



BUSINESS PLAN- “MAKSATLY” INC

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Principle of Entrepreneurship – ENT200 – BOS1

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EXECUTIVE SUMMARY

Problem

Every year 1.4 billion people throw away 80 billion pairs of disposable chopsticks in the world (Yen-Van Tran, 2019). Furthermore, according to the article “The Problem with Disposable Chopsticks”, more than 25 million mature and cut down trees are recorded each year for making chopsticks which are used once and then thrown away. The statistics in this article also demonstrate that about 57 billion pairs of wooden disposable chopsticks are made in China each year while 77 percent of them are exported to Japan, and South Korea (Yen-Van Tran, 2019). The article “the 8 best eco-friendly reusable chopsticks” refers to the 2008 Annual Report of the United Nations and indicates that 10,800 square miles of Asian forests are disappearing each year and creating the problem of deforestation (Smith, 2021). Deforestation is considered the main effect of greenhouse gas emissions, climate change, soil erosion, ecosystem destruction, life-endangering famine, and drought which jeopardize human and animal lives (Smith, 2021). Wasteful chopsticks are the main contribution to deforestation. Therefore, individuals from different angles of the earth, for instance, the U.S.A, China, South, Japan, and so on, need to start taking an action in response to deforestation. (Figure 1)



Following that, Maksat Inc will be the initiative of the business idea - “Making products from disposable chopsticks”. To be specific, the description of this business idea consists of designing and making small useful wooden products by collecting and recycling disposable chopsticks.

Concept

Maksatly Inc will mostly focus on the environment and innovation. The business plan concept will be based on Business to Business (B2B). In other words, Maksatly will partner with local Asian restaurants or cafes to support its mission through the permission of putting the chopstick recycling bins in the restaurants. When these recycling bins will be full, the restaurant representative will contact Maksatly Inc for picking them up. Then after chopsticks will be picked up, used chopsticks will go through the washing machine to clean and sanitize. After cleaning, product development employees will filter chopsticks based on the product idea, its design, and product source need. After finalizing the product, they will be put on shelves in the retail store such as Walmart, Target, Wegman, and TJ Maxx or online retail stores such as eBay, and Amazon. By putting the products on the shelves of these stores Maksatly Inc will reach its customers (see Figure 2- the business process).



Mission

Maksatly Inc will follow its mission statement- "Turning Cons to Pros." Hence, our mission will be to initiate new products by using disposable chopsticks as it can be the main part of the deforestation problem which global environmental issue nowadays. In short, doing products from disposable chopsticks, Maksatly Inc takes the action of solving this problem and at the same time providing environmentally friendly and new products to consumers.



Products

Primary products of Maksatly Inc will be for homes such as small shelves for kitchen, bathroom including wooden baskets, wooden trays, wooden item holders, lamp designs, home decorations. Some products could be useful for the office such as bookshelves, and wooden pencil cases. All these items will be made by using disposable chopsticks. In other words, there is no need to cut more trees for these products.

Theory of change

After a few days, months, or years, Maksatly Inc confidently claims that more people to join to save our environment by changing the mindset about wasting chopsticks. In other words, the theory of change of the company will be changing the customer's attitude regarding chopsticks such as not wasting chopsticks and start recycling them regularly.

Management Team

The founder and CEO of Maksatly Inc will be Maksat Mametjumayev who has broad work experience in business analysis, excellent entrepreneurial skills, as well as long-lasting knowledge of social change and solutions to environmental issues. Along with Maksat, there will be five board directors in different areas in this industry. Each board of directors will have a main specific role in a specific department – Research and Development, Finance and Accounting, Operations, Marketing, Risk Management - based on their work experience and skill sets that can be applied. For instance:

- **Board Director of Research and Development Department** who will lead around three subordinators to produce ideas and design of products that can be made through disposal chopsticks and keep developing them.
- **Board Director of Finance and Accounting Department** who will work with two subordinators to keep track company's assets, incomes, expenses, and money transactions
- **Board Director of Operations Department** who will lead with around two customer service representatives to strengthen the business relationship with local Asian restaurant owners and retail store managers as well as two drivers for the picking up the disposable chopsticks from the restaurants while bringing the finalized products to retail stores.
- **Board Director of Marketing Department** who will work with two assistances to analyze the market, customer preference, product advertisement, and brand awareness.
- **Board Director of Risk Management Department** who will work with two assistances to analyze external and internal risks that can appear in a different department or various places and damage the company's sustainability. Also, their main goal is to initiate a strategic plan that can prevent the risk or solve the obstacles.

In the beginning stages, a team of Maksatly Inc will be made of around nineteen employees including the CEO and Board of Directors in five different departments. However, after six years Maksatly Inc plans to expand within the U.S.A which will give room to provide around 40 new jobs d based on departments' necessary and company extension.



Market Analysis

Maksatly Inc usually will be based on B2B will reach its customer through local giant retail stores. Also, Maksatly Inc will partner with local Asian restaurants.

Financial Plan

The financial plan of Maksatly Inc shows the major anticipated expenses and incomes. Furthermore, it also shows when the company will start gaining profit from selling two products.

Operations

In our first year, we will focus on strengthening around 50 Asian restaurants in Boston including its Chinatown and other neighboring cities such as Somerville, Cambridge, Malden, Charlestown, Medford, Newton, Watertown, and Waltham. In six years, Maksatly Inc will extend its partnership with Asian restaurants in almost all towns in Massachusetts state along with starting to collaborate with Asian restaurants in cities of neighboring states such as New Hampshire, Connecticut, Rhode Island, and New York which will bring to the goal of acquiring around 650 partnership agreement.

The headquarter of Maksatly Inc will be based in Downtown Boston while its main manufacturing house and warehouse will be based in Watertown, MA.

ORGANIZATION SUMMARY

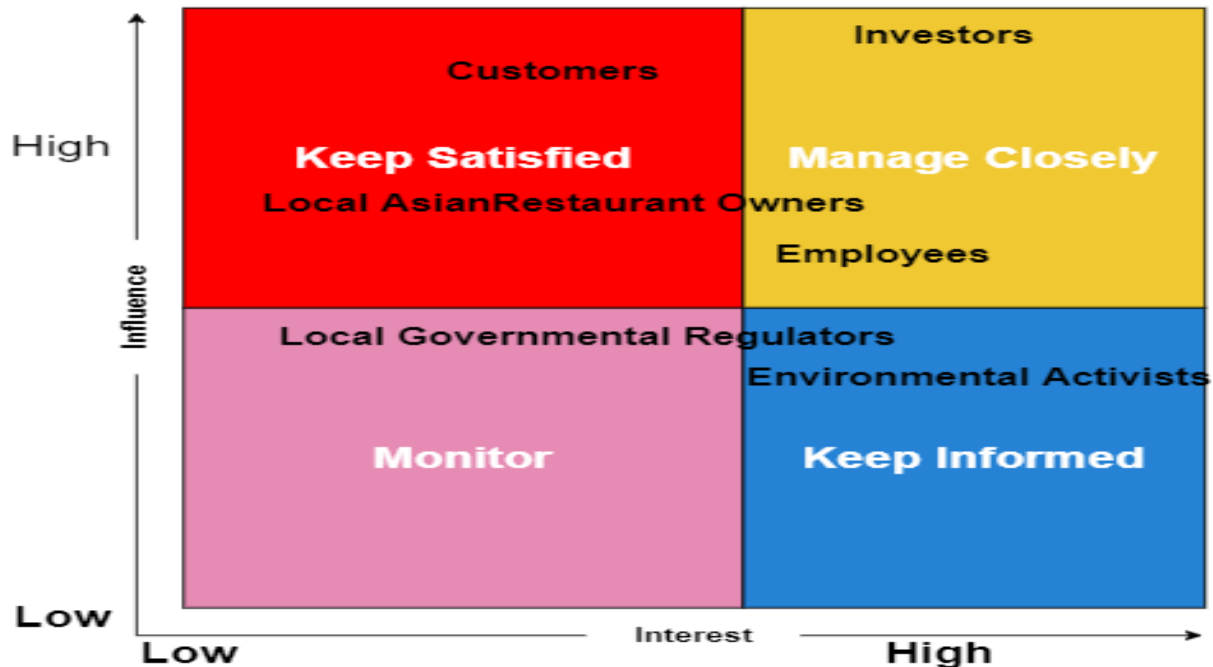
Key elements for success

There are two key elements for Maksatly Inc to succeed.

1. *Meeting stakeholders' expectations.* Firstly, Maksat Inc identified its relationship with stakeholders by analyzing its stakeholder through dividing them as market or non-market, internal or external. (Table1- stakeholders)

Market		Non-Market
Internal	<ul style="list-style-type: none">• Employees• CEO-Maksat Mametjumayev• Board of Directors	
External	<ul style="list-style-type: none">• Investors• Customers• Asian Restaurants Owners	<ul style="list-style-type: none">• Local Governmental Regulators• Environmental Activists• Local Community

The stakeholder could expect Maksatly Inc to produce environmentally and high-quality products as well as to provide a safe work environment and at the same time influence positively on the local community. Maksatly Inc put some stakeholders into several categories based on their power and interest in the company (Figure3).



- **Keep satisfied (high power and low interest):** Maksatly Inc will concentrate on this group of stakeholders to keep them satisfied.
- **Manage closely (high power and high interest):** The managers of the company will engage fully with and make the greatest effort to satisfy stakeholders who are under or close to this category.
- **Monitor (low power and low interest):** Maksatly Inc will monitor stakeholder who is close to this category.
- **Keep informed (high interest and low power):** Managers will keep stakeholders in this category adequately informed before major issues are appears.

Strengthening the relationship between diverse types of stakeholders by meeting their expectations will lead the company to more accomplishments.

2. *High-qualified employees.* Another key element to success is hiring high-qualified workers for a company. High-qualified workers will excel in the quality of products or their design, also they will easily handle the challenges and will create a nice team working environment by leading the group. Additionally, employees play the leading role in the company's business development strategy. In short, high-qualified employees could help the company to succeed with their professionalism, well-built skill sets, and work environment.



Value proposition

Our products create value both for the restaurants and customers.

- *Value for the restaurants.* By putting chopstick recycling bins, Asian restaurants could build a powerful reputation by getting several awards and recognition through the environmental protection agencies. This will give chance for restaurants to attract more customers who are eager to save the environment.
- *Value for customers.* The products of Maksatly will be affordable, easy to use, source of knowledge about wooden art for customers. These are some values that customers can acquire from us.

Measuring performance

The Risk Department of Maksatly Inc will measure the company's performance via conducting an internal and external audit to find if there are risks that could damage the company's sustainability. Additionally, Finance and Accounting Department will measure the company's profit based on monthly debits and credits of the company. Meanwhile, the Marketing Department of the company will measure the customer's performance based on their feedback on the products or surveying them.

MARKET ANALYSIS

Targeted Market

Maksatly Inc will be based on B2B. Our products will be put in the Home or Furniture sections of the well-known and giant local retail stores such as Target, Walmart, Wegman, Marshalls, and TJ Maxx by targeting local men and women who meet followed criteria:

- Age over 20,
- Student, employee, unemployed, etc.,
- Income of more than \$500 monthly
- Different geographical places in the U.S.A.
- Different ethnicity,
- Different gender identities,
- Different marital statuses.

However, the main target group Maksatly Inc will consider those who match with additional criteria such as:

- Interest in wooden art or occupation related to wooden art
- House leader who purchases regularly wooden furniture

Furthermore, Maksatly Inc targets to partner with local Asian restaurants- South Korean, Japanese, Chinese, Vietnamese, Philippines, Thailand, Taiwanese, Malaysian, Indonesian, and so on. As these restaurants were built based on their tradition and culture such as eating most of the meal with chopsticks. Therefore, partnering with these restaurants will help Maksatly Inc to collect many chopsticks.



Market Size

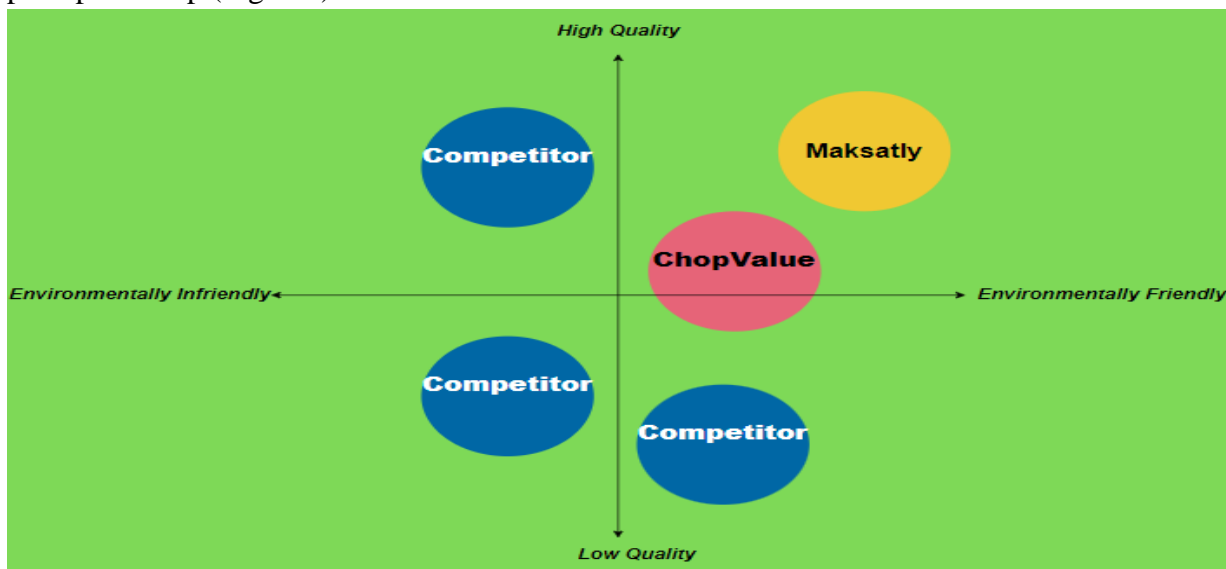
In the first year, Maksatly Inc plans to produce approximately 5500 and increase its production by 13 % each year until it reaches 6years of operation. Following that, in the first year, Maksatly plans to gain 2500 local customers and in 6 years, 65,000 customers from different angles of the U.S.A by putting the products on the shelves of retail stores that have numerous branches or franchises across the country. Also, in the first year, Maksatly Inc plans to partner with more than 50 local Asian restaurants in MA and in six years Maksatly Inc will start to partner with Asian restaurants in other states such as New York, and New Hampshire, Pennsylvania to increase the partnerships by over 650.

Market Adoption and Customer Acquisition.

To adopt market Maksatly strategies to build its brand awareness through the big environmental events such as hosting an activity on the Earth Day, (April 22), and another activity will be on the International Day of Forest, (March 21). During these holidays Maksatly will offer discounts to customers. Additionally, in the first year, Maksatly will promote its products on social media which will extend the way to the market adoption. The strategies of market adoption will also relate to the customer acquisition strategy of the company.

Competition

There are a few companies in the world that produce disposable chopsticks such as Chop Value which shows that Maksatly will have fewer competitors. Following that, Maksat Inc shows its perceptual map (Figure4).



Differentiators and Magic



Maksatly Inc will not provide only products itself in the product package Maksatly Inc will educate by putting instructions. To be specific, costumer will learn how the products could build by themselves and how they could be used.

Moreover, SWOT analysis shows the strengths and weaknesses of the company while it also shows the opportunities and threads that Maksatly Inc could expect. Also, it demonstrates various features that Maksatly Inc could differentiate itself from its competitors (Table 2)

SWOT Analysis of Maksatly	
Strengths	Weaknesses
<ul style="list-style-type: none"> • Innovative design of the products • High-quality products • Affordability • Environmentally friendly 	<ul style="list-style-type: none"> • New in Market • Weak brand awareness • Fewer funds
Opportunities	Threads
<ul style="list-style-type: none"> • Getting more investment • Expanding business • Getting customers' trust • Getting Awards from National and International Environmental Organizations 	<ul style="list-style-type: none"> • Legal issues • Economic challenges • Bankruptcy

BUSINESS MODEL

Maksatly Inc created its business model canvas to deliver accurate information about its business strategy.

The Business Model-Maksatly





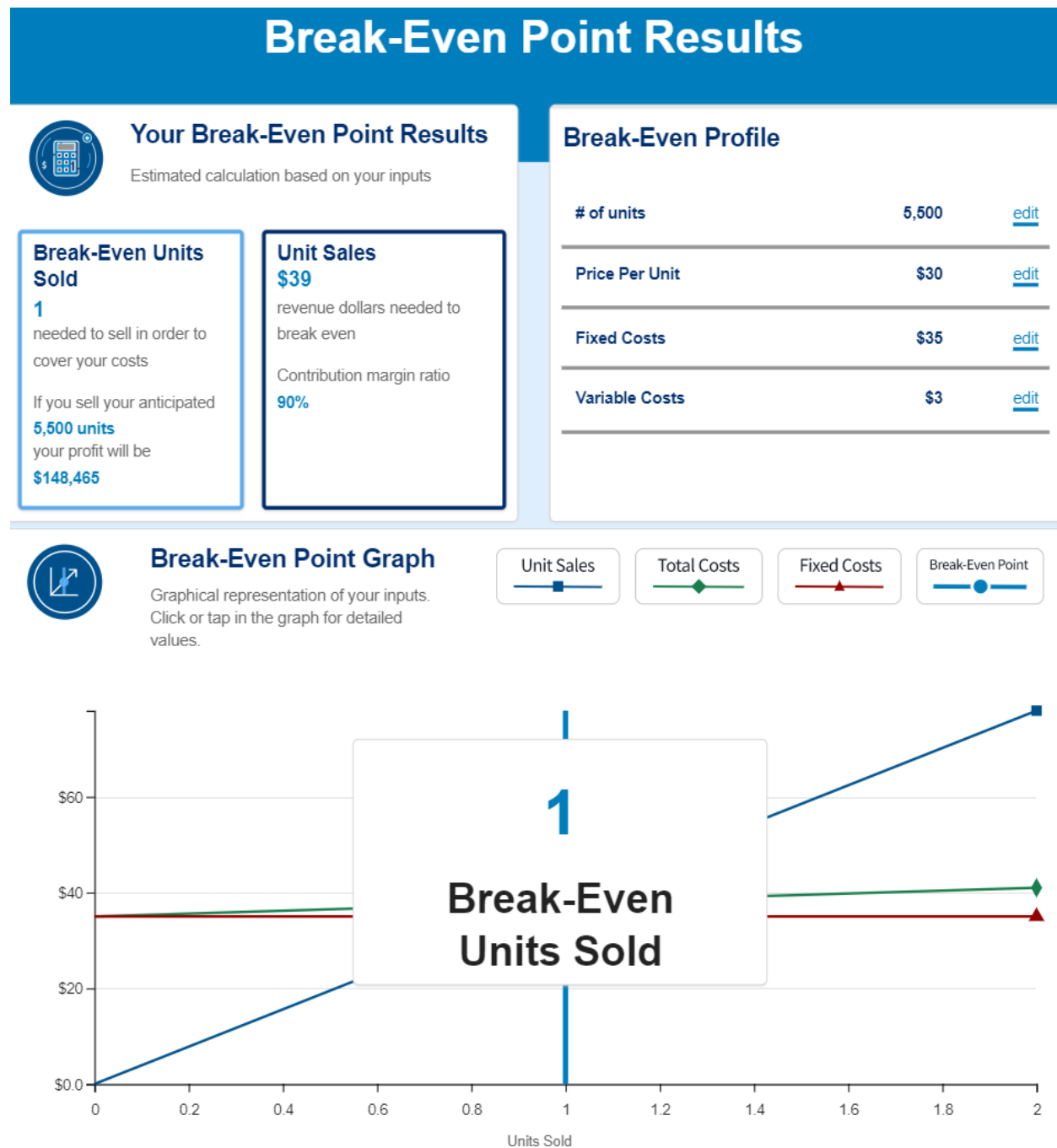
FINANCIAL PLAN

Maksatly Inc made its future annual income statement based on anticipated expenses and incomes and not including any income tax payments and interest rates as these numbers can be different each year and could give future finance images (Figure 5). The main income of the company will come from the sale, personal funds, and investments from environmental and social agencies. Each year Maksatly Inc expects a 13% increase in sales by increasing the production units and a 2% increase in investments and personal funds. Other than Maksatly Inc plans to gain other income which will also have the possibility of increasing by 15% respectively. In contrast, Maksatly Inc's primary potential expenses are the salaries and wages, materials, rent, and transportation. Overall, in the first year of the operation Maksatly Inc expects to receive \$73,600 and reach \$ 1,485,638 in the sixth year of operations as net income before taxes. Also, Maksatly Inc assumes that there will be a 7% increase in each expense based on external or internal factors such as inflation.

Maksatly INC						
Annual Income Statement						
Period Starting:	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6
Sales						
Sales	165,000	214,500	278,850	362,505	471,257	612,633
Other	500,000	510,000	520,200	530,604	541,216	552,040
Total Sales	665,000	724,500	799,050	893,109	1,012,473	1,164,674
Less Cost of Goods Sold						
Materials	30,000	39,000	50,700	65,910	85,683	111,388
Labor	10,000	13,000	16,900	21,970	28,561	37,129
Overhead	0	0	0	0	0	0
Other	0	0	0	0	0	0
Total Cost of Goods Sold	40,000	52,000	67,600	87,880	114,244	148,517
Gross Profit	625,000	672,500	731,450	805,229	898,229	1,016,157
Operating Expenses						
Salaries and wages	518,400	554,688	593,516	635,062	679,517	727,083
Rent	35,000	37,450	40,072	42,877	45,878	49,089
Utilities	10,000	10,700	11,449	12,250	13,108	14,026
Repairs and maintenance	4,000	4,280	4,580	4,900	5,243	5,610
Insurance	10,000	10,700	11,449	12,250	13,108	14,026
Transportation	12,000	12,840	13,739	14,701	15,730	16,831
Office supplies	3,000	3,210	3,435	3,675	3,932	4,208
Marketing/promotion	2,000	2,140	2,290	2,450	2,622	2,805
Bank charges	500	535	572	613	655	701
Depreciation	1,500	1,605	1,717	1,838	1,966	2,104
Miscellaneous	5,000	5,350	5,725	6,125	6,554	7,013
Total Operating Expenses	601,400	643,498	688,543	736,741	788,313	843,495
Operating Income	23,600	29,002	42,907	68,488	109,916	172,662
Interest income (expense)						
Other income (expense)	50,000	75,000	112,500	168,750	253,125	379,688
Total Nonoperating Income (Expense)	50,000	75,000	112,500	168,750	253,125	379,688
Income (Loss) Before Taxes	73,600	104,002	155,407	237,238	363,041	552,350
Income Taxes						
Net Income (Loss)	73,600	104,002	155,407	237,238	363,041	552,350
Cumulative Net Income (Loss)	73,600	177,602	333,009	570,247	933,288	1,485,638



Maksatly Inc will produce around 5500 units of diverse types of products and distinct sizes of them while an average price for products will equal \$30 per unit. Based on a total fix and total variable costs per unit, total product units, and the average price we conduct a break-even analysis. Accordingly, our team identified that company would start getting profit annually after the second product based on Break-Even Analysis.





Break-Even Point Unit Sales

Units Sold	Profit	Unit Sales	Variable Costs	Fixed Costs	Total Costs
0	-\$35	\$0	\$0	\$35	\$35
1	-\$8	\$30	\$3	\$35	\$38
2	\$19	\$60	\$6	\$35	\$41
3	\$46	\$90	\$9	\$35	\$44
4	\$73	\$120	\$12	\$35	\$47
5	\$100	\$150	\$15	\$35	\$50
6	\$127	\$180	\$18	\$35	\$53
7	\$154	\$210	\$21	\$35	\$56



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