

1.0 EXECUTIVE SUMMARY (PART I)

Ego Laundry Service is a start-up enterprise to be established in Enugu, Nsukka as a limited liability company owned by Eze Nwakaego. The company will provide dry cleaning, laundry, and garment alterations, offered with regular home pick-up and delivery services. The company will have a production facility, but will not need retail shop because of our pick-up and delivery service. However, we will need delivery vans, and customer service trained drivers.

Customers can choose payment either at the time of each delivery, or by monthly credit card billing. At the end of each month we will send statements to each contract customer, itemizing service fees and the charge for the service to their credit cards for payment.

The business provides a new door-to-door dry cleaning, laundry, and alteration service in Hillsboro, OR and surrounding neighborhoods that will surely attract customer attention. Working customers may find this service is convenient for them and want to try it. If they are satisfied with the service quality they will likely become repeat customers. When the patronage happens continuously, they become loyal customers of the service. These customers will recommend Ego Laundry Service to their friends and coworkers. As more and more customers use this service, Ego Laundry Service' image is enhanced and we will gain more and more market share.

Sales forecast gradually increase over the first year and comprise total sales of \$324,700. We project modest net profits the first year. Our second and third year net profits are expected to grow substantially.

2.0 BACKGROUND (PART II)

- **INTRODUCTION**

Ego Laundry Service is a start-up enterprise to be established as a limited liability company in Nsukka, OR. The company will provide dry cleaning, laundry, and garment alterations, offered with regular home pick-up and delivery services. The company will have a production facility, but will not need retail store front because of our pick-up and delivery service. However, we will need delivery vans and customer service trained drivers. Initially, the production facility will be rented. Cleaning equipment will be leased with accompanying maintenance contracts.

Start-up financing will be through owner investment and bank loans, with a line of credit established for operations eventualities.

- **VISION AND MISSION STATEMENTS**

We will offer dry cleaning, laundry, and clothing alteration services with free home pickup and delivery. Our high quality and convenience will save time for working customers.

- **OWNERSHIP**

The proposed legal form of business is a limited liability company, wholly owned by its founder Eze Nwakaego. This is a small business and need not publicly disclose its finances. The registration procedures are quite simple and the business can start operations as soon as possible. The owner/founder will be the director and will initially handle the bookkeeping responsibilities

- **LEGAL STATUS**

Ego Laundry Service will be fully registered as a Limited Liability Company with the Corporate Affairs Commission

- **PRODUCTS/SERVICES**

Ego Laundry Service is going to provide the following services for customers with free home pick-up and delivery in the Nsukka area:

- Dry cleaning
- Laundry for personal clothes and large items such as blankets, duvets, curtains, etc.
- Alteration service

- **LOCATION OF THE BUSINESS**

No. 14 Onuiyi Link Road, Nsukka Enugu State Nigeria

- Industry trend and analysis
- key success factors
- The business is entering the first year of operation; therefore, a comprehensive marketing strategy will be the key to success of the business.
- It is important to remember that the target customers have money and want to be provided high quality service; therefore, they will only use this service if they are entirely satisfied.
- Furthermore, the hours of operation must be convenient and service completion must be timely in order that customers are not harried after a long day working.

3.0 MARKET (PART III)

- **NATURE, LOCATION, SIZE AND ATTRIBUTE ANALYSIS**

Ego Laundry Service is located at No. 14 Onuiyi Link Road, Nsukka Enugu State Nigeria:

- This is a prime location because the competition in the area is minimal.
- It is easily accessible to customers and facilities required for the business; like manpower, adequate power supply of electricity and water which are paramount for the smooth sail of the business.

- **SALES AND MARKET SHARE ANALYSIS**

It is necessary to establish the reasons for choosing the dry cleaning, laundry, and alteration service before doing the market research and marketing plan. "Laundries and Dry Cleaners rated in the top ten enterprises with the lowest failure rate."

- Payment for the service is by cash, check, or credit card.
- No capital stagnancy, receive payment every month, easy to get instant profit.
- Capital requirement for purchasing commercial laundry equipment is minimal; therefore the risk of this business is low.
- This service only requires a few staff.
- Supplies a needed service for customers' frequent demand (laundry - clean clothes).
- Customers use this service as there are few or no alternatives (dry cleaning, carpet cleaning...).
- The demand for using service is increasing due to changing life styles, incomes, and the increase in clothing expenditure.

- **KEY COMPETITORS AND COMPETITIVE EDGE**

As the Nigeria's economy recovers and quality of life is increases, people tend to spend more time and money in leisure activities rather than doing their house work. They prefer that someone else does the cleaning work for them. Nsukka has a population of 70,000 served by seven dry cleaning and laundry shops. These existing shops wait for customers to bring their garments in and pick them up later. Customers have to drive cars to town, find parking places, carry their clothes or large items, such as curtains, blankets, etc. to the shop, and wait to be served. Then they must repeat this boring process when they come to collect their items. Moreover, these shops are only open from 9am - 6pm, and close on Sunday, which are almost the same working hours of offices; most inconvenient for customers especially those with full-time jobs.

By understanding and addressing this need, our new dry cleaning, laundry and alteration service will be established, providing door to door service free of delivery charge. We make our customers' lives simpler by saving them time, and eliminating waiting in queues, parking problems, forgetting to collect clothes, missing meals, and going home late.

The following is the SWOT analysis for Ego Laundry Service:

Strengths:

- We offer a relatively new, door-to-door service for dry cleaning, and laundry, providing another choice for customers.
- We provide quick and convenient service in order to save customer's time.

Weaknesses:

- Competition from already established competitors in Nsukka.

- Starting at no market share at all.
- Less experience than competitors.

Opportunities:

- Expenditures on clothing is increasing, including expensive clothes; therefore the demand for taking care of clothes also increases.
- There are more and more women – who traditionally have done the laundry and cleaning work in the family – going to work outside the home. The target market of this business is working class and professional class customers, both men and women.
- Average income of Nsukka citizens is increasing.
- People tend to spend more time on leisure activities rather than doing the house work.
- Participation within a steadily growing service. The forecast of the dry cleaning and laundry service goes steadily up through 2010.
- There is a high likelihood of repeat business.
- The ability to decrease the fixed costs as the sales volume increases.

Threats:

- If the business is successful, there will be new competitors who supply the same kind of service.
- New technology changes may bring out new family washing machines for dry cleaning.

- **SWOT analysis**

- We are efficient, reliable and friendly.
- We have the perfect blend of ethnicity and class.
- Initial problems of raising capital for the project anticipated.

However, we have made contacts with wholesale dealers in the East and North who have assured us of a constant supply of our materials. Also, with the arrival of our lister generating set, the problem of power supply will be solved.

4.0 MARKETING PLAN

- **MARKET SEGMENTATION**

Ego Laundry Service will be primarily targeting customers in the Nsukka-Beaverton area. We will start off by offering services to the Nsukka residents but will also aim at extending our service offering to the residents of nearby towns.

We will be targeting both full-time and part-time employed customers who would value the convenience of our service. Demographic research shows that the total population of the Nsukka area is about 350,000, of which about 250,000 are in the labor force. Of the later, approx. 220,000 are employed full time, 20,000 are employed part time and the rest are unemployed, as summarized in the table below.

Table: Market Analysis

Market Analysis		Year 1	Year 2	Year 3	Year 4	Year 5	
Potential Customers	Growth						CAGR
Full-time employees	2%	220,000	224,400	228,888	233,466	238,135	2.00%
Part-time employees	2%	20,000	20,400	20,808	21,224	21,649	2.00%

Other	0%	10,000	10,000	10,000	10,000	10,000	0.00%
Total	1.92%	250,000	254,800	259,696	264,690	269,784	1.92%

- **TARGET MARKET**

With about 250,000 labour force, we will target, civil servants, bank works among others.

- Market positioning strategy

Place: Dealing directly with customers, conveniently in the customers' houses in Nsukka. We are choosing to not rent a shop in the town center, thereby reducing costs. Ego Laundry Service will receive clothes from and return them to customers' houses. Requests for urgent situation pickups and deliveries will be accommodated, and a nominal fee charged.

Product: Free home pickup and delivery service, coming to customers' houses between 6 pm - 9 pm three times per week. We provide convenience and high quality dry cleaning, laundry, and alteration services.

Price: Normally, new businesses set their initial prices lower than their competitors. In our situation however, the business has higher costs for our delivery service and promotions to increase customers' awareness and establish our brand name. We will set our prices to match those of our competitors. The pricing scheme is based on a per service price. Moreover, the business targets working and professional customers who often pay less attention to price than the quality and convenience of service. Kelvin Clancy (in Kotler, 2003) shows that only between 15 and 35 percent of buyers are price sensitive. People with higher incomes are willing to pay more for features, customer service, quality, and convenience.

Promotion:

- Advertise our new service in the local press, the Internet, public areas such as buses and train stations, shopping centers and supermarkets etc., and drop advertising material into families' mailboxes.
- Offer 10% discount as an incentive for customers who sign one-year contracts.
- Issue coupons with lower price for loyal customers.
- Market mix implantation tools

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- **Alliances**

No alliances

- **Marketing calendar and budget**

The sales forecast gradually increases over the year 2005 and comprises total sales of \$324,700. However, in the last three months, October, November and December the sales remain almost level due to possible seasonal factors. Yearly forecasts are summarized in the table below.

	Sales from Food (African)	Sales from Traditional Drinks (₦)	Total Sales (₦)
Year 1	200000	400000	600000
Year 2	500000	200000	700000
Year 3	700000	300000	1000000

Note: To push sales, 2% discount is given to regular customers

5.0 PRODUCTION PLAN (PART IV)

- **Production process**

This is a services provider and not product creation venture

- **Production schedule**

Nil

- **Machinery, equipment and other requirements**

S/n	Item	Cost (₦)
1.	Washing machines	160, 000
2.	Driers	100, 000
3.	Electric iron	100, 000
4.	Lister Gen. set	400, 000
5.	Cylinder	40, 000
6.	Industrial bowels	50, 000
7.	Table & chairs (off)	500, 000
8.	Table & chairs (custom)	500, 000

9.	Water tanks	200, 000
10.	Air conditioners	600, 000

- **Technology**

Modern machineries and equipment will be deployed for efficient and effective services

- **Quality assurance and standardization**

The company will maintain high standard at all time

6.0 MANAGEMENT AND ORGANIZATIONAL STRUCTURE

- **shareholders and directors**

The owner of the business will be director and accountant, working full time. A laundry expert will be employed and will be in charge of the operation and the quality of garment cleaning. Workers will report to the laundry expert who reports to the owner.

- **management team**

Through consultations with a dry cleaning consultant, the term of reference of a laundry expert and workers are prepared. Employment information will be advertised in local newspapers. The laundry expert and two part-time workers who have experience in laundry work will be employed.

The laundry expert will be in charge of the operation and the quality of garment cleaning. Workers will be responsible for cleaning and classifying work and have duty to report daily work to the laundry expert. The expert has to report their working results and problems to the director.

Two part-time drivers for picking up and delivering clothes work from 5:30 pm - 9:30 pm three times a week.

The staff should be able to carry out working conditions and requirements:

- Understand and apply dry cleaning and washing processes
- Meet set standards by following instructions
- Work in hot, humid surroundings
- Perform the same work continuously
- Overtime may be required during peak seasons such as spring and autumn.

- **organizational structure**

The owner of the business will be director and accountant, working full time. A laundry expert will be employed and will be in charge of the operation and the quality of garment cleaning. Workers will report to the laundry expert who reports to the owner.

- **External support (outsourcing)**
There will be no external outsourcing
- **Organization's value and norms**

Ego Laundry Service plans to adopt the following norms and values.

- a. To always be available to her customers.
- b. To uphold her integrity always.
- c. To see her employees as her most valuable assets.
- d. To offer the best for the benefit of the customers.
- e. To do her business within the Federal state and local government laws.

7.0 LEGAL, REGULATORY, SOCIAL AND ENVIRONMENTAL ISSUES (PART V)

- **Legal issues**

No special licenses are required for the operation of a laundry service; however, every attempt will be made to get all necessary permit, CAC registration and other licenses

- **Regulatory issues**

The company will be registered with Corporate Affairs Commission

- **Environmental issues**

We are committed to proper waste disposal and recycling in order to avoid causing environmental problems of any kind.

8.0 FINANCIAL PLAN (PART VI)

- **cost of machinery, equipment and others**

S/n	Capital Items	Amount (₦)
1.	Machinery, Equipment and others	3, 000, 000
2.	Working Capital Requirement	1, 500, 000

	Total	4, 500, 000
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- **Sales plan**

Particulars	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Expected Sales	1900000	6000000	7000000
Less % discount	19000	60000	70000
Net Sales	1880000	5940000	6930000
Expenses	1000000	1500000	1500000

- **costs plan**

Table showing cost plan

Source	Amount (₦)
Equity Contribution	1,000, 000
Bank Loan	3, 500, 000

- **working capital projection**

Table: shows working capital projection

Working Capital items	Year 1(₦)	Year 2 (₦)	Year 3 (₦)

Machines and others	300, 000	350, 000	500, 000
Salaries / Wages	350, 000	360, 000	365, 000
Water Bill	70, 000	72, 000	72, 000
Electricity Bill	60, 000	61, 000	62, 000
Repairs / Maintenance	100, 000	102, 000	102, 000
Fuel / Gas / Diesel	80, 000	82, 000	83, 000
Administration	500, 000	500, 000	500, 000
Miscellaneous			
Rent	800, 000	800, 000	800, 000
Provision of utilities and other expenses	100, 000	100, 000	105, 000

- **Start-up capital required**

The total cost of the project is ₦4, 000, 000. This is made up of ₦3, 000, 000 in fixed capital and ₦1, 000, 000 in working capital.

- **Proposed financial structure**

Cash in	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Equity	1,000, 000		

Bank loan	3500000		
Net Profits		1900000	7000000
Depreciation		19000	70000
Total Cash in	4,500,000	1881000	6930000
Cash out			
Equipment & Others	3, 000, 000		
Working Capital	1, 500, 000		
Increase / Decrease in Cash		70, 000	270000
Loan Repayment			350, 000
Dividends			380, 000
Total Cash Out	4, 000, 000	1881000	1500000
Opening Balance	Nil	Nil	490, 000

- **Loan repayment and interest payment schedule**

It is expected that the loan would attract an interest of 10% and the funds are available to pay monthly interest as well schedule repayment of the principal amount

Table Interest and repayment schedule

Year	Loan	Repayments	Interests	Loan
1	3500000	Nil	84, 000	3500000

2	3500000	900, 000	160, 000	1500000
3	2000000	2000000	60, 000	Nil

- **Depreciation/depreciation schedule**

This annual depreciation is calculated using the straight line method.

Table: Schedule of Annual Depreciation

S/n	Item	Cost (₦)	Life Span	Scrap Value	Amount (₦)
1.	Washing machines	160, 000	20	140, 000	1, 000
2.	Driers	100, 000	20	50, 000	2,500
3.	Electric iron	100, 000	10	80, 000	2, 000
4.	Lister Gen. set	400, 000	5	200, 000	40, 000
5.	Cylinder	40, 000	9	23, 000	3, 000
6.	Industrial bowels	50, 000	12	26, 000	2, 000
7.	Table & chairs (off)	500, 000	10	400, 000	10, 000
8.	Table & chairs (custom)	500, 000	5	400, 000	20, 000
9.	Water tanks	200, 000	10	100, 000	10, 000
10.	Air conditioners	600, 000	10	540, 000	6, 000

Total	108,900
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- **Cash flow projection**

Table: Profit and Loss

Particulars	Year 1 (₦)	Year 2 (₦)	Year 3 (₦)
Expected Sales	1900000	6000000	7000000
Less % discount	19000	60000	70000
Net Sales	1880000	5940000	6930000
Expenses	1000000	1500000	1500000
Cost of running service	1200000	1400000	1500000
Utilities	27000	274000	276000
Salaries & wages	100000	100000	100000
Total Expenses	3,700000	3,750000	3850000
Profit before int & tax less interest	800,000	1000000	1500000
Profit after tax less Depreciation	800000	2000000	2000000
Net Profit	600000	1000000	1000000

- **Projected balance sheet**

Table: Balance Sheet

Pro Forma Balance Sheet			
	Year 1	Year 2	Year 3
Assets			
Current Assets			
Cash	\$84,792	\$193,536	\$369,586
Inventory	\$4,008	\$5,085	\$6,610
Other Current Assets	\$0	\$0	\$0
Total Current Assets	\$88,800	\$198,621	\$376,196
Long-term Assets			
Long-term Assets	\$25,000	\$25,000	\$25,000
Accumulated Depreciation	\$4,500	\$8,500	\$13,500
Total Long-term Assets	\$20,500	\$16,500	\$11,500
Total Assets	\$109,300	\$215,121	\$387,696
Liabilities and Capital			
Current Liabilities			
Accounts Payable	\$15,289	\$15,799	\$20,522
Current Borrowing	\$0	\$0	\$0

Other Current Liabilities	\$0	\$0	\$0
Subtotal Current Liabilities	\$15,289	\$15,799	\$20,522
Long-term Liabilities	\$19,666	\$19,666	\$19,666
Total Liabilities	\$34,955	\$35,465	\$40,188
Paid-in Capital	\$40,000	\$40,000	\$40,000
Retained Earnings	(\$23,000)	\$34,345	\$139,655
Earnings	\$57,345	\$105,310	\$167,853
Total Capital	\$74,345	\$179,655	\$347,508
Total Liabilities and Capital	\$109,300	\$215,121	\$387,696
Net Worth	\$74,345	\$179,655	\$347,508

9.0 LIQUIDITY RATIOS

Table: Ratios

<i>Ratio Analysis</i>	Year 1	Year 2	Year 3	Industry Profile
Sales Growth	n.a.	30.00%	30.00%	4.37%
Percent of Total Assets				
Inventory	3.67%	2.36%	1.70%	4.37%
Other Current Assets	0.00%	0.00%	0.00%	38.35%
Total Current Assets	81.24%	92.33%	97.03%	55.47%
Long-term Assets	18.76%	7.67%	2.97%	44.53%
Total Assets	100.00%	100.00%	100.00%	100.00%
Current Liabilities				
Current Liabilities	13.99%	7.34%	5.29%	22.38%
Long-term Liabilities	17.99%	9.14%	5.07%	24.56%
Total Liabilities	31.98%	16.49%	10.37%	46.94%
Net Worth	68.02%	83.51%	89.63%	53.06%
Percent of Sales				
Sales	100.00%	100.00%	100.00%	100.00%
Gross Margin	89.02%	89.02%	89.02%	100.00%

Selling, General & Administrative Expenses	71.36%	64.07%	58.43%	77.90%
Advertising Expenses	0.00%	0.00%	0.00%	2.06%
Profit Before Interest and Taxes	25.84%	36.11%	44.06%	2.41%
Main Ratios				
Current	5.81	12.57	18.33	1.70
Quick	5.55	12.25	18.01	1.28

- **Break Even Points**

Total Debt to Total Assets	31.98%	16.49%	10.37%	61.40%
Pre-tax Return on Net Worth	110.19%	83.74%	69.00%	4.39%
Pre-tax Return on Assets	74.95%	69.93%	61.85%	11.38%
Additional Ratios	Year 1	Year 2	Year 3	
Net Profit Margin	17.66%	24.95%	30.59%	n.a
Return on Equity	77.13%	58.62%	48.30%	n.a
Activity Ratios				
Inventory Turnover	11.85	10.19	10.30	n.a
Accounts Payable Turnover	9.75	12.17	12.17	n.a
Payment Days	27	30	27	n.a
Total Asset Turnover	2.97	1.96	1.42	n.a
Debt Ratios				
Debt to Net Worth	0.47	0.20	0.12	n.a
Current Liability. to Liab.	0.44	0.45	0.51	n.a
Liquidity Ratios				
Net Working Capital	\$73,511	\$182,821	\$355,674	n.a
Interest Coverage	42.66	77.50	122.93	n.a

Additional Ratios				
Assets to Sales	0.34	0.51	0.71	n.a
Current Debt/Total Assets	14%	7%	5%	n.a
Acid Test	5.55	12.25	18.01	n.a
Sales/Net Worth	4.37	2.35	1.58	n.a
Dividend Payout	0.00	0.00	0.00	n.a

10.0 RISK ANALYSIS, CONTINGENCY PLAN AND EXIT STRATEGY (PART VII)

- **Risk Analysis and Mitigates**

Will the implementation of this project attracts enacts to the business to compete with.

- Provision of basic utilities like water supply and electricity is not guaranteed.
- The plan to use reliable mitigates of checkmating the identified risk.
 - Contingency Plan
 - Exit strategy

No exit is planned, rather diversification will be pursued.

11. 0 OTHER CONSIDERATIONS, CONCLUSION, AND RECOMMENDATIONS (PART VIII)

- **Economic justification**

From the above analysis, it is certain that the promoters of this project will never regret their participation in this project. The laundering service will as well offer a great economic contribution to the economy where it operates and spread a greater job opportunities to the nation and also will be consistent with the federal and state government policy for commercial business creation.

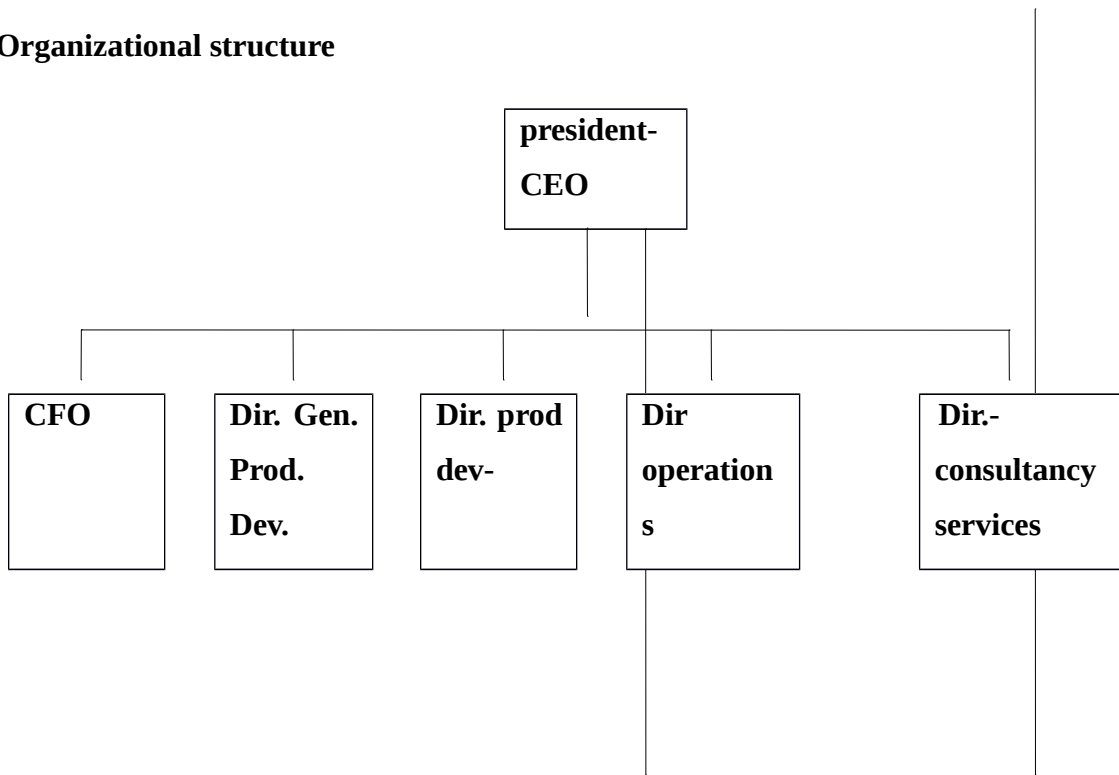
- **Commercial viability**

The project is believed to be commercially viable from the above stated analysis through projections, sales, profits and cash flow positions.

- **Conclusions and recommendations**

The project is highly recommendable for sponsorship and implementation.

Organizational structure



vacant- custome r support	vacant -sales mgr	vacant- sales mgr
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vacant- custome r support	vacant -sales mgr	vacant- sales mgr
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vacant- custome r support	vacant -sales mgr	vacant- sales mgr
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vacant -sales mgr
