|  |  |  |
| --- | --- | --- |
| **Kingdom of Saudi Arabia**  **Ministry of Education**  **Saudi Electronic University** | A picture containing text, outdoor, sign  Description automatically generated | **المملكة العربية السعودية**  **وزارة التعليم**  **الجامعة السعودية الإلكترونية** |

**College of Administrative and Financial Sciences**

**Assignment 1**

**Entrepreneurship and small business (MGT 402)**

**Due Date: 01/03/2025 @ 23:59**

|  |  |
| --- | --- |
| Course Name: **Entrepreneurship and small business** | Student’s Name: |
| Course Code: **MGT402** | Student’s ID Number: |
| Semester: ***2nd Semester*** | CRN: |
| Academic Year:**2024-25-1st** | |
|  | |

**For Instructor’s Use only**

|  |  |
| --- | --- |
| Instructor’s Name: | |
| Students’ Grade: X / **10** | Level of Marks: High/Middle/Low |

**General Instructions – PLEASE READ THEM CAREFULLY**

* The Assignment must be submitted on Blackboard (**WORD format only**) via allocated folder.
* Assignments submitted through email will not be accepted.
* Students are advised to make their work clear and well presented, marks may be reduced for poor presentation. This includes filling your information on the cover page.
* Students must mention question number clearly in their answer.
* Late submission will NOT be accepted.
* Avoid plagiarism, the work should be in your own words, copying from students or other resources without proper referencing will result in ZERO marks. No exceptions.
* All answered must be typed using **Times New Roman (size 12, double-spaced)** font. No pictures containing text will be accepted and will be considered plagiarism).
* Submissions without this cover page will NOT be accepted.

**Learning Outcomes:**

1. Describe the place of small business in history and explore the strengths and weaknesses of small business.

2. Design a solid projected financial plan and conduct a breakeven analysis for a small company.

3. Demonstrate the ability to deliver and communicate marketing massages in coherent and professional manner.

4. Illustrate the ability to think independently and systematically on developing a viable business model.

**Assignment Workload:**

This assignment is an individual assignment.

**Start-up Business Plan**

**Assume yourself as an entrepreneur of a small startup business in Saudi Arabia.**

# **Write brief notes on the following objectives:**

1. **Owners, capital structure and company profile (2 Marks)**

a. Your Business Name, Address, E‐Mail

b.  Form of ownership: What is the legal structure? Sole proprietor, Partnership, Corporation….

C. Investment capital

1. **Company Business Description** (300 – 400 words)

**A. Scope and type of business (4 Marks)**

What business will you be in? What will you do? What market segment will you choose?

• Business idea: what is your big idea? Is it a product or a service? What makes your idea different?

• Mission Statement

• Company’s short-term and long-term goals and objectives.

• Target market and demographics: Who will your customers be? Where do they live? What is your target market passionate about?

**B. Business Philosophy (4 Marks)**

What is important to you in your business?

• Describe your Industry: Is it a growth industry? What long-term or short-term changes do you foresee in the industry? How will your company take advantage of it?

• Describe your most important company strengths and core competencies: What factors will make the company succeed? What do you think your major competitive strengths will be? What background experience, skills, and strengths do you personally bring to this new venture?

• Risk Assessment: Evaluate the strengths and weaknesses of your business using SWOT.

•Who is your competition and how do you beat them?

**Note:** Use APA style of referencing

**Answers**

**1. Owners, Capital Structure, and Company Profile**

**a. Business Name, Address, E‐Mail**

Business Name: EcoNest Solutions

Address: King Fahd Road, Riyadh, Saudi Arabia

E-Mail: [contact@econestsolutions.com](https://mailto:contact@econestsolutions.com/)

**b. Form of Ownership**  
EcoNest Solutions will operate as a Limited Liability Company (LLC). This structure is ideal for small to medium-sized businesses in Saudi Arabia, as it provides liability protection for owners while allowing flexibility in management and profit-sharing. The LLC structure also aligns with Saudi Arabia’s regulatory framework, which encourages entrepreneurship and foreign investment (Alotaibi, 2020).

**c. Investment Capital.**  
The initial investment capital for EcoNest Solutions will be SAR 600,000, sourced from the following:

1. Personal Savings: 50% (SAR 300,000)
2. Bank Loan: 30% (SAR 180,000)
3. Angel Investor: 20% (SAR 120,000)

The capital will be allocated as follows:

1. Product Development and Technology: 40%
2. Marketing and Sales: 25%
3. Operational Costs: 20%
4. Contingency Funds: 15%

**2. Company Business Description**

**A. Scope and Type of Business**  
EcoNest Solutions will operate in the sustainable construction and home improvement sector, specializing in eco-friendly building materials and energy-efficient home solutions. Our primary offerings will include recycled construction materials, solar-powered home systems, and smart home technologies designed to reduce energy consumption and environmental impact.

* *Business Idea*:

 The core idea is to address the growing demand for sustainable living solutions in Saudi Arabia by providing affordable, high-quality eco-friendly products and services. Our unique selling point is the integration of smart technology with sustainable materials, offering customers a seamless and modern approach to green living.

* *Mission Statement*:

"To revolutionize the construction and home improvement industry in Saudi Arabia by providing innovative, sustainable solutions that empower individuals and businesses to build a greener future."

* *Short-term Goals*:

Establish a strong presence in Riyadh, secure partnerships with at least 10 construction firms within the first year, and achieve a revenue of SAR 1 million by the end of year two.

* *Long-term Goals*:

Expand operations to Jeddah and Dammam, introduce a line of proprietary eco-friendly products, and capture 15% of the sustainable construction market in Saudi Arabia by year five.

* *Target Market and Demographics*:

Our target customers include homeowners, real estate developers, and construction companies who are environmentally conscious and seek to reduce their carbon footprint. The primary demographic is individuals aged 30-60 with mid to high disposable incomes, living in urban areas.

**B. Business Philosophy**  
At EcoNest Solutions, we are committed to sustainability, innovation, and excellence. These principles guide our operations and decision-making processes.

* *Industry Description***:**

The sustainable construction industry in Saudi Arabia is poised for significant growth, driven by government initiatives like Vision 2030 and increasing awareness of environmental issues. The industry is expected to grow at a compound annual growth rate (CAGR) of 8% over the next five years, presenting ample opportunities for EcoNest Solutions (Alshuwaikhat & Mohammed, 2017). The Saudi Green Initiative, launched in 2021, further emphasizes the importance of sustainability in the construction sector, with a focus on reducing carbon emissions and promoting renewable energy (Saudi Green Initiative, 2021).

* **Company Strengths and Core Competencies:**

***Innovation:***

We will leverage cutting-edge technology to develop unique products that combine sustainability with functionality. For example, our solar-powered home systems will integrate IoT (Internet of Things) technology to allow customers to monitor and control energy usage remotely.

**Expertise:**

 Our team includes professionals with extensive experience in construction, renewable energy, and smart home technologies. The founder has over 10 years of experience in the construction industry, with a focus on sustainable projects.

**Customer-Centric Approach:**

 We prioritize customer satisfaction by offering tailored solutions and exceptional after-sales support. Our goal is to build long-term relationships with clients by delivering value beyond their expectations.

* **Risk Assessment (SWOT Analysis):**

***Strengths:*** Strong industry expertise, innovative product offerings, and alignment with government sustainability goals.

***Weaknesses:*** High initial costs for customers and limited brand recognition in the early stages.

***Opportunities:*** Growing demand for sustainable construction materials and government incentives for green building projects (Saudi Green Initiative, 2021).

***Threats:*** Competition from established construction firms and potential economic downturns affecting consumer spending.

* **Competition:**

Our main competitors include Saudi Basic Industries Corporation (SABIC) and Al Babtain Power & Telecommunication. We will differentiate ourselves by focusing on niche markets, offering customizable solutions, and providing superior customer service.

**Market Analysis and Competitive Advantage**

The sustainable construction market in Saudi Arabia is rapidly evolving, driven by the government’s commitment to reducing carbon emissions and promoting renewable energy. According to the International Renewable Energy Agency (IRENA, 2022), Saudi Arabia aims to generate 50% of its energy from renewable sources by 2030. This presents a significant opportunity for EcoNest Solutions to capitalize on the growing demand for eco-friendly construction materials and energy-efficient technologies.

Our competitive advantage lies in our ability to offer integrated solutions that combine sustainability with modern technology. For example, our smart home systems will allow customers to monitor and optimize their energy usage in real-time, reducing costs and environmental impact. Additionally, our focus on customer education and engagement will help us build a loyal customer base and differentiate ourselves from competitors.

**Financial Projections and Breakeven Analysis**

EcoNest Solutions aims to achieve breakeven within 18 months of operation. Based on market research and financial projections, we anticipate the following revenue streams:

* *Product Sales:* 60% of revenue (eco-friendly construction materials and smart home systems)
* *Service Revenue*: 40% of revenue (installation, consulting, and maintenance services)

The breakeven analysis indicates that we need to generate SAR 500,000 in monthly revenue to cover fixed and variable costs. This will be achieved through a combination of direct sales, partnerships with construction firms, and government contracts.

**References**

Alshuwaikhat, H. M., & Mohammed, I. (2017). Sustainability matters in national development visions—Evidence from Saudi Arabia’s Vision for 2030. *Sustainability*, *9*(3), 408.

Saudi Green Initiative. (2021). Saudi Arabia’s roadmap to sustainability. Retrieved from [https://www.saudigreeninitiative.org](https://www.saudigreeninitiative.org/)

International Renewable Energy Agency (IRENA). (2022). Renewable energy market analysis: Saudi Arabia. Retrieved from [https://www.irena.org](https://www.irena.org/)

Alotaibi, A. (2020). The role of small and medium enterprises (SMEs) in achieving Saudi Vision 2030. Journal of Business and Economics, 12(4), 45-58.

Global Construction Perspectives. (2020). The future of construction in Saudi Arabia. Retrieved from [https://www.globalconstructionperspectives.com](https://www.globalconstructionperspectives.com/)