

# **BUSINESS PLAN**

## **Executive Summary**

- **Introduction**

Alexis Hair Dressing Salon is a hair salon that allows the both male and female folks to have their hair needs satisfied in one convenient visit. Without disputing, there are quite a number of quick fix salons like Hair Do and I am set to make a difference. I shall be offering private services where our hair stylists and barbers can go to the homes of clients to have their hair problems solved. We know that home service in a place like Nigeria will generate a whole lot of profit that is why we want to key into the trend.

At Alexis Hair Do beauty Salon, it is a different ball game altogether, as maximum flexibility and sturdy customer attention is to a large extent guaranteed. Alexis Hair Do without mincing has plans in place to become the one stop hair salon when satisfying her clients comes to mind. As such, I will surely gain significant market share and create serious long-term relationships with our clients.

### **Name of Business**

The name of the Business is Alexis Hair Dressing Salon

### **Legal Form of Business**

Alexis Hair Dressing Salon is a sole proprietorship company registered with Corporate Affairs Commission (CAC).

#### **1.13 Contact Address**

No.58 Opposite Nitel Road, Enugu State.

1.14 **Mobile phone:** 08163652706. E-Mail: alexisbeautycomplex@gmail.com

#### **1.15 Type of Business**

Alexis Hair Dressing Salon is a service provider and specialized in all kinds of beautiful hair dressing styles.

- **The Company**

Alexis Hair Dressing is a hair business corporation, which is owned fully by Mr Ajibo Ugochukwu Alex. It will be located at No.58 opposite Nitel Road Nsukka, Enugu state. Ajibo Ugochukwu Alex is a seasoned beautician who has sixteen year experience in hair styling, and have serves in countless of salons all around our country Nigeria. He will be responsible for the day to day operations at the salon.

Activities such as hiring and training, purchasing, and retail sales are what he will look into. He will also be responsible for hiring all the employees like the receptionist, who will be responsible for receiving guests as they come in, the hair stylists, the accountant/ cashier and what have you. There will also be other workers- precisely six of them.

She will also use the incentive methods to reward hair stylists who are able to bring in customers, as well as attend promptly and satisfactorily to the needs of the clients. It is pertinent to state that at Hair Dressing salon, we do not want to leave any stone unturned, which is the reason why I shall meet all the hair needs of our clients – both male and female. I will be in the trade of fixing weaves, braiding, locking the hair, barbing the hair, as well as engaging in other things that makes the hair beautiful.

As a way to keep attracting ample clients, I shall do well to always train our stylists; this is so that they can continue to be abreast with all the styles that abound. It is also vital to note that I shall as well open our doors to all races (black, white, Caucasian, and all what not)

I am particularly passionate about putting smiles on the faces of our clients, which is why we shall procure all equipment that will help us achieve just that. I plan to launch out thoroughly, which is why I have also invested plenty of money in making the environment where we plan to operate from very conducive. We believe the aphorism that says *'first impressions say a lot about a thing'* and that is why our interior and exterior is well furnished to attract all and sundry.

### **Our Service Offering**

At Alexis Hair Dressing, the look is what matters to us, and we know that one couldn't possibly achieve the type of look they wanted, except they wore a nice hair Do. This is why we have done our homework well and have come up with the type of services that we will be offering the public. The services we shall render include;

- Fixing of Weaves
- Braiding
- Relaxing the hair
- Barbing the hair
- Dying of Hair
- Manicure

- Pedicure
- perms
- Curling
- Reconstructing
- Weaving
- Waving

### **Our Vision Statement**

Our aim in business is to be your one stop shop, where the hair and appearance of our customers is uttermost.

- **Our Mission Statement**

Our mission is to build a very creative hair salon brand, where all and sundry can turn to so that their appearance can be enhanced.

- **Business Structure**

Hair Do as stated earlier upon commencement is supposed to be a small scale business, however, there are plans to upgrade as the business booms and births other branches in and around our country Nigeria. I intend to operate with the best of structures in place, so that I can give my clients optimal satisfaction.

As a matter of importance, I plan to have a structure with the best combination ever. This is because I am really particular about the quality of service that gets offered. I know that the success of the business to a very large extent would also be hinged on the type of people that are being hired to carry out services. It is for that reason that I intend to hire people to occupy the following positions.

- Chief Executive Officer – Owner
- Manager – Hair Stylist
- Receptionist
- Accountant/ Cashier
- Barber

- Hair stylist 1
- Hair Stylist 2
- Cleaner
- Greeter/ Security Man

## **Roles and Responsibilities**

### **Chief Executive Officer (Owner):**

- Responsible for providing direction for the business.
- Creates, communicates, and implements the organization's vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for fixing prices.
- Responsible for recruitment
- Responsible for payment of salaries
- Responsible for signing checks and documents on behalf of the company
- Evaluates the success of the organization
- Prepares budget and reports for the organization
- Responsible for Training and Development in the organization
- Defines job positions for recruitment and managing interviewing process
- Carries out staff induction for new team members

### **Manger – Hair Stylist**

- Carries out the vision, mission, and overall direction – i.e. leading the development and implementation of the overall organization's strategy.
- Responsible for managing the daily activities in the salon.
- Ensures that the facility is in tip top shape and conducive enough to welcome customers

- Interfaces with vendors
- Handles procurement
- Supervises all activities in the salon
- Makes sure that customers are satisfied before leaving the salon

#### **Receptionist:**

- Makes sure that all clients waiting to make their hair are comfortable and well attended to.
- Welcomes potential and old clients into the salon.
- Carries all other duties as directed by the manager.

#### **Accountant / Cashier:**

- Collects payment for the services rendered.
- Prepares financial report at the end of every working week
- Handles all financial transaction on behalf of the company
- Interfaces with our bankers
- Responsible for payment of tax, levies and utility bills
- Handles any other duty as assigned by the manager

#### **Hair Stylist**

- Sees to it that all clients are promptly attended to.
- Makes nice hair styles for clients
- Carries out all other duties as assigned by the manager.

#### **Barber**

- Manages the barbing arm of the saloon
- Handles any other duty as assigned by the manager
- Carries out all other duties as directed by the manager or CEO.

#### **Cleaner**

- Sees to it that the salon environment is spic and span
- Opens up the office for business every day.
- Is always on ground to clean and maintain the interior and exterior of business.

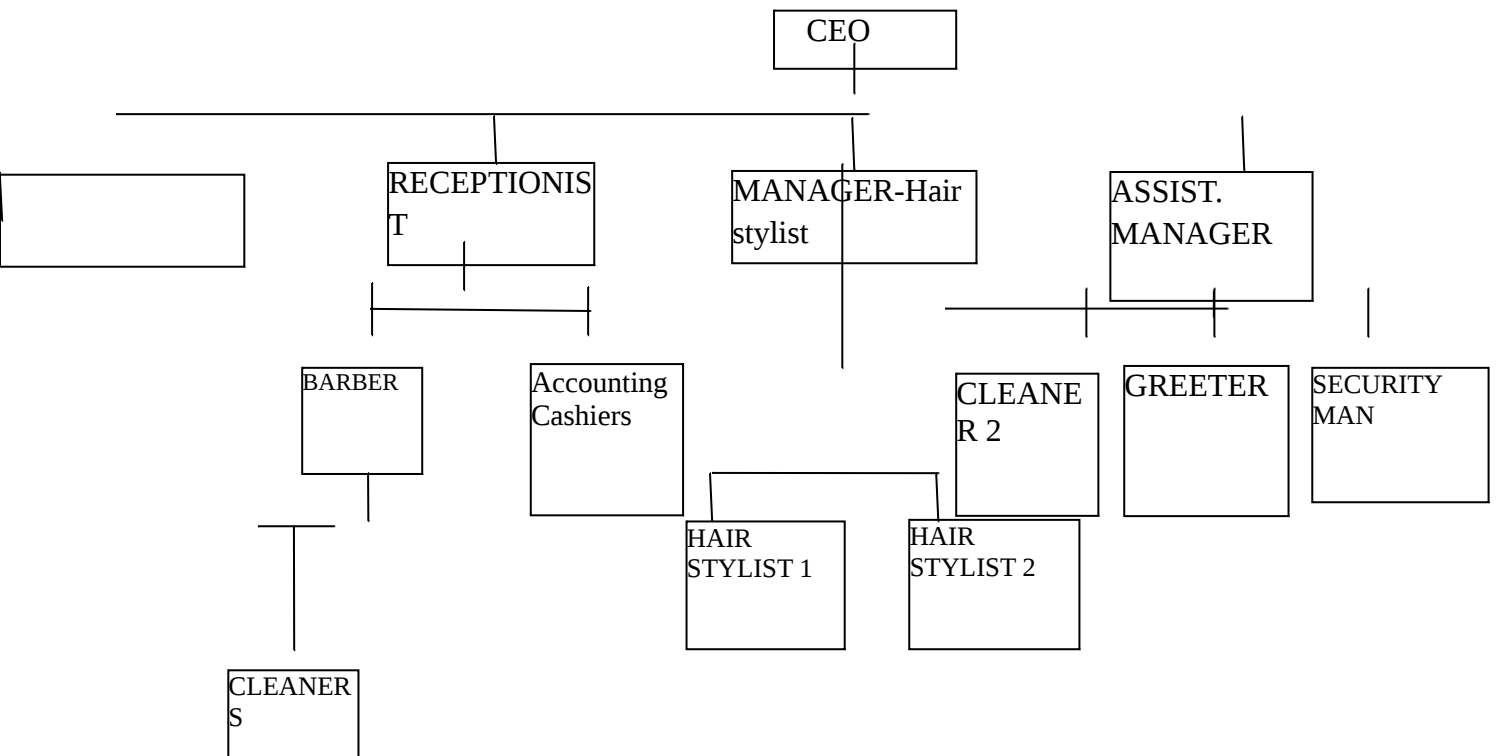
**Greeter/ Security Man**

- Welcomes people as they make way into the salon.
- Opens up the door for those coming in.

**Organizational structure:**

This shows the hierarchy in the management using an organizational chart

**ORGANIZATION STRUCTURE**



**The personnel plan (staffing and salary structure)**

S/n	Position	No. of staff	Salary per staff per month	Total annual salary
	Proprietor / CEO	1	50,000.00	600,000
	Manager	1	25,000.00	300,000
	Assistance Manager	1	15,000.00	180,000

	Accounting Cashier	1	10,000.00	120,000
5	Receptionist	2	10,000.00	120,000
	Sub Total			1,320,000
	Add 5% fringe benefits			66,000
	<b>GRAND TOTAL</b>			<b>1,386,000</b>

### **External support (Out sourcing):**

The capacity of the managing crew and the organization as a body might not be adequate to handle all manner of tasks pertinent to the organization. In this instance, the organization may need to outsource certain roles or tasks.

### **Organization's values and norms:**

Alexis Hair Dressing's core values are as listed below:

- a. To carry out business on the best ethical standards
- b. To show highest level of integrity and honesty.
- c. To maintain quality and standard at all times

### **Legal, regulatory, social, and environmental issues**

#### **Regulatory and Environmental Issues.**

#### **A. Regulatory Issues:**

- i. Every idea generated within the company is patented and protected

#### **B. Environmental Issues**

There are no environmental issues.

### **SWOT ANALYSIS**

At Alexis Hair Dressing salon, I understand the need to be at the top of one's game, which is why I have gone ahead to identify my areas of strength and weaknesses. To a very large extent, being conversant with this means that I have the opportunity to up the ante when my services are involved. I therefore thought that it was going to be a very nice idea if I employed the best of consultant's to help me carry this poll out, so as to be conversant with my strengths, weaknesses, as well as the opportunities that I am faced with.

As such I got hold of Ms. Chiazom Abigail from Enugu State who is a renowned business consultant to help me carry out these activities. It is pertinent to note that She will do a very

thorough job. Here is a preview of the result we got from the SWOT analysis that was conducted on behalf of Alex Hair Dressing Hair salon,

- **Strength:**

Alexis Hair Dressing Hair salon will be centrally located at No.58 opposite Nitel Road Nsukka. Enugu State ; My business location is in fact one of my major strengths because I will invest quite a lot in seeing that I have the best hair stylists, as well as a top notch facility that can attract new clients ( celebrities and non-celebrities) to my business on a continual basis. I believe that with my strength, I will be able to attract a good number of people. The type of equipment that is procured is such that makes our work pretty easy.

- **Weakness:**

It is no longer news that the competition rate in the hair salon business is one of the highest all over the world. It is for this reason that our weakness was realized. As such; our weakness is solely hinged on the fact that there are loads of other business owners who have delved into the hair making business in Nigeria. This means that I have to brace up for ample competition. Nonetheless, I shall continue to do my best to see that I bridge a gap between my strengths and weaknesses.

- **Opportunities**

Without mincing words, Nigeria is one business district that boasts of an avalanche of clients. This is why we are located in such an area to start with. We know without reservation that we shall attract all and sundry when we kick start operation. Already the number of salons that are located in the vicinity where we plan to operate doesn't meet the full needs of the people. As a result, we know that with us being there, and with the type of services we want to offer, and how we want to offer them, we shall break even pretty soon.

- **Threat:**

Some of the threats that are likely going to confront Alexis Hair Do Salon might be losing our clients to other competitors. If we win them over and are not able to give them the best of services, then there might be likelihood that we lose them again. This is one of the aims of wanting to even surpass the needs of the people so that we can gladly continue to be at the top always.

## **Market Analysis**

- **Market Trend**

It is true that lots of people want to look good, this is one of the major essences the hair salon business came into existence. From the past times till now the number of people who start this type of business daily, have continued to be on the rise. This is because of the rewarding nature of the job and also the point that people want to look good nearly all year round. As such, it can be said that this is one business that when well located, can experience massive patronage all year round.



The Hair Salon market is a market that is solely dependent on one vital factor; and that factor is that at least people- especially the female folk will visit the salon nearly all weekend. This is because of the need to wear different looks. These days' salons also incorporate other services like the manicure and pedicure services. In other words, they kill more than a bird with just a stone. When a hair salon is well positioned and have sent out the right words, plus have well trained workers, then there will always be success achieved.

- **Target Market**

Before choosing a location for Alexis Hair Dressing Hair salon, we conducted our feasibility studies and market survey and we were able to identify those who will benefit greatly from our service offerings. Every detail is written in our hair salon marketing plan. Basically, those who will benefit from our service offering are adults- both male and female, as well as children. This type of folks cut across various sectors of the economy. Our target customers can be classified into different groups.

We are set to market our services in our neighbourhood, talk to different people, corporate executives, business owners, celebrities, amongst many others. These are the category of people that we intend marketing our hotel to;

- Corporate Executives
- Business People
- Parents and Guardian
- Celebrities
- Teenagers
- Students

### **Competitive Advantage**

Starting a hair salon business might not be a herculean task after all. As a matter of fact, it is an easy to set up business that does not require formal training to achieve. This means that you might even decide to get into this trade without training, provided you will hire expert stylists. Anybody can set this business up, if they have the required start-up capital. It means that the possibility of having countless hair salons is high, since getting the skill of hair making can be maneuvered.

I am aware of this which is why I leave no stone unturned in making our shop a one stop arena. It is for that reason that we have decided to come up with a business concept that will position us to become the leader in Nigeria. Our competitive edge is that we are a standard hair salon that has loads of expert stylists that are on standby to meet the needs of the clients.

Our business offerings also will easily assist us in attracting the various clients that will look to attract.

We can confidently say that the location of Alexis Hair Dressing will definitely count as a positive for us, because we have decided to come to Nsukka, where we intend to attract the cream of the society, as well as all and sundry. Our services will be customized to meet the needs of all our customers because we are aware that there is loads of competition. That is why we shall keep training our team so that they can continue to give our clients the best at all times all year round.

## **SALES AND MARKETING STRATEGY**

- **Marketing Strategy and Sales Strategy**

The marketing strategy for Alex Hair Dressing salon is going to be driven basically by excellent customers service and quality service delivery. We will ensure that we build a loyal customer base. We want to offer the best services to our customers, so that they can readily help refer folks who might be in need of our services. We are not undermining the fact that first impressions lasts a great deal which is why we have put everything in place to see that we give each client a wow moment so that they can unreservedly ell others.

We are a salon that is strategically located in Nigeria and we are going to maximize the opportunities that are available, which is why we spend more to locate the business in a location that will be visible and accessible to plenty of people. We will adopt the following means to attract the kind of people that we look forward to be our clients. Part of the marketing and sales strategies that we will adopt is;

- Open Alexis Hair Dressing Salon with a big shindig.
- Advertise our salon business on magazines for men and women, in business directories and local radio station
- Promote our business online via our official website and all available social media platforms
- Continuously Improve the performance of our services
- Hire the services of experts to make Alexis Hair Dressing salon brand known in Nigeria.
- Deliver consistent customer experiences to all our guest; making our first impression count positively
- Make use of attractive hand bills to create awareness and also to give direction to our salon
- Adopt direct mailing coupon marketing approach
- Position our signage / flexi banners at strategic places

- Create a loyalty plan that will enable us reward our regular customers
- Engage on road shows within our neighbourhood to create awareness for our salon business.

### **Sources of Income**

Alex Hair Dressing Salon business will generate income from the following service offerings;

- Perming
- Weaving
- Braiding
- Washing and dressing of hair
- Fixing of artificial nails
- Hair cuts
- Manicure
- pedicure

### **Sales Forecast**

It is important to state that our sales forecast is based on the data gathered during our feasibility studies and also some of the assumptions readily available on the field. We hope to render hair services to about 50 people a day, and about 350 people every week.

Then about 1, 500 people in a month and then about 20,000 people in the first year. Apart from the hair services for male and female, our additional manicure and pedicure services will also help generate more income. Below is the sales projection for Alexis Hair Dressing Salon, it is based on the location of our business and the services and products that we will be offering;

- **First Year-:** # 700,000
- **Second Year-:** # 900,000
- **Third Year-:** # 1,300,000

N.B: This projection is done based on what is obtainable in the industry and with the assumption that there won't be any salon offering same additional services within 4.5 miles radius from our salon.

- **Pricing**

We know the importance of gaining entrance into the market by lowering our pricing so as to attract all and sundry that is why we have consulted with experts and they have given us the best of insights on how to do this and effectively gain more clients soon.

Our pricing system is going to be based on what is obtainable in the industry, we don't intend to charge more (except for premium and customized services) and we don't intend to charge less than our competitors are offering in Nigeria.

Be that as it may, we have put plans in place to offer discount services once in a while and also to reward our loyal customers especially when they refer clients to us. The prices of our products will be same as what is obtainable in other places. On the average, our hair services will cost between #2000 to #50.000 per service rendered. Do bear in mind that this depends on the service rendered.

- **Payment Options**

Our payment policy is all inclusive because we are quite aware that different people prefer different payment options as it suits them. Here are the payment options that will be available in every of our pub;

- Payment by cash
- Payment via Point of Sale (POS) Machine
- Payment via online bank transfer (online payment portal)
- Payment via Mobile money

In view of the above, we have chosen banking platforms that will help us achieve our payment plans without any difficulty.

### **Publicity and Advertising Strategy**

We know the importance of having our business in the faces and on the lips of every one: that is why we shall continue to work at ways to have the best marketing plans that can sure help us beak even within a short period of time. Already, there are tons of hair salons in Nigeria that have become a household name. This is why we have got to look at ways to matchup the strategies of these competitors.

Alexis Hair Dressing Salon is set to create a standard for hair salon business in Nigeria which is why we will go all the way to adopt best practices to promote our business. Good enough there is not hard and fast rule on how to advertise or promote our brand. One of the difficulties being encountered might be that hair salons might not have the required money to pump into publicity and advertising.

We will ensure that we leverage on all conventional and non – conventional publicity and advertising technique to promote our car was business. Here are the platforms we intend leveraging on to promote and advertise Alexis Hair Dressing Salon in Nigeria;

- Encourage our loyal customers to help us use Word of Mouth mode of advertisement (referrals)
- Advertise our hair salon business in automobile magazines, local newspaper, local TV stations and local radio station
- Promote our business online via our official website
- List our business on local directories (yellow pages)
- Sponsor community pageants and fashion shows
- Leverage on the internet and social media platforms like; Instagram, Facebook , twitter, et al to promote our brand
- Install our Bill Boards on strategic locations
- Direct coupon mailing approach
- Engage in road show from time to time
- Distribute our fliers and handbills in target areas

### **Start – Up Expenditure (Budget)**

This is the key areas where we will spend our start – up capital on;

- The Total Fee for Registering the Business in Corporate Affairs Commission (CAC): #120,000.
- Legal expenses for obtaining licenses and permits: #20,000.
- Marketing promotion expenses (2,000 flyers at 5000 per copy) for the total amount of #3,580.
- Cost for hiring Consultant – 42,000.
- Insurance (general liability, workers’ compensation and property casualty) coverage at a total premium – #330,800.
- Cost of accounting software, CRM software and Payroll Software –# 63,000
- Cost for leasing facility for the salon:# 270,000.
- Cost for facility remodelling –# 350,000.
- Other start-up expenses including stationery – #321000)

- Phone and utility deposits (#413,500).
- Operational cost for the first 3 months (salaries of employees, payments of bills et al) – #440,000
- The cost for Start-up inventory – #315,000
- Storage hardware (bins, utensil rack, shelves, glasses case) – #612,720
- Cost for serving area equipment ( glasses, flatware) – #615,000
- Cost for store equipment (cash register, security, ventilation, signage) – #213,750
- Office equipment (vacuum cleaner et al)- #73,600
- The cost for the purchase of furniture and gadgets (Computers, Printers, Telephone, TVs, Sound System, hair dryers, steamers, clippers, and chairs et al):# 604,000.
- The cost of Launching a Website: #500,600
- The cost for our grand opening party: #311,500
- Miscellaneous: #512,000

I would need an estimate of #1.2 million to successfully launch our all-round car wash business in Nigeria.

**Notes:**

- Total Assets = Fixed Asset + Current + assets
- Total Liabilities = Long term Liabilities + Current Liabilities + Shareholders Fund
- Shareholders' Equity = Total Assets – Total liabilities
- Capital Employed = Total Assets – Current Liabilities

Working Capital = Current Assets – Current Liabilities.

**Start- up Capital Needed**

The funds needed for fixed asset investments, working capital and pre-operating expenses add up to give us the initial total investment outlay for Alexis Hair Dressing Salon. As shown in the table below.

S/n	Item of Expenditure	Amount
	Fixed asset investment (Equipt. Machinery and other requirements)	1,874,400

	Working Capital	3,111,000
	Pre-operating Expenses	117,000
	<b>Initial Total Investment Outlay</b>	<b>N4,467,320</b>

Thus the start-up capital need to launch Alexis Hair Dressing Salon into commercial production is N4, 467,320 (Four million, four hundred and sixty seven thousand, and three hundred and twenty naira only).

### Financing Plan

To raise the start-up capital, the table below shows how the capital requirement will be funded

S/n	Source of Fund	Amount (N)
	Owner's capital	3,120,000
	Bank Loan	1,347,320
	<b>Total</b>	<b>4,467,320</b>

### Loan Repayment and Interest payment schedule.

Year	Loan/Loan Bal. B/d	Interest	Annual Instalment	Loan Repayme nt	Loan Bal c/f
	A	B	C	D	E
	A	B= r(A)	C (A value in eqn. 1)	D = C – B	E = A - D
	1,347,320.00	N/A	N/A	N/A	1,347,320.00
	1,347,320.00	67,366	450,516.46	383,150.46	964169.54
	964,169.54	48,208.4 8	322400.03	274,191.55	689,977.99
	689,977.99	34,498.9 0	230,715.57	196,216.67	NIL

**Note:**

$$PV = \frac{A(1 - (1 + r)^{-n})}{r} \dots\dots\dots (1)$$

Where: PV = Loan amount; A = Annual Instalment; r = rate of interest per annum=20%; and n = tenure of loan in years=5yrs.

### Ratio Analysis

Type of ratios	Year 1	Year 2	Year 3
<b>Liquidity ratios:</b>			
a. Current ratio	0.21	0.22	2.46
b. Acid test ratio	1.62	1.89	2.22
<b>Leverage ratios:</b>			
a. Debt equity ratio	0.41	0.22	—
<b>b. Debt capitalization ratio</b>	0.25	0.08	—
<b>Loan coverage ratio</b>			
a. Interest coverage ratio	32.48	150.96	235.85
b. Assets coverage ratio	3.25	9.47	—
<b>Profitability ratio</b>			
a. Return on capital employed	65.04%	121.23%	145.21%
b. Net profit margin	16.50%	42.54%	36.25%

### **Risk Analysis, Contingency plan, and Exit Strategy:**

#### **Risk Contingent Analysis**

Alexis Hair Dressing Salon has identified the risks discussed in the table below.

Actions taken to guard against the risk are given as Mitigants



S/n	Risks	Mitigants
1.	Inadequate start – up demand	Aggressive promotion and advertising campaigns.
2.	Unexpected adverse events	Appropriate insurance policy will be taken
3.	High unexpected entrance of many competitors due to the fact that the business is profitable	Use of trade secret to keep product formulation formula secret from potential competitors. Also continuous aggressive marketing will be sustained

### **Contingency Plan & Exit Strategy**

The project promoters do not foresee a situation where it will fail. However, if the scenario tends to failing, the business can easily be sold since the equipment can easily be used for other things. Alternatively, the business can easily open other lines of business and diversify.

### **Other Consideration and Conclusions**

#### **Economic Justification**

This project can deliver incense benefits like job creation, contribution to GDP, gross capital formation, gross domestic product (GDP). Particularly it will:

1. It will provide job for 12 persons
2. It will contribute more than ₦ 10,000,000 to Gross Capital
3. It will contribute more than ₦200 Million to the GDP in the next three years.

#### **Commercial Viability**

The project is very profitable as it will generate more than ₦103 Million in profit in the next three years. The liquidity positions are: ₦5, 200,185.00, ₦7, 415,000.00; and ₦22, 520,105.00 for year 1,2, and 3 respectively. Equally the net worth will from ₦2, 520,000 operation to over ₦21, 319,477.00 at the inception of business by the third year of operation.

**Conclusion and Recommendation:**

In view of the technical feasibility and commercial viability of the project, it is highly recommended for implementation and funding.

**/UNIVERSITY OF NIGERIA, NSUKKA**  
**FACULTY OF SOCIAL SCIENCES**  
**DEPARTMENT OF PUBLIC ADMINISTRATION AND LOCAL**  
**GOVERNMENT**

**TOPIC:**  
**BUSINESS PLAN ON HAIR DRESSING**

**A BUSINESS PLAN**  
**WRITTEN IN PARTIAL FULFILMENT FOR THE REQUIREMENT OF**  
**THE COURSE CEDR 342 (BUSINESS CREATION AND GROWTH)**

**BY**  
**AJIBO UGOCHUKWU ALEX**  
**REG. NO: 2014/195235**

**LECTURER: DR. NWAOGA T.C**

**JULY, 2017**