

**Business Name : Prime Shoes**

**Presented at: 24<sup>th</sup> Yunus Centre Design Lab (8<sup>th</sup> Executive Session)**

**Date: 18 August, 2014**



# **BRIEF BIO OF THE ENTREPRENEUR**

Name	:	Nazim Uddin
Marital status	:	Unmarried
Age	:	26 years
Address	:	Vill: Siraz Shinga, Union: 11 no. Ramnagar, Post: Kuyada Bazaar, Upazila : Kotwali, District: Jessore
Father	:	Md. Azgor Ali Gazi
Mother	:	Fozilatun Nisa
<b>(Grameen Bank Borrower)</b>		Branch: Kuyada Bazaar, Centre # 8/MO, Loan no.: 1369, Member since 2006 Existing Loan –10,000, Outstanding-9,500. (Loan is used for her house repairing and installment will pay by her younger son). Other loan: Nil
GB loan payback	:	He will not provide loan installment from his business.
Proposed salary and Utilization	:	Salary, Tk. 10,000, will be used to meet his own & family expenses.
Education	:	B.A.
Experience	:	3 years experience in the business of selling shoes, sandals, flips-flops items. The start up capital was <b>BDT 167,000</b> and now it's value is about <b>BDT 315,000.</b>
Source	:	Grameen Telecom Trust

# Proposed Business Briefing

- Business Name : ***Prime Shoes***
- Shop location: Kuyada Bazaar, Upazila: Kotwali, Jessore
- Total Investment: **BDT 515,000**

## Financing:

- ❖ Self **BDT 315,000** (from existing business)
- ❖ Required Investment **BDT 200,000** (as equity)

## ➤ **Implementation:**

The business is planned to be scaled up by investment in existing products. The targeting break even point is within the **first year** & pay back period is estimated to be **four years**.

# Existing Business

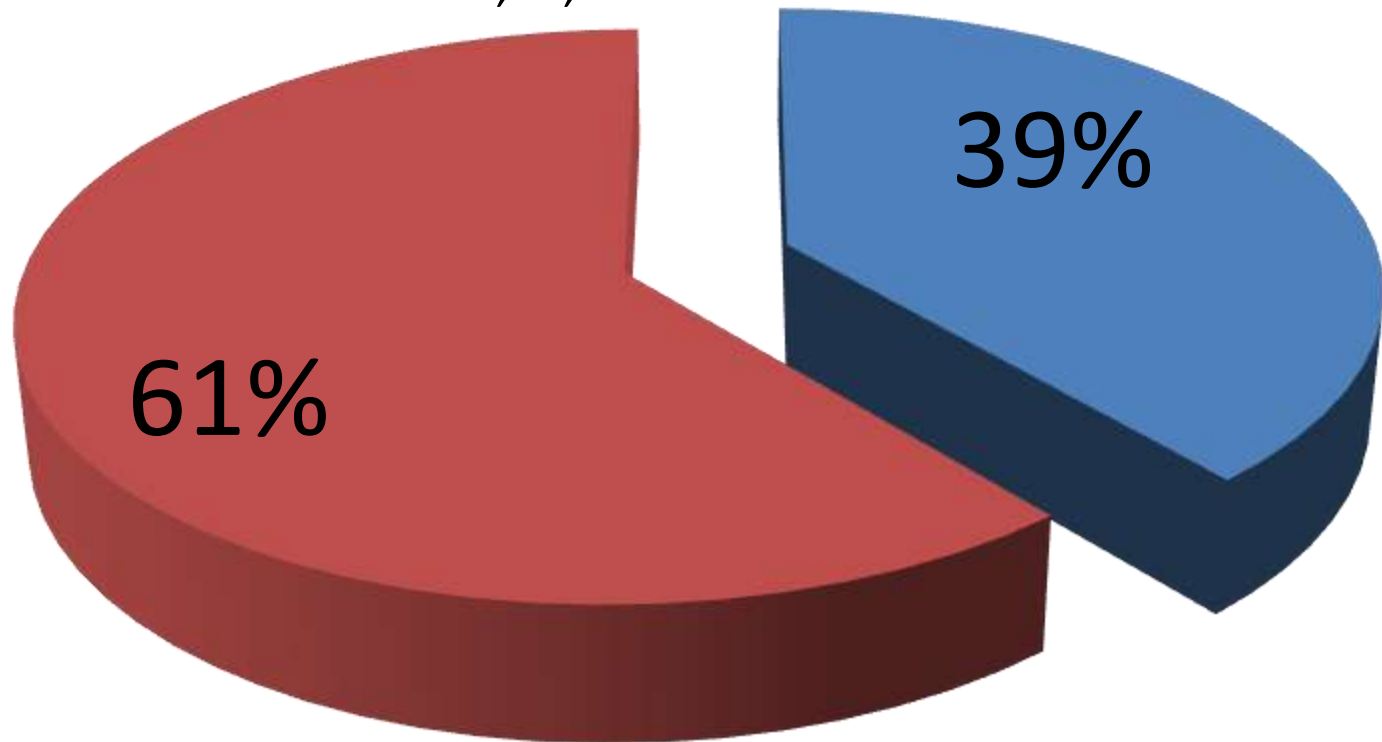
Particulars	Existing Business (BDT)		
	Daily	Monthly	Yearly
Estimated Sales Revenue	4,000	104,000	1,248,000
<b>Total Sales (A)</b>	<b>4,000</b>	<b>104,000</b>	<b>1,248,000</b>
Calculation of Variable Cost:			
Less: Variable Cost:			
Estimated cost of product	3,200	83,200	998,400
Total Variable Cost (B)	3,200	83,200	998,400
<b>Contribution Margin (CM) [C=(A-B)]</b>	<b>800</b>	<b>20,800</b>	<b>249,600</b>
Less: Fixed Cost:			
Electricity bill		350	4,200
Shop Rent		1,000	12,000
Generator bill		300	3,600
Salary- Self		10,000	120,000
Night Guard bill		90	1,080
Transport		400	4,800
Entertainment		300	3,600
Others		500	6,000
Depreciation Expenses		417	5,000
(D) Total Fixed Cost		13,357	160,280
<b>(C-D)Net Profit:</b>		<b>7,443</b>	<b>89,320</b>

# *Investment Breakdown*

<b>Particulars</b>	<b>Existing Business (BDT)</b>	<b>Proposed (BDT)</b>	<b>Total (BDT)</b>
Investment in Goods -Gents Shoes Item	45,000	50,000	95,000
Investment in Goods -Ladies Shoes Item	40,000	50,000	90,000
Investment in Goods -Kids Shoes Item	12,000	35,000	47,000
Investment in Goods - Barmiz, Lather, Sponge	68,000	15,000	83,000
Furniture & Decoration	50,000	50,000	100,000
Advance Rent for Shop	100,000	-	100,000
<b>Total Capital</b>	<b>315,000</b>	<b>200,000</b>	<b>515,000</b>

# Source of Finance

- Investor's Investment BDT 200,000
- Entrepreneur's Contribution BDT 315,000
- Total BDT 5,15,000



# Key assumptions for forecasting

- Sales growth will be about 40% in 1st year and 10% in every year after introducing additional investment.
- Gross Profit on products is estimated to be 20% on an average.
- Depreciation has been charged on fixed assets at the rate of 10% to 15%.

# Financial Projection

Particulars	Year 1 (BDT)			Year 2 (BDT)			Year 3 (BDT)			Year 4 (BDT)		
	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly	Daily	Monthly	Yearly
Estimated Sales Revenue	5,600	145,600	1,747,200	6,160	160,160	1,921,920	6,776	176,176	2,114,112	7,454	193,794	2,325,523
<b>Total Sales (A)</b>	<b>5,600</b>	<b>145,600</b>	<b>1,747,200</b>	<b>6,160</b>	<b>160,160</b>	<b>1,921,920</b>	<b>6,776</b>	<b>176,176</b>	<b>2,114,112</b>	<b>7,454</b>	<b>193,794</b>	<b>2,325,523</b>
<b>Calculation of Variable Cost:</b>												
<b>Less: Variable Cost:</b>												
Estimated cost of product	4,480	116,480	1,397,760	4,928	128,128	1,537,536	5,421	140,941	1,691,290	5,963	155,035	1,860,419
<b>Total Variable Cost (B)</b>	<b>4,480</b>	<b>116,480</b>	<b>1,397,760</b>	<b>4,928</b>	<b>128,128</b>	<b>1,537,536</b>	<b>5,421</b>	<b>140,941</b>	<b>1,691,290</b>	<b>5,963</b>	<b>155,035</b>	<b>1,860,419</b>
<b>Contribution Margin (CM)</b>	<b>1,120</b>	<b>29,120</b>	<b>349,440</b>	<b>1,232</b>	<b>32,032</b>	<b>384,384</b>	<b>1,355</b>	<b>35,235</b>	<b>422,822</b>	<b>1,491</b>	<b>38,759</b>	<b>465,105</b>
<b>Less: Fixed Cost:</b>												
Electricity bill		350	4,200		400	4,800		450	5,400		450	5,400
Shop Rent		1,000	12,000		1,000	12,000		1,000	12,000		1,000	12,000
Generator bill		300	3,600		300	3,600		300	3,600		300	3,600
Salary- Self		10,000	120,000		10,500	126,000		11,000	132,000		11,500	138,000
Salary-Employee		2,000	24,000		2,000	24,000		2,000	24,000		2,000	24,000
Night Guard bill		90	1,080		90	1,080		90	1,080		90	1,080
Transport		400	4,800		500	6,000		550	6,600		600	7,200
Entertainment		300	3,600		400	4,800		450	5,400		500	6,000
Others		500	6,000		500	6,000		500	6,000		500	6,000
Depreciation Expenses		1,042	12,500		1,042	12,500		1,042	12,500		1,042	12,500
Ownership Transfer Fees		-	-		1,000	12,000		1,167	14,000		1,167	14,000
<b>(D) Total Fixed Cost</b>		<b>15,982</b>	<b>191,780</b>		<b>17,732</b>	<b>212,780</b>		<b>18,548</b>	<b>222,580</b>		<b>19,148</b>	<b>229,780</b>
<b>(C-D) Net Profit:</b>		<b>13,138</b>	<b>157,660</b>		<b>14,300</b>	<b>171,604</b>		<b>16,687</b>	<b>200,242</b>		<b>19,610</b>	<b>235,325</b>
<b>Cumulative Net Profit:</b>			<b>157,660</b>			<b>329,264</b>			<b>529,506</b>			<b>764,831</b>



# Cash flow (Rec. & Pay.)

Particulars	Year 1 (BDT)	Year 2 (BDT)	Year 3 (BDT)	Year 4 (BDT)
Cash Inflow				
Investment Infusion by Investor	200,000	-	-	-
Net Profit ( Ownership Tr. Fee added back)	157,660	183,604	214,242	249,325
Depreciation	12,500	12,500	12,500	12,500
Opening Balance of Cash Surplus	-	170,160	294,264	437,006
<b>Total Cash Inflow</b>	<b>370,160</b>	<b>366,264</b>	<b>521,006</b>	<b>698,831</b>
Cash Outflow				
Purchase of Product	200,000	-	-	-
Investment Pay Back (Including Ownership Tr. Fee)	-	72,000	84,000	84,000
<b>Total Cash Outflow</b>	<b>200,000</b>	<b>72,000</b>	<b>84,000</b>	<b>84,000</b>
<b>Total Cash Surplus</b>	<b>170,160</b>	<b>294,264</b>	<b>437,006</b>	<b>614,831</b>

# Break Even Point analysis

Particulars	Monthly	Yearly
Contribution Margin Ratio: (CM/Sales)	20%	20%
Break Even Point (BEP):	15,982	191,780
	20%	20%
<b>Break Even Point (in Tk.)</b>	<b>79,908</b>	<b>958,900</b>

# SWOT Analysis

## **S**TRENGTH

- Employment-Self 1, family 0, Other 1
- Experience & Skill (3Y)
- Trade license & ownership in his own name
- Keeping books of records

## **W**EAKNESS

- Can not provide products as per demand

## **O**PPORTUNITIES

- Three days Hat in a week.
- Less competitors (2 similar shops)
- Located in bazaar and near to bus stand
- The capital of Entrepreneur will be Tk. 10,80,000 after 4 years.

## **T**HREATS

- Fire

Pictures



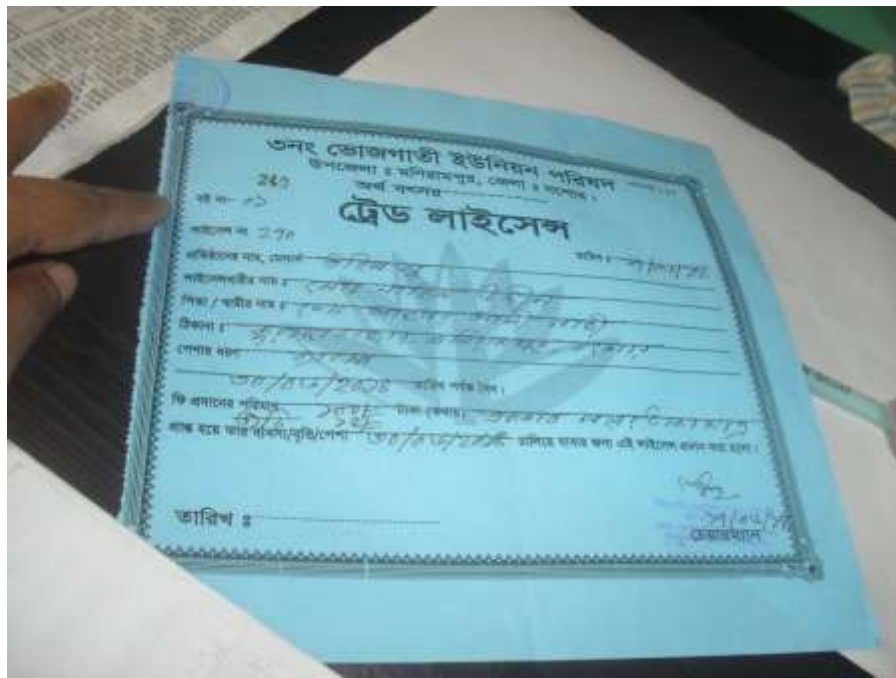
তিলানন্দ কোম্পানি লিমিটেড  
আইস আইস  
JESSORE আইস

স্বাস্থ্য মিস্টার ভান্ডার

Red cloth covering a wooden cabinet.











**Thank You**