**TECHNICAL UNIVERSITY OF KENYA**

**FACULTY OF APPLIED SCIENCES AND TECHNOLOGY**

**SCHOOL OF COMPUTING AND INFORMATION TECHNOLOGY**

**DEPARTMENT OF COMPUTER SCIENCE AND INFORMATICS**

**PRESENTED TO THE TUK EXAMINATION BOARD IN PARTIAL FULFILMENT FOR THE AWARD OF DEGREE IN BACHELOR OF TECHNOLOGY IN COMPUTER TECHNOLOGY**

**BUSINESS PLAN PRESENTED BY**

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**REG NO:**

SCCI/03781P/2020

**BUSINESS NAME:**

Bloom & Blush

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KILIMANI

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**NAME OF SUPERVISOR:**

KIBE KARANJA

**SUBMISSION DATE:**

SEPTEMBER 2023

**Declaration**

I declare that this is my original work and it has not been presented to any other institution for the award of a Degree in Computer Technology.

Angel Praise

SCCI/O3781P/2020

September 2023

Acknowledgement

I would like to extend my sincere gratitude to my supervisor, Mr.Kibe Karanja whose expertise helped me throughout the paper. I am also grateful to my family for the constant encouragement.

Contents

[CHAPTER ONE: BUSINESS DESCRIPTION 6](#_Toc145146932)

[1.1 BUSINESS NAME 6](#_Toc145146933)

[1.2 BUSINESS SPONSOR 6](#_Toc145146934)

[1.3 VISION & MISSION 6](#_Toc145146935)

[1.4 BUSINESS LOCATION 6](#_Toc145146936)

[1.5 FORM OF BUSINESS 7](#_Toc145146937)

[1.6 PRODUCTS AND SERVICES 8](#_Toc145146938)

[1.7 JUSTIFICATION OF BUSINESS 8](#_Toc145146939)

[1.8 INDUSTRY ANALYSIS 9](#_Toc145146940)

[1.9 BUSINESS GOALS 9](#_Toc145146941)

[1.10 ENTRY AND GROWTH STRATEGIES 10](#_Toc145146942)

[CHAPTER TWO: MARKETING PLAN 12](#_Toc145146943)

[2.1 CUSTOMERS 12](#_Toc145146944)

[2.2 MARKET SHARE 13](#_Toc145146945)

[2.3 COMPETITON 15](#_Toc145146946)

[2.4 PRICING STRATEGY 16](#_Toc145146947)

[**2.5** METHODS OF PROMOTING AND ADVERTISING 17](#_Toc145146948)

[2.6 SALES METHODS 18](#_Toc145146949)

[2.7 DISTRIBUTION STRATEGY 19](#_Toc145146950)

[CHAPTER THREE: ORGANIZATION/MANAGEMENT PLAN 20](#_Toc145146951)

[3.1 BUSINESS MANAGER 20](#_Toc145146952)

[3.2 KEY PERSONNEL AND OTHER QUALIFICATIONS AND DUTIES 21](#_Toc145146953)

[3.3 RECRUITMENT, TRAINING AND PROMOTION 22](#_Toc145146954)

[3.4 REMUNARATIONS AND INCENTIVES 23](#_Toc145146955)

[3.5 SUPPORT SERVICES 24](#_Toc145146956)

[CHAPTER FOUR: PRODUCTION PLAN 25](#_Toc145146957)

[4.1 PRODUCTION FACILITIES 25](#_Toc145146958)

[4.2 PRODUCTION STRATEGY 26](#_Toc145146959)

[4.3 OPERATION SCHEDULE 28](#_Toc145146960)

[4.4 PRODUCTION PROCESS 29](#_Toc145146961)

[4.5 RULES AND REGULATIONS AFFECTING OPERATIONS 30](#_Toc145146962)

[CHAPTER FIVE: FINANCIAL PLAN 31](#_Toc145146963)

[5.1 PRE-OPERATIONAL COST 31](#_Toc145146964)

[5.2 WORKING CAPITAL 31](#_Toc145146965)

[5.3 PRO-FORMA CASH FLOW PROJECTIONS 32](#_Toc145146966)

[5.4 CASH FLOW PROJECTIONS FOR YEAR 1 33](#_Toc145146967)

[5.5 CONSOLIDATED BALANCE SHEET 34](#_Toc145146968)

[5.6 BREAK EVEN ANALYSIS 35](#_Toc145146969)

[5.7 EXPECTED PROFITABILITY RATIOS 35](#_Toc145146970)

[5.8 DESIRED FINANCING 35](#_Toc145146971)

[5.9 PROPOSED CAPITALISATION 36](#_Toc145146972)

**EXECUTIVE SUMMARY**

Bloom & Blush is a cosmetic business that will offer a wide range of cosmetics from hair to makeup to skincare products. It will be situated in Kilimani, Yaya Center where it is accessible to neighboring towns and neighborhoods. Our focus is to be more inclusive of everyone’s needs and wants.

# CHAPTER ONE: BUSINESS DESCRIPTION

## 1.1 BUSINESS NAME

The name of the business is Bloom & Blush. It implies that the products and services being offered could help enhance one’s natural beauty, adding a touch of elegance and vibrancy.

The expected date of commencement is 06/02/2024 this will be after acquiring necessary requirements.

The business address will be 4378-00100 Nairobi. The official business email is [pangel61@gmail.com](mailto:pangel61@gmail.com) where people can communicate in case of any queries.

## 1.2 BUSINESS SPONSOR

Angel is the sole owner of the Bloom & Blush. I am currently working in Britam insurance Company. I have a certification in business development and a certification in Beauty. I have an experience in the industry since I had previously worked at a beauty salon. This experience has given me valuable hands on experience in working with beauty enthusiasts.

## 1.3 VISION & MISSION

VISION

To empower individuals to express themselves freely and feel comfortable in their own skin.

MISSION

To become the foremost destination where individuals feel empowered to embrace their innate beauty and feel free to take chances, and take risks, and dare to do something new and different.

## 1.4 BUSINESS LOCATION

My business will be located at Kilimani area of Nairobi. The business will be at Yaya Center on ­second floor room3.

Reasons for choosing this location

* Proximity to residential areas- By being located in residential area, it could therefore attract potential customers with an interest in beauty and cosmetics. This could help increase business visibility and attract more customers. Additionally, it can help build a sense of community which can be beneficial for long term success.
* Growth potential- The area is undergoing a lot of growth and development therefore it makes the area good for business expansion and exposure.
* Accessibility- The area has ample parking space and near public transportation which would help customers access the business.
* Target market- The area has a high population of beauty-conscious consumers and salons which could potentially help in the growth of business.
* Visibility- The location of business will be in a famous shopping mall in the local area where people often visit as they do their usual shopping. With proper signage, this could potentially attract passerby and increase brand awareness.
* Security- The location of the business has enough and tight security measures which will ensure safety of the staff and potential customers.

## 1.5 FORM OF BUSINESS

My business is a sole proprietorship

Advantages of this:

* Full control- As the sole owner, I’ll have complete control over all aspects of the cosmetics shop from product selection to the marketing strategies and pricing.
* Easy to set up- Establishing a sole proprietorship is relatively simple and it requires less paperwork and legal formalities making it cost effective option for small businesses.
* Tax benefits- Sole proprietorships enjoy tax benefits such as tax deductions and lower tax rates.
* Low operational costs- Running a sole proprietorship usually involves lower operational expenses and fewer regulatory requirements.
* Interactions- Proprietorships will have direct interactions with customers and be able to get needs and feedback of customers.
* Flexibility- Sole proprietorships are flexible and can easily adapt to the ever changing needs.

TYPE OF BUSINESS

My cosmetics business is a startup and will provide various products and services, aiming to establish my brand and gain a foothold in the competitive cosmetic industry.

## 1.6 PRODUCTS AND SERVICES

As a cosmetics shop, we offer wide range of products and services to cater to customers beauty and skincare. This includes:

Products

* Skincare products: Cleansers, toners, moisturizers, sunscreen and facemasks.
* Makeup products: Foundations, contour, concealers, eyeshadows and mascaras
* Fragrances: Perfumes and body mists.
* Haircare products: Shampoos, conditioners, styling products and hair accessories
* Beauty tools: Makeup brushes, beauty blenders, tweezers and eyelash curlers.

Services

* Makeup application: Offering professional makeup application for special events or parties.
* Skincare consultation: Providing personalized skincare recommendation based on different skin types and concerns.
* Personalized gift sets: Creating custom beauty gift sets for various occasions.
* Beauty workshops: Hosting workshops to educate customers on makeup application techniques and skincare routines.
* Beauty events: Organizing beauty related events and product launches

## 1.7 JUSTIFICATION OF BUSINESS

Reasons I picked this business:

* Growing beauty industry: The beauty industry is consistently expanding, driven by increasing and demand for skincare and cosmetics products. My business will be able to expand and diversify products and services to meet customer’s needs.
* Environment: Kilimani area of Nairobi is the ideal location for a cosmetics business. It is a densely populated area with a high concentration of beauty enthusiasts. A local cosmetics shop can become a hub for the beauty enthusiast in the community, fostering a sense of connection and loyalty among customers.
* Diverse customer base: The beauty industry caters a diverse customer base ranging from teenagers to older adults. By offering a wide selection of products, I can attract a broad range of customers.
* Passion and interest: I have a genuine passion and experience for beauty products and skincare. By starting this cosmetic shop will allow me to turn interest to a fulfilling business venture. I also have strong organizational and management skills that will enable me to oversee the day-to-day operations of the business.
* Role in local community: The cosmetics business will play an important role in the local community by providing employment opportunities for local residents. I will hire trained and experienced staff who have passion for beauty and will contribute to local economy.

## 1.8 INDUSTRY ANALYSIS

1. Brief history: Development of modern cosmetic products during the 19th and 20th centuries. The impact of Hollywood and fashion industry on popularizing cosmetics in 20th century.
2. Current size: The global cosmetic industry was estimated around £532 billion. In Kenya, the cosmetic industry is growing rapidly with growing demand for high quality cosmetic products.
3. Trends: One of the biggest trend in the industry is the rising demand for clean and toxin free beauty products. Consumers are becoming more conscious about the ingredients used in their beauty products and their impact on the environment. This led to an increase in demand for products that are made with natural, organic and eco-friendly ingredients as well vegan beauty products. Additionally, there is a growing market for men’s grooming products including skincare, beard care and makeup for men. There is also an increased use of ecommerce and online beauty influencers.
4. Characteristics- The cosmetic industry is known for its diverse product range, responsiveness to consumer trends and its global market. The industry is highly competitive with established brands and startups. It however experiences few challenges like regulatory compliance and counterfeit products.
5. Growth rate- The global cosmetics market size was valued at USD 262.21 billion in 2022 and is expected to expand at a compound annual growth rate of 4.2% from 2023 to 2030.
6. Challenges- Some of challenges include constant innovation as investing in research and development to create new products can be costly. Additionally, meeting the demand for eco-friendly and sustainable practices while managing the environmental impact of packaging and production could be hard.

## 1.9 BUSINESS GOALS

**Short term goals (SMART)**

* Implement targeted marketing campaigns and introduce new products to attract more customers
* Build a team of qualified and passionate employees within first three months to provide high quality services to customers.
* Establish a strong online presence through social media platforms and a website within first six months
* Improve customer satisfaction by establishing feedback system that will allow customers to express themselves freely

**Long term goals**

* Expand to new locations will help reach broader customer base and increase market share.
* Establish a strong reputation for quality skincare products in local community within 2 years.
* Collaborate with popular influencer or beauty blogger to enhance brand visibility and reach wider audience.
* Build a loyal customer base through exceptional customer service and personalized shopping experience.
* Implement sustainable and eco-friendly practices in packaging and product offering to appeal to environmentally conscious customers.
* Constant research and innovations to help accommodate the evolving customers needs.

## 1.10 ENTRY AND GROWTH STRATEGIES

**Entry strategies:**

1. Competitive pricing: We will offer competitive pricing on our products based on market trends to cater to price sensitive customers.
2. Online presence: We will establish a strong online presence through social media platforms and a website to reach broader audience.
3. Quality services: We will provide exceptional services to ensure customer satisfaction to build a loyal customer base.
4. Market research: Before launch of business, we will conduct thorough research to understand consumer needs, target demographics and competitors in industry.

**Retention strategies:**

1. Loyalty program: We will implement a loyalty program that will provide customers a discount on every purchase.
2. Regular communication: We will stay in touch with customers through social media updates and regular email newsletters.
3. Quality products and services: We will maintain quality products and services. We will ensure this by hiring well trained beauticians that will offer quality services to ensure customer satisfaction.
4. Collect reviews and feedback- We will collect reviews and stay updated on what happens.

**Growth strategies:**

1. Collaborations and influencers: Partner with popular influencers to promote products and expand audience
2. New locations: We will explore opportunities to open additional locations in other areas of Nairobi.
3. Partnerships: We will explore partnerships with other businesses in the industry to expand our market reach.
4. Product placement: Work on getting products placed in newspaper and beauty magazines.
5. Branding: We will invest in effective branding so as to build brand awareness and attract new customers
6. Expand product line: We will continuously innovate and expand our product line to meet the ever changing consumer demands and trends

# CHAPTER TWO: MARKETING PLAN

## 2.1 CUSTOMERS

The customers for Bloom and Blush would include a diverse range of individuals who are interested in beauty and skincare products with varying preferences and needs. The shop’s offering, marketing and branding will influence specific target audience located in Kilimani area of Nairobi or surrounding neighborhoods. Based on the location of my business in Yaya Center, Kilimani in Nairobi, my potential customers are likely to be individuals in local neighborhoods and other areas neighboring Kilimani.

The common types of customers include:

* Luxury and Prestige Shoppers: This type is willing to pay a premium for high-end cosmetics. They value luxury packaging, exclusive formulations, and the prestige associated with certain brands. These type of people are individuals who have a higher income.
* Gift Shoppers: Customers looking for cosmetics as gifts for special occasions, seeking aesthetically pleasing packaging and customizable options
* Teenagers and young adults: Young consumers exploring makeup and skincare products as part of self-expression and beauty routines.
* Beauty enthusiast: These are individuals who are passionate about makeup and skincare products. They enjoy experimenting with different looks and trends.
* Fashion and beauty influencers: Social media influencers who may collaborate with the shop and promote its products.
* Professional Makeup Artists: These customers require high-performance products suitable for various clients and situations.
* Sensitive Skin Customers: Individuals with sensitive skin require hypoallergenic and dermatologist-tested products. They are cautious about ingredients that could trigger skin reactions which will be available at Bloom and Blush.
* Men: The male grooming segment is growing, with men looking for products tailored to their skincare and grooming needs.
* Natural and Organic Shoppers: These customers prioritize using cosmetics made from natural and organic ingredients. They are conscious of the impact of products on their skin and the environment, seeking brands that align with their values.
* DIY Beauty Enthusiasts: These individuals enjoy creating their own beauty products at home using natural ingredients and recipes.

Tastes in customers differ widely, with some preferring natural and minimalistic looks, while others gravitate towards vibrant and artistic expressions.

The factors that will influence customers to buy the products of my business include quality of products and the services, availability, pricing and convenience. Customers appreciate convenience. Ensuring the products are available both online and in physical stores and offering easy and efficient purchasing options can improve customer satisfaction. Eye-catching and appealing packaging can make the products stand out on the shelves or online, and create a positive unboxing experience for customers.

## 2.2 MARKET SHARE

The market area of my business will be the Kilimani area of Nairobi, with an estimated total population of 45,000. The total target market of my business is estimated to be around 20,000 based on demographic characteristics.

I anticipate that in the first year of our business operations, we will secure a 40% share of the total target market, while our competitors will claim the remaining 60%. This projection is grounded in the awareness that there are already well-established cosmetic stores in the area, and it may require some time to establish strong brand recognition.

However, in the long term, I expect to increase my market share to 55% as my business gains a reputation for quality products and services and competitive pricing. I will achieve this by implementing customer loyalty programs, invest in content marketing to expand reach among other things.

To obtain my expected market share, I will focus on providing exceptional customer service, offering unique and personalized services that cater to the specific needs of each pet, and building a strong brand reputation through positive reviews and word-of-mouth recommendations. I will also continuously monitor market trends and customer feedback to adapt and improve my services to meet the changing needs of the target market

## 2.3 COMPETITON

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Competitor’s Name** | **Strengths** | **Weaknesses** | **Opportunity** | **Threats** |
| Super Cosmetics | -Established brand with loyal customer base  -Wide range of products and services  -Strong online presence and social media following | -Higher prices than some competitors  -Limited availability in some areas | -Expansion into new markets or regions  -Launching new products/services to meet changing customer needs  -Developing partnerships with complementary businesses | -Increased competition from other established brands and new market entrants  -Economic downturns or changes in consumer spending habits |
| Aura Beauty Bar | -Low prices compared to competitors  -Large product/service offerings | -Quality of products/services may not be as high as some competitors  -Limited customer support options | -Expansion into new markets or regions  -Focusing on customer support and building brand reputation | -Negative reviews or feedback impacting reputation and customer trust |
| Glamour Beauty | - Strong brand recognition and reputation | -Higher prices than some competitors  -Limited availability in some areas | -Expansion into new markets or regions | -Increased competition from established brands and new market entrants |

To gain a competitive advantage over my competitors, my cosmetic business will focus on offering unique product. We will also prioritize building strong relationships with customers through excellent customer service and communication. Additionally, we will offer competitive pricing and promotions to attract and retain customers.

## 2.4 PRICING STRATEGY

Factors to Consider When Setting Prices for Cosmetics business

1. Market Demand and Competitive Landscape
2. Location and accessibility
3. Cost structure
4. Target market and their price sensitivity

|  |  |
| --- | --- |
| **Services** | **Price (ksh)** |
| Makeup application | 1000 |
| Skincare consultation | 1000 |

|  |  |
| --- | --- |
| **Products(skincare)** | **Price (ksh)** |
| Cleanser | 2000 |
| Toner | 1500 |
| Moisturizer | 1500 |
| Sunscreens | 2000 |
| Facemasks | 200 |

|  |  |
| --- | --- |
| **Products(Makeup)** | **Price (ksh)** |
| Foundation | 1500 |
| Concealer | 500 |
| Contour | 1000 |
| Eyeshadow | 1000 |
| Mascara | 200 |
| Primer | 400 |

|  |  |
| --- | --- |
| **Products(hair products)** | **Price (ksh)** |
| Shampoo | 500 |
| Conditioner | 500 |
| Hair accessories | 200 |
| Hair oil | 500 |
| Hair gel | 200 |
| Hair dye | 1000 |

|  |  |
| --- | --- |
| **Products(beauty tools)** | **Price (ksh)** |
| Makeup brushes | 1000 |
| Beauty blenders | 200 |
| Tweezers | 150 |
| Eyelash curlers | 200 |
| Facemasks | 200 |

|  |  |
| --- | --- |
| **Fragrances** | **Price (ksh)** |
| Perfumes | 3000 |
| Body Mists | 1500 |
| Perfumes oil | 1500 |
| Deodorant | 700 |

## **2.5** METHODS OF PROMOTING AND ADVERTISING

Promotion methods

* User-Generated Content (UGC): Encourage customers to share their own photos and reviews of your products on social media.
* Partnerships and Collaborations: Partner with beauty influencers and makeup artists for product reviews and tutorials
* E-commerce and Online Sales: Optimize our website for e-commerce with a user-friendly interface. We will offer online-only promotions and discounts. Ensure secure online payment processing.
* Loyalty Programs: We will create a loyalty program that rewards repeat customers with discounts, early access to new products, or exclusive content
* In-Store Promotions: We will offer in-store promotions, such as free makeovers and samples.

Advertising methods

* + Social Media Advertising: This involves using social media platforms like Facebook, Instagram, and Twitter to reach potential customers. Ads can be targeted based on demographics, interests, and location. Use relevant hashtags and engage with the audience through comments and messages.
  + Billboards: This involves placing large ads in high-traffic areas like highways and busy streets.
  + Brochures: This involves creating printed materials that provide information about the business and its products/services. These can be distributed in mailboxes, at events, or in-store.
  + Word of Mouth: This involves encouraging satisfied customers to spread the word about the business to their friends and family.
  + Magazine Ads: Advertise in beauty and fashion magazines that cater to your target audience.
  + Packaging Design: Invest in attractive and memorable packaging that customers can use and display your products.

The estimate budget for advertising and promotion would be approximately 30,000.

## 2.6 SALES METHODS

Direct methods

Counter Sales: Set up cosmetic counters in department stores, malls, or standalone shops where customers can physically browse and purchase your products.

Pop-Up Shops: Create temporary retail spaces in high-traffic areas to introduce new products or reach a different demographic.

Product Sampling: Provide samples of cosmetics with purchases or as part of a subscription box service. Sampling can be an effective way to let customers try products before committing to a full-size purchase.

Indirect methods

Optimize your website for e-commerce, ensuring an easy and secure shopping experience.

List your products on popular online marketplaces like Jumia or Kilimall to expand your reach.­

We will offer regular discounts on our products and services to our loyal customers, and for bulk purchases.

Discount Policy

Quantity Discounts: Discounts based on the volume of products purchased.

Seasonal Discounts: Discounts during specific seasons or promotional periods.

Loyalty Discounts: Discounts for repeat customers or members of a loyalty program.

After Sale Services

We will establish a clear customer friendly return and exchange policy to make it a simple and convenient for customers to return products. There will be warranties for hair products and any other applicable products.

Regular communication with customers through email, social media updates or SMS. We will share beauty tips, new product launches and exclusive offers through the same.

## 2.7 DISTRIBUTION STRATEGY

At Bloom and Blush, we will use the producer-retailer-consumer channel of distribution. Our products will be sold to retailers who will then sell to final consumers.

We will take into account expenses related to the handling, storage, and transportation of our items when estimating distribution costs. If we decide to drive ourselves, we will need to set aside money for petrol, car upkeep, and insurance. Budgeting for shipping expenses is necessary if we outsource transportation. Rent for a warehouse and any essential equipment are included in the cost of storage. Additionally, handling expenses like packaging supplies and manpower will need to be budgeted for.

To minimize these costs and achieve efficiency, we plan to negotiate favorable terms with our transportation and storage providers. We will also invest in technology such as inventory management systems to reduce the need for excess storage space and to improve accuracy in handling and order fulfillment.

Possible problems we may encounter include delays in transportation, damage to products during transportation or storage, and inefficiencies in handling and order fulfillment. To address these issues, we will work closely with our transportation and storage providers to ensure that our products are handled and transported with care. We will also invest in training our staff to improve handling and order fulfillment processes.

# CHAPTER THREE: ORGANIZATION/MANAGEMENT PLAN

## 3.1 BUSINESS MANAGER

Manager: Teagan Price

Qualifications

Teagan 30-year-old Kenyan citizen who has lived in Nairobi for most of her life. She graduated from the University of Nairobi with a Bachelor of Business Administration and has over five years of experience running small enterprises.

Duties

* Overseeing the day-to-day operations at Bloom & Blush.
* Developing and implementing business strategies to achieve growth and profitability
* Managing cash and budgeting to keep the company profitable
* Developing and maintaining relationships with key stakeholders, including customers, suppliers, and investors
* Hiring and training staff to ensure high-quality service delivery
* Making sure that all legal and regulatory obligations are met
* Creating and implementing marketing plans to advertise the company and draw in new clients

## 3.2 KEY PERSONNEL AND OTHER QUALIFICATIONS AND DUTIES

|  |  |  |
| --- | --- | --- |
| Title | Qualification | Duties/Responsibilities |
| Cosmetic product demonstrator | - Certificate in Cosmetology  - 1 year experience in application of cosmetics | -Explain product features and offer samples to customers. |
| Inventory Manager | -Diploma in business related field.  -1 year of experience in inventory management. | -Manage inventory levels, receive shipments and restock shelves.  Conduct regular inventory counts, monitor product expiration dates and reorder products. |
| Makeup Artist | -Diploma in Cosmetology  -2 years’ experience in makeup application | -Provide specialized beauty consultations and makeup application services to customers. |
| Cashier | High school certificate with a minimum of C+ grade. | Process customer purchases, handle cash and credit card transactions and issue receipts.  Assist in returns and exchange |
| Janitor | Highschool Certicate.  No experience | Responsible for keeping store clean and presentable. |
| Event Coordinator | Diploma in event management | Host beauty events, product launches. |

## 3.3 RECRUITMENT, TRAINING AND PROMOTION

Recruitment:

* Strategy: Use job boards, social media, and referrals to source employees
* Steps: Conduct initial screening, interview candidates, check references, offer employment, and onboard new hires

Training:

Bloom and Blush will consider the following methods in order to make the staff be competent and be able to handle issues in the real practical scenario.

* Workshops – staff will be offered a three day workshop immediately on reporting to the business. This workshop will be targeting to improve the communication skills, performance and relationships between themselves.
* Seminars – a one week seminar will be planned to improve the skills of duty operations of the employees. The seminar will also seek to improve the understanding of the staff towards the job as well as how and where their departmental boundaries should not exceed.
* Coaching – The business will undertake coaching in terms of supervision to the staff to ensure that they are doing the right thing and what will be offered to the customers will the best product. This will also seek to make them be efficient in their departments.
* Counseling – this will be done to ensure that the relationship and the communication between the staff and the customers keeps growing to enhance the understanding of the objectives set and goals required to be meet by the business

Promotion:

* Factors: Job performance, length of service, and availability of open positions
* Strategy: Create a clear career path for employees, provide opportunities for skill development, and promote from within when possible.

## 3.4 REMUNARATIONS AND INCENTIVES

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Title | No. of Positions | Salary per month  (ksh) | Allowances (ksh) | Total salary per month (ksh) |
| Manager | 1 | 20000 | 3000 | 23000 |
| Inventory Manager | 1 | 13000 | 2000 | 15000 |
| Makeup Artist | 2 | 10000 | 2000 | 24000 |
| Cashier | 1 | 5000 | 2000 | 7000 |
| Cosmetic Product Manager | 2 | 7000 | 2000 | 18000 |
| Janitor | 1 | 5000 | 2000 | 7000 |
| Event Coordinator | 1 | 7000 | 2000 | 9000 |
| Total |  |  |  | **= 103,000** |

Incentives

a. financial incentives:

* Performance-based bonuses: Employees who consistently perform well and exceed expectations can be rewarded with bonuses.
* Commission: Employees in sales or customer service roles can be offered a commission on their sales to incentivize them to perform better.
* Profit sharing: Employees can be offered a percentage of the profits made by the business as an incentive to work harder and improve productivity.

b. non-financial incentives:

* Recognition and appreciation: Employees can be recognized and appreciated for their hard work and achievements through verbal recognition, certificates or awards.
* Flexible work arrangements: Providing flexible work hours or work-from-home options can help improve work-life balance for employees and increase job satisfaction.
* Training and development: Offering opportunities for training and career development can help employees grow in their roles and feel valued by the company.

**Licenses, Permits and By-laws**

For this business to start operating, it must be registered and acquire licenses and permits from the respective departments of the government.

|  |  |  |  |
| --- | --- | --- | --- |
| License | Source | Cost | Status |
| Business Permit | City council | 5000 | Renewable annually |
| KRA registration | Kenya Revenue Authority | 3500 | Not renewable |
| Business name search | Sheria house | 1500 | Not renewable |

## 3.5 SUPPORT SERVICES

|  |  |  |
| --- | --- | --- |
| **Type of Service** | **Function/Use** | **Service Provider** |
| Banking Services | To manage financial transactions and ensure proper record keeping | Kenya Commercial Bank (KCB) |
| Legal Services | For business compliance and to manage legal risks. | Nazi and Tembo advocates |
| Insurance Services | Insurance to protect the business against risks such as liability, theft, and loss of property. | Jubilee Insurance |
| Technical Services | Maintenance and repair of equipment, software and hardware support, and IT consultancy are important for the smooth operation of the business. | Merchant Services |
| Marketing and Advertising Services | To promote Bloom and Blush and attract more customers, marketing and advertising services are necessary. | AMP Services |
| Lighting services | Responsible for provision of power for machines and lights. | KPLC |

# CHAPTER FOUR: PRODUCTION PLAN

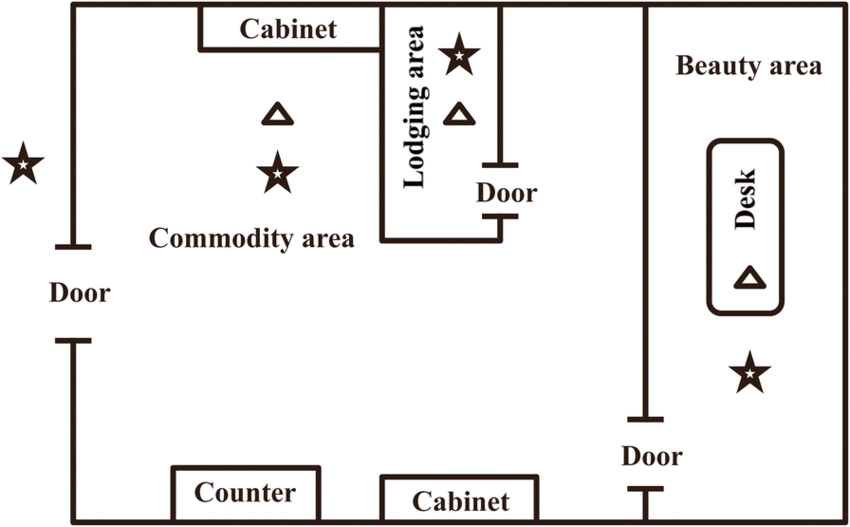
## PRODUCTION FACILITIES

Bloom and Blush will need to acquire several items which will assist in the running, operation and production process in the business

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| ITEM | QUANTITY | COST/UNIT | TOTAL COSTS | SOURCE |
| Client chairs | 5 | 500 | 2500 | Odds N Ends |
| Mirrors | 5 | 800 | 4000 | Odds N Ends |
| Beauty trolleys | 15 | 200 | 3000 | METCO LTD |
| Stools | 5 | 400 | 2000 | Odds N Ends |
| Computer(complete) | 2 | 15000 | 30000 | Conrad Kenya Services |
| Cash register | 2 | 5000 | 10000 | METCO LTD |
| Shelves | 5 | 3000 | 15000 | Odds N Ends |
| Reception desk and chair | 2 | 8000 | 16000 | Odds N Ends |
| Telephone | 2 | 2000 | 4000 | Conrad Kenya Services |
| **TOTAL** | | | 75000 |  |

Business Premises layout

The premises for the pet care business will be rented at a monthly cost of Ksh 50,000. The location is in a commercial area with good accessibility and visibility.



**HAIR PRODUCTS AND TOOLS**

**MENS GROOMING TOOLS**

## PRODUCTION STRATEGY

1. Monthly material requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| MATERIAL | QUANTITY | TOTAL COST | SOURCE |  |
| Skincare products | 2000 | 200,000 | Garnier |  |
| Makeup products | 2000 | 200,000 | Fenty beauty |  |
| Hair products | 1500 | 100,000 | Darling |  |
| Beauty tools | 1500 | 50,000 | Amazon |  |
| Fragrances | 1000 | 80,000 | Victoria Secrets |  |
| Cleaning supplies | 20kg | 10,000 | Supermarket |  |
| Office supplies | 10 | 7,000 | Textbook center |  |
|  |  | 647,000 |  |  |

1. Monthly labor requirements

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Title | No. of Positions | Salary per month  (ksh) | Allowances (ksh) | Total salary per month (ksh) |
| Manager | 1 | 20000 | 3000 | 23000 |
| Inventory Manager | 1 | 13000 | 2000 | 15000 |
| Makeup Artist | 2 | 10000 | 2000 | 24000 |
| Cashier | 1 | 5000 | 2000 | 7000 |
| Cosmetic Product Manager | 2 | 7000 | 2000 | 18000 |
| Janitor | 1 | 5000 | 2000 | 7000 |
| Event Coordinator | 1 | 7000 | 2000 | 9000 |
| Total |  |  |  | **= 103,000** |

1. Expenses/Overheads

|  |  |
| --- | --- |
| **Expenses** | **Amount** |
| Rent | 50000 |
| Water | 500 |
| Electricity | 2000 |
| Internet and Phone services | 3000 |
| Waste disposal | 500 |
| Security | 400 |
| **Total** | **60000** |

## OPERATION SCHEDULE

STORE HOURS

Opening hours will be from 9:30 AM and closes at 7:00 PM every day. Store will not be opened on Sundays.

DAILY OPERATIONS:

**Opening Duties (Before Store Opens):**

8:00 AM: Arrive at the store to prepare for the day.

Perform a visual inspection of the store's cleanliness and organization.

Turn on lights, music, and any promotional displays.

Check inventory levels for popular items.

Ensure the point-of-sale (POS) system is functioning correctly.

**Closing Duties (After Store Closes):**

7:00 PM Close the store to customers.

Tally the day's sales and balance the cash register.

Restock shelves for the next day.

Perform a thorough cleaning of the store, including dusting and vacuuming.

Dispose of any trash or recyclables.

Check and secure all doors and windows.

Turn off lights, music, and promotional displays.

**Weekly Operations**

Employee Meetings (Fridays):

Hold a brief meeting with staff to discuss any important updates.

Review sales targets and goals.

Address any concerns or issues raised by employees.

**Financial Review (End of Month):**

Review monthly financial statements (profit and loss, cash flow).

Compare performance against budget and sales targets.

Adjust financial strategies if necessary.

## PRODUCTION PROCESS

a) The product steps involved in producing the proposed products for the cosmetics business will depend on the specific products being offered. However, some general steps could include:

* Research and identify market trends and customer preferences.
* Formulate cosmetic products, considering ingredients, fragrance, texture, and effectiveness.
* Conduct stability and safety tests to ensure product quality and compliance with regulations.
* Perform quality control checks during production to maintain consistency and quality.
* Fill products into containers, such as bottles, jars, tubes, or compacts.

b) The external and internal factors that are likely to affect the production process of the pet care business include:

* Changes in the availability and cost of supplies and materials.
* Fluctuations in demand for beauty services.
* Competition from other cosmetic businesses.
* Changes in regulations and policies governing the cosmetic industry.

1. To overcome internal production factors, the pet care business could implement the following plans:

* Continuous training and development of staff to enhance their skills and knowledge in beauty services.
* Regular maintenance of equipment and tools to ensure they are functioning effectively and efficiently.
* Implementation of effective inventory management strategies to avoid stock outs and ensure that enough supplies and materials are available for production.
* Continuously innovate and improve product formulations to stay ahead of competitors and meet evolving consumer demands.

## RULES AND REGULATIONS AFFECTING OPERATIONS

* Kenya Bureau of Standards (KEBS): Cosmetic products must conform to KEBS standards, which specify requirements for ingredients, labeling, packaging, and safety.
* Public Health Act (Cap 242): This act governs the safety and hygiene standards for cosmetics and mandates that cosmetics must not pose risks to public health.
* Pharmacy and Poisons Act (Cap 244): Certain cosmetic products, like those containing pharmaceutical ingredients, may require registration with the Pharmacy and Poisons Board.
* Advertising Standards: Advertisements for cosmetics must be truthful, not misleading, and should not make false claims.
* Packaging and Waste Management: There may be regulations regarding the type of packaging materials used and the responsible management of cosmetic product waste.

# CHAPTER FIVE: FINANCIAL PLAN

## 5.1 PRE-OPERATIONAL COST

|  |  |
| --- | --- |
| **ITEM** | **AMOUNT** |
| Cost of materials | 647,000 |
| Rent | 50,000 |
| Insurance | 20,000 |
| Equipment and Furniture | 75,000 |
| Permits and licenses | 10,000 |
| Premises Renovation and setup | 50,000 |
| Initial working capital | **1,000,000-2,000,000** |
| **TOTAL** | **747,000** |

## 5.2 WORKING CAPITAL

|  |  |  |  |
| --- | --- | --- | --- |
| **ITEM** | **MONTH 1** | **MONTH 2** | **MONTH 3** |
| Current Assets   * Stock(furniture and equipment) | 75,000 | 0 | 0 |
| Cash | 50,000 | 60,000 | 70,000 |
| Debtors | 100,000 | 0 | 0 |
| Sub Total | 225,000 | 60,000 | 70,000 |
| Current Liabilities   * Bills(Rent, electricity ,water, internet and phone, security) | 100,000 | 66,000 | 60,000 |
| Creditors | 40,000 | 0 | 0 |
| **SubTotal** | **140,000** | **66,000** | **60,000** |

**Working capital**=

Month1: (225,000-140,000) = 85,000

Month 2: (60,000-66,000) =-4,000

Month 3: (70,000-60,000) =10,000

## 5.3 PRO-FORMA CASH FLOW PROJECTIONS

|  |  |  |  |
| --- | --- | --- | --- |
| ITEM | YEAR 1 | YEAR 2 | YEAR 3 |
| Sales | 2,500,000 | 3,500,000 | 3,500,000 |
| (-) Less cost of sales (CGS) | 600,000 | 500,000 | 100,000 |
| **GROSS PROFIT** | 1,900,000 | 3,000,000 | 3,400,000 |
| Expenses |  |  |  |
| Purchases | 640,000 | 650,000 | 700,000 |
| Salaries and wages | 1,026,000 | 1,236,000 | 1,236,000 |
| Rent | 600,000 | 600,000 | 600,000 |
| Electricity | 24,000 | 30,000 | 26,000 |
| Water | 6,000 | 6,000 | 6,000 |
| Marketing | 100,000 | 300,000 | 500,000 |
| Security | 6,000 | 6,000 | 6,000 |
| Internet and phone service | 36,000 | 36,000 | 40,000 |
| Transport | 24,000 | 30,000 | 26000 |
| Repair and maintenance | 0 | 2,500 | 4,000 |
| Insurance | 30,000 | 30,000 | 30,000 |
| Loan repayment | 20,000 | 35000 | 40,000 |
| **Total expenses** | 1,912,000 | 2,961,500 | 3,214,000 |
| **Trading Profit(GP-E)** | -12,000 | 38,500 | 186,000 |
| **Provision for tax(25%)** | -119.75 | 9,625 | 46,500 |
| **Net profit after tax** | -12,119.75 | 28,875 | 139,500 |

## 5.4 CASH FLOW PROJECTIONS FOR YEAR 1

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| ITEM | JAN | FEB | MAR | APR | MAY | JUNE | JULY | AUG | SEPT | OCT | NOV | DEC | TOTAL |
| Sales | 227,000 | 227,000 | 227,000 | 227,000 | 227,000 | 227,000 | 0 | 227,000 | 227,000 | 227,000 | 227,000 | 227,000 | 2,500,000 |
| Debtors | 100,000 | 0 | 0 |  |  |  |  |  |  |  |  |  | 100,000 |
| Creditors | 40,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 50,000 | 40,000 |
| Total | 611,000 | 310,000 | 299,667 | 290,000 | 250,000 | 298,000 | 300,000 | 300,000 | 298,000 | 299,000 | 295,000 | 350,000 | 2,040,000 |
| Purchases | 640,000 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 640,0000 |
| Salaries | 73,000 | 73,000 | 73,000 | 73,000 | 73,000 | 73,000 | 73,000 | 103,000 | 103,000 | 103,000 | 103,000 | 103,000 | 1,026,000 |
| Electricity | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| Water | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 500 | 6,000 |
| Telephone | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 3,000 | 36,000 |
| Rent | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 50,000 | 600,000 |
| Insurance | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 30,000 |
| Loans | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 2500 | 30,000 |
| Maintenance | 0 | 0 | 0 | 0 | 0 | 0 | 1000 | 0 | 0 | 0 | 0 | 1000 | 2,000 |
| Transport | 3,000 | 2,000 | 1,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 2,000 | 24,000 |
| Marketing | 0 | 0 | 0 | 30,000 |  |  | 70,000 |  |  |  |  |  | 100,000 |
| Total |  |  |  |  |  |  |  |  |  |  |  |  | 1,912,000 |

Total net flow(3,790,000-3,182,000)=608,000

## 5.5 CONSOLIDATED BALANCE SHEET

|  |  |  |  |
| --- | --- | --- | --- |
| ITEM | START YEAR1 | END YEAR1 | END YEAR 2 |
| Current Assets   * Cash * Stock * Creditors | 180,000  713,000  40,000 | 220,000  500,000  0 | 400,000  100,000  0 |
| Total | 933,000 | 720,000 | 500,000 |
| Fixed Assets   * Furniture and equipment | 75,000 | 75,000 | 73,000 |
| Total | 1,008,000 | 795,000 | 573,000 |
| Current Liabilities   * Bills * Debtors | 280,000  100,000 | 672,000  40,000 | 672,000  0 |
| Total | 380,000 | 712,000 | 672,000 |
| Long term liabilities   * Capital * Net profit | 2,000,000  0 | 2,000,000  32,250 | 2,500,000  165,000 |
| Total | 2,000,000 | 2,032,250 | 2,665,000 |
| Total liabilities | 2,380,000 | 2,744,250 | 3,337,000 |

## 5.6 BREAK EVEN ANALYSIS

|  |  |  |  |
| --- | --- | --- | --- |
| ITEM | YEAR 1 | YEAR 2 | YEAR 3 |
| Variable cost   * Transport * Repairs | 24,000  2,000 | 26,000  1500 | 26,000  4,000 |
| Total | 26,000 | 27,500 | 30,000 |
| Fixed Costs   * Rent * Salaries * Water | 600,000  1,026,000  6,000 | 600,000  1,236,000  6,000 | 600,000  1,236,000  6,000 |
| Total | 1,686,000 | 1,842,000 | 1,842,000 |
| Total Sales | 2,500,000 | 3,500,000 | 3,500,000 |
| Contribution(TS-VC) | 2,474,000 | 3,472,500 | 3,470,000 |
| Cont.margin(CM) | 99.3% | 99.2% | 99.1% |
| BREAK EVEN POINT | 18,549 | 18,568 | 18,587 |

## 5.7 EXPECTED PROFITABILITY RATIOS

Gross profit margin

* Year 1= 84%
* Year 2=97%
* Year 3=99.7%

Net profit margin

* Year 1=0.9%
* Year 2=4.7%
* Year 3=8.8%

## 5.8 DESIRED FINANCING

|  |  |
| --- | --- |
| MONEY REQUIRED | AMOUNT |
| Furniture | 75,000 |
| Capital | 2,000,000 |

## 5.9 PROPOSED CAPITALISATION

|  |  |
| --- | --- |
| SOURCE | AMOUNT |
| Investors | 200,000 |
| Family and friends | 50,000 |
| Personal Savings | 250,000 |