experienced, and the cost savings clients realize. A portion of the do-it-yourself market is the "buy-it-yourself" (BIY) market. Consumers are buying the product and arranging for someone else to do the fabrication and/or installation. This is more expensive than the do-it-yourself approach, but less costly than buying finished products from other sources. It also provides similar feelings of creativity, pride, and individuality associated with direct creative involvement. This sense of "participation" in home decorating is an important factor for many of these committed clients.

Regardless of this data, the following trends and issues impact the success and challenges of Queen's Interiors.

#### **4.5 SERVICE BUSINESS ANALYSIS:**

The industry continues to be competitive with a "commodity" concern with "designers" of all skill and background levels available throughout the market.

- **Potential Competitors:** There are many other interior designers in the Lagos area and these competitors range from those that provide simple-focused services, such as draperies only, to a more full-service interior design approach similar to Queen's Interiors.
- **Power of Suppliers:** Moderately high in most anyone that has a business license can have access to wholesale purchase of furniture, fabrics and accessories.
- **Power of Buyers:** Very low as buyers work within the financial terms and product availability offered through the suppliers that specify the terms and conditions.

- **Substitute Products:** High as many people refer to themselves as interior designers regardless of background, training, or certification. Substitute products are also high in the area of window treatment as hardcovering solutions have become available and increasingly affordable. This includes blinds, shutters, and other "manufactured" treatments. Substitute products are not as prevalent in the area of antiques and art pieces.

**Rivalry:** Moderately low with the "territorial" structure that the industry experiences and moderately low exit barriers. The easy entry is accompanied with an easy exit and people get out when it is not working

#### **4.6 SERVICE DELIVERY:**

Our primary method of distribution will be on a direct sales basis for each individual client.

#### **4.7 COMPETITIVE EDGE:**

Queen's Interiors will be differentiated from other interior designers by the value it offers in quality, sought-after products not found through other designers or store choices, and through the excellent service and support it offers. Client follow-through will be impeccable. This competitive edge leverages the same proven factors that indicated higher success rates for interior design services.

#### **5.0 MARKETING STRATEGY:**

The primary sales and marketing strategy for Queen's Interiors includes these factors:

- A premier interior design consulting experience that provides impressive client service throughout.
- The sale of other complementary products that adds value for the client's total experience.
- Providing an experience that will result in repeat business for home and/or office needs and client referrals.
- This strategy will be implemented through the tactics and programs described in this section.

**6.0 SWOT ANALYSIS:**

The following SWOT analysis captures the key strengths and weaknesses relating to the market analysis summary and describes the opportunities and threats facing Queen's Interiors.

**STRENGTHS:**

- The proven ability to establish excellent personalized client service.
- Strong relationships with suppliers that offer flexibility and respond to special product requirements.
- Good referral relationships with architects, complementary vendors, and local realtors.
- Client loyalty developed through a solid reputation among repeat, high-dollar purchase clients.

**WEAKNESS:**

- The business is still climbing the "retail experience learning curve."
- Not established in a market where a variety of interior design options exist.
- Challenges of the seasonality of the business.
- Initial problem of raising adequate capital for the project anticipated.

**OPPORTUNITIES:**

- A significant portion of our target market is desperately looking for the services Queen's Interiors will offer.
- Strategic alliances offering sources for referrals and joint marketing activities to extend our reach.
- Promising activity from new home construction activity.
- Changes in design trends can initiate home updating and, therefore, generate sales.

**THREATS:**

- Continued price pressure due to competition or the weakening market reducing contribution margins.
- Dramatic changes in design, including fabric colors and styles can present challenges to keep paced with what is desired by what is expected to be a leading-edge client base.
- Expansion of products and services offered by other sources including national discount stores into the local market including Target, Bob's discount, and Home Depot.
- Catalog resources, including Calico Corners and Universal designs, with aggressively priced trend-setting fabric products including drapery, bedding and slipcovers.

This analysis indicates solid potential success, but the weaknesses and threats must be recognized throughout the life of the venture.

**7.0 MARKETING PLAN:**

Queen's Interiors offers the highest interior design experience for the home and office conveniently available for those in the Lekki and eventual expansion of the business into other areas in Lagos like GVC, Victoria Island, etc. The concept is unique through the selection of antiques, home accessories, and complementary products along with the interior design consulting experience.

**7.1 MARKETING STRATEGY:**

The marketing strategy is based on establishing Essence Interiors as the resource of choice for people in need of interior design ideas and products. The more involved "do-it-yourself" and the "buy-it-yourself" clients will find the consulting and guidance helpful. On the other end of the spectrum, the "just-get-it-done" client will find Queen's will successfully accomplish exactly that. All clients will find Queen's Interiors to be a resources to decorate their homes and offices in a way that is inspiring, inviting, and motivating.

Our marketing strategy is based on superior performance in the following areas:

- Unique consulting services.
- Product choices specifically chosen for each individual client project.
- Overall quality of the experience and the result.
- Excellent client service and support regardless.

This marketing strategy will create awareness, interest, and appeal from our target market for what Queen's Interiors offers our clients. This will be executed in a manner that will entice them to come back for repeat purchases and encourage them to refer friends and professional contacts.

### **7.2 PRICING STRATEGY:**

Product pricing is based on offering high value to our clients compared to others in the market. Value is determined based on the best design services, providing a "picture" of what the space will look like before the work begins, convenience, and timeliness in accomplishing the goal.

### **7.3 PROMOTIONAL STRATEGY:**

The promotion strategy will focus on generating referrals. Other potential sources of promotion include:

- **Newspaper Advertisements:** Select advertisements in the Daily's.
- **Television Advertisements:** Select a good television network that people in the Abuja watch very well like NTA.
- **Quarterly Postcard:** A direct mail postcard distributed to the client mailing list.
- **Website:** Traffic from [www.queen'sinteriors.com](http://www.queen'sinteriors.com).

### **7.4 DISTRIBUTION STRATEGY:**

The primary source of distribution is through the tradition retail distribution channel. On a secondary basis, it will be through the website via email inquiries and phone sales, or directly from the site itself.

## **7.5 MARKETING PROGRAMS:**

The single objective is to position Queen's Interiors as the premier source for home decorator fabrics in the Lekki areas and its surrounding, commanding a majority of the market share within three years. The marketing strategy will seek to first create client awareness regarding the products and services offered, develop that client base, establish connections with targeted markets and work toward building client loyalty and referrals.

### **Queen's Interiors' four main marketing strategies are:**

1. Increased awareness and image.
2. Leveraging existing client base.
3. Cross selling.
4. New home construction promotion.

The strategies will be implemented through the following marketing tactics and programs.

### **Strategy**

#### **INCREASED AWARENESS and IMAGE -**

- Advertising
  - Martha Stewart.
  - Interior Motives.
- Referral Generation
  - Realtor "open house" promotions.
  - Complementary vendor referrals.
    - Imperial Floors.
    - Upholstery resources.

- "Design Time" Interior Design.
- 27th Street Fabrics.
- Organization Relationships
  - Co-sponsorship of fund raising activities.
  - Participating in social and service events.

### **Strategy**

#### LEVERAGING EXISTING CLIENT BASE -

- Client Service and Relationships
  - Exceptional client service in the store.
  - Follow up contact.
  - Personal shopper support.
- Additional Experiences
  - Classes.
  - Demonstrations.

### **Strategy**

#### CROSS SELLING -

- Internal
  - Additional sales of furniture, art pieces, and fabric and home accessories.
  - Look for office/commercial assignments.
- Prospecting



- Ongoing work including more involvement in the implementation phase.
- Future assignments based on additional work initiated by family changes and transitions.

### **Strategy**

#### **NEW HOME CONSTRUCTION PROMOTION -**

- Connecting with "Suppliers"
  - Realtors gift certificate program.
  - Builders design support services.
  - Loan Officers gift certificate program.
- Connecting with "Clients"
  - Subscription and use of "newcomers" report.
  - Chamber of Commerce new members update.

### **7.6 MARKET POSITIONING:**

For the person that seeks to create a personalized and unique impression of her home, Queen's Interiors is the source for client-oriented design services. Clients will be impressed with, and return for, the services they receive and the outcome they have enjoyed. Unlike other interior designers or stores, Warehouse Fabric, or catalog options, Queen's Interiors is a pleasant and tasteful resource that encourages everyone in the process of decorating their home. Unlike using the services of other interior decorators, Queen's interiors allows the individual to participate in their design choices to the extent they choose, and realize greater value for the naira they invest.

## 7.7 PROJECTED SALES:

The key to our sales strategy is referrals from pleased clients that are proud of the result Queen's Interiors provided them and pleased to tell their friends--people much like them. Keeping in contact with past clients to acquire repeat business and to remind them of this referral opportunity will be key. Sales activities will depend on creating awareness about the services Queen's Interiors offers and then build on each and every client as they make the decision to refer to others.

## 8.0 TECHNICAL ANALYSIS:

The sales forecast is broken down into three main revenue streams; residential consulting revenue, commercial consulting revenue, and product sales. The goal is to have these two revenue streams be equal by the second year, with product sales slower to secure during year one. The revenue forecast for the upcoming year is based on a modest 12% growth rate. The economic unpredictability adds to the difficulty of making these projections.

### 8.1 SCHEDULE OF OPERATION:

Sales	Year 1	Year 2	Year 3
Residential Consulting	#3,405,000	#4,680,000	#6,900,000
Commercial Consulting	#594,000	#936,000	#1,080,000
Product Sales	#2,970,000	#4,680,000	#6,900,000
Other	#0	#0	#0
Total Sales	#6,969,000	#10,296,000	#14,880,000

Direct Cost of Sales	Year 1	Year 2	Year 3
Residential Consulting	#510,750	#702,000	#1,035,000
Commercial Consulting	#89,100	#140,400	#162,000
Product Sales	#1,633,500	#2,574,000	3,795,000

Other	#0	#0	#0
Subtotal Direct Cost of Sales	#2,233,350	#3,416,400	#4,992,000
<b>8.1 SCHEDULE OF OPERATION:</b>			
Sales	Year 1	Year 2	Year 3
Residential Consulting	#3,405,000	#4,680,000	#6,900,000
Commercial Consulting	#594,000	#936,000	#1,080,000
Product Sales	#2,970,000	#4,680,000	#6,900,000
Other	#0	#0	#0
Total Sales	#6,969,000	#10,296,000	#14,880,000

## 8.2 SALES PROGRAMS:

In brief, our marketing mix is comprised of these approaches to pricing, distribution, advertising and promotion, and client service.

**Pricing** - Residential consulting will bill at an average of #3,000 per hour and commercial consulting at \$10,000 per hour.

**Distribution** - All services and products will be distributed directly through the personal contact.

**Advertising and Promotion** - The most successful advertising is anticipated to be through the media such as NTA, AIT, Wazobia FM, Cool FM, Thisday Newspaper.

**Client Service** - Excellent, personalized, fun, one-of-a-kind client service is essential. This is perhaps the only attribute that cannot be duplicated by any competitor.

The first goal is to recognize individualized needs of each client. If they are a repeat client, they benefit from the knowledge regarding their lifestyle and taste that was gained from the previous experience.

## 9.0 PERSONNEL PLAN:

Miss Nwobodo, Queendalen will act as a sole proprietress without employees at this point. Contract labor may be required for upholstery and fabrication purposes, but that will be included in the cost of good for each client's project. Queendalen's salary will begin at a modest #180,000 per month, increase quarterly, and then is projected at #360,000 per month for year two and #450,000 for year three.

### **10.0 FINANCIAL PLAN:**

The initial funding of #3,750,000 will be invested by the owner. The goal is to fund the growth of the business from its earnings. The financial plan contains these essential factors:

1. A growth rate in sales of 47% for the year 2015 and 15% for 2013.
2. Average sales per month that increases each year, averaging # in the first year, #564,000 the second, and #990,000 in the third year.
3. Continue to fund the growth of the business from the revenues it generates.

### **Financial difficulties and risks:**

- Slow sales resulting in less-than-projected cash flow.
- Unexpected and excessive cost increases compared to the planned expenses.
- Overly aggressive and debilitating actions by competing designers.
- A parallel entry by a new competitor further diminishing revenue generation potential.

### **Worst case risks might include:**

- Determining the business cannot support itself on an ongoing basis.
- Dealing with the financial, business, and personal devastation of the venture's failure. Survivable but painful.

### **Break-even Analysis**

The break-even analysis below is expressed as a per-client unit. This is based on average hourly billing, product sales, and costs per transaction.

Break-even Analysis			
Monthly Revenue Break-even			#610,050
Assumptions:			
Average Percent Variable Cost			32%
Estimated Monthly Fixed Cost			#414450

### 10.1 Key Financial Indicators:

The key financial indicators focus on cash flow. There is virtually no inventory but late payments for completed jobs will be a concern. Timely billing and collection will be critical. All expenses are tracked on a monthly basis, recorded in the accounting software, and will be compared to our business plan budget.

### 10.2 Start-up Summary:

The following details the initial start-up expenses for Queen's Interiors. Most equipment costs are office related. Sample and display costs include books, samples and resources necessary to promote furniture, fabric and other home accessory products.

#### Start-up

Requirements	
Start-up Expenses	
Legal	#75,000
Stationery etc.	#127,500
Brochures	#63,000
Consultants	#67,500
Insurance	#22,500
Samples and Reference Books	#487,500
Research and development	#120,000
Expensed equipment	#637,500
Other	#82,500
Total Start-up	#1,683,000

Expenses	
Start-up Assets	
Cash Required	#1,467,000
Other Current Assets	#150,000
Long-term Assets	#450,000
Total Assets	#2,067,000
Total Requirements	#3,750,000

### 10.3 Start-up Funding

Start-up Expenses to Fund	#1,683,000
Start-up Assets to Fund	#2,067,000
Total Funding Required	#3,750,000

#### Assets

Non-cash Assets from Start-up	#600,000
Cash Requirements from Start-up	#1,467,000
Additional Cash Raised	#0
Cash Balance on Starting Date	#1,467,000
Total Assets	#2,067,000

#### Liabilities and Capital

Liabilities	
Current Borrowing	#0
Long-term Liabilities	#0
Accounts Payable (Outstanding	#0

Bills)	
Other Current Liabilities (interest-free)	#0
Total Liabilities	#0

### Capital

Planned Investment	
Miss Nwobodo, Queendalen	#3,750,000
Investor 2	#0
Other	#0
Additional Investment Requirement	#0
Total Planned Investment	#3,750,000
Loss at Start-up (Start-up Expenses)	(#1,683,000)
Total Capital	#2,067,000
Total Capital and Liabilities	#2,067,000
Total Funding	#3,750,000

### 10.3 PROJECTED PROFIT AND LOSS:

The following represents the projected profit and loss for Essence Interiors based on sales and expense projections for 2015 through 2017.

### 10.3.1 Pro Forma Profit and Loss:

	Year 1	Year 2	Year 3
Sales	#6,969,000	#10,296,000	#14,880,000
Direct Cost of Sales	#2,233,350	#3,416,400	#4,992,000
Other	#0	#0	#0
Total Cost of Sales	#2,233,350	#3,416,400	#4,992,000
Gross Margin	#4,735,650	#6,879,600	#9,888,000
Gross Margin %	67.95%	66.82%	66.45%
Expenses			
Payroll	#2,970,000	#4,200,000	#5,400,000
Sales and Marketing and Other Expenses	#1,734,000	#2,014,500	#2,265,000
Depreciation	#45,000	#112,500	#120,000
Leased Equipment	#0	#0	#0
Utilities	#81,000	#99,000	#120,000
Insurance	#144,000	#180,000	#240,000
Rent	#0	#0	#0
Payroll Taxes	#0	#0	#0
Other	#0	#0	#0
Total Operating Expenses	#5,424,000	#6,726,000	#8,145,000
Profit Before Interest and Taxes	(#238,350)	#153,600	#1,743,000
EBITDA	(#193,350)	#266,100	#1,863,000
Interest Expense	#0	#11,400	#35,700
Taxes Incurred	#0	#39,750	#480,900
Net Profit	(#238,350)	#102,450	#776,400
Net Profit/Sales	-3.42%	0.99%	8.24%



**10.3.2 Pro Forma Cash Flow:**

	Year 1	Year 2	Year 3
Cash Received			
Cash from Operations			
Cash Sales	#4,867,800	#7,207,200	#10,416,000
Cash from Receivables	#1,436,700	#2,776,650	#4,033,800
Subtotal Cash from Operations	#6,315,000	#9,983,850	#14,449,800
Additional Cash Received			
Sales Tax, VAT, HST/GST Received	#0	#0	#0
New Current Borrowing	#0	#240,000	#270,000
New Other Liabilities (interest-free)	#0	#0	#0
New Long-term Liabilities	#0	#0	#0
Sales of Other Current Assets	#31,500	#0	#0
Sales of Long-term Assets	#0	#0	#0
New Investment Received	#0	#0	#0
Subtotal Cash Received	#6,346,500	#10,654,129	#14,719,800

Expenditures	Year 1	Year 2	Year 3
Expenditures from Operations			
Cash Spending	#2,970,000	#4,320,000	# 5,400,000
Bill Payments	#3,703,950	#5,775,900	#7,938,600
Subtotal Spent on Operations	#6,673,950	#10,095,900	#13,338,600
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	#6,673,950	#10,095,900	#13,338,600
Net Cash Flow	(#327,450)	#127,800	#1,381,350
Cash Balance	#1,139,550	#1,267,350	#2,648,700

#### 10.4 PROJECTED BALANCE SHEET:

Queen's Interiors' balance sheet is outlined below.

**10.4.1 Pro Forma Balance Sheet:**

	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	#1,139,550	#1,267,350	#2,648,700
Accounts Receivable	#654,000	#966,150	#1,396,200
Other Current Assets	#118,500	#118,500	#118,500
Total Current Assets	#1,912,050	#2352000	#4,163,550
Long-term Assets			
Long-term Assets	#450,000	#450,000	#450,000
Accumulated Depreciation	#45,000	#157500	#277500
Total Long-term Assets	#405,000	#292,500	#172,500
Total Assets	#2,317,050	#2,644,500	#4,336,050
Liabilities and Capital	Year 1	Year 2	Year 3
Current Liabilities			
Accounts Payable	#488,400	#473550	#668,550
Current Borrowing	#0	#240,000	#510,000
Other Current Liabilities	#0	#0	#0
Subtotal Current Liabilities	#488,400	#713,550	#1,178,550
Long-term Liabilities	#0	#0	#0

Total Liabilities	#488,400	#713,550	#1,178,550
Paid-in Capital	#3,750,000	#3,750,000	#3,750,000
Retained Earnings	(#1,683,000)	(#1,921,350)	(#1,818,900)
Earnings	(#238,350)	#102,450	#1,226,400
Total Capital	#1828650	#1,931,100	#3,157,500
Total Liabilities and Capital	#2,317,050	#2,644,500	#4336050
Net Worth	#1828650	#1,931,100	#3,157,500

### 10.5 FINANCIAL ANALYSIS:

	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	47.74%	44.52%	12.40%
Percent of Total Assets				
Accounts Receivable	28.22%	36.53%	32.20%	26.10%
Other Current Assets	5.11%	4.48%	2.73%	44.70%
Total Current Assets	82.52%	88.94%	96.02%	74.50%
Long-term Assets	17.48%	11.06%	3.98%	25.50%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities	21.08%	26.98%	27.18%	44.30%
Long-term Liabilities	0.00%	0.00%	0.00%	16.00%
Total Liabilities	21.08%	26.98%	27.18%	60.30%
Net Worth	78.92%	73.02%	72.82%	39.70%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	67.95%	66.82%	66.45%	0.00%

Selling, General & Administrative Expenses	73.96%	65.72%	38.61%	80.80%
Advertising Expenses	16.36%	12.24%	11.36%	1.30%
Profit Before Interest and Taxes	-3.42%	1.49%	11.71%	2.20%
Main Ratios				
Current	3.92	3.30	3.53	1.75
Quick	3.92	3.30	3.53	1.38
Total Debt to Total Assets	21.08%	26.98%	27.18%	60.30%
Pre-tax Return on Net Worth	-13.03%	7.36%	54.07%	3.80%
Pre-tax Return on Assets	-10.29%	5.38%	39.38%	9.70%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	-3.42%	0.99%	8.24%	n.a
Return on Equity	-13.03%	5.30%	38.84%	n.a
Activity Ratios				
Accounts Receivable Turnover	3.20	3.20	3.20	n.a
Collection Days	55	96	97	n.a
Accounts Payable Turnover	8.58	12.17	12.17	n.a
Payment Days	27	30	26	n.a
Total Asset Turnover	3.01	3.89	3.43	n.a

Debt Ratios				
Debt to Net Worth	0.27	0.37	0.37	n.a
Current Liab. to Liab.	1.00	1.00	1.00	n.a
Liquidity Ratios				
Net Working Capital	#1,423,650	#1,638,600	#2,985,000	n.a
Interest Coverage	0.00	13.47	48.93	n.a
Additional Ratios				
Assets to Sales	0.33	0.26	0.29	n.a
Current Debt/Total Assets	21%	27%	27%	n.a
Acid Test	2.58	1.94	2.35	n.a
Sales/Net Worth	3.81	5.33	4.71	n.a
Dividend Payout	0.00	0.00	0.00	n.a

## 11 CONCLUSION:

In conclusion, the interior designing market in this area will yield a great profit, in the sense that the people living there are really in need of these and there are few designers in this area who are into interior design. So this will yield much profit than predicted. From the first year till the third year, the market will really boom coupled with the fact that the awareness will make it much known and popular in the area. It will generate more than what it's expected. So Miss

Nwobodo, Queendalen will make more profit than expected if the strategy is well implemented.